



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

Membership of the Finance Committee:

Cr Graham Smith (Chairman)
Claire Barlow (Mayor)
Cr Russell Armstrong
Cr Murray Cox
Cr Noel Jackson
Cr James Leslie
Cr Evan Williams

*Notice is given of a meeting of the Finance Committee to be
held on Tuesday May 6, at 9.30am.*

VENUE: Council Chambers, Fairlie.

BUSINESS: As per agenda attached

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER



FINANCE COMMITTEE

Agenda for Tuesday, May 6, 2014, at 9.30am

APOLOGIES

DECLARATIONS OF INTEREST

VISITOR:

Kelvin Cross from JLT will attend to speak regarding council insurance at 11.30am.

MINUTES:

Confirm and adopt as the correct record the minutes of the Finance Meeting held on Tuesday March 20, 2014, including such parts as were taken with the public excluded.

MATTERS UNDER ACTION

COMMITTEE MINUTES:

Receive the minutes of the meeting of the Tekapo Property Group held on April 23, 2014, including such parts as were taken with the public excluded.

REPORTS:

1. Financial Activity Report to March, 2014 (report attached).
2. Quarterly Report from Bancorp (report attached).
3. Proposed Planning and Regulatory Fees and Charges for 2014/15 (report attached).
4. LGNZ Brand and Communications Proposal (report attached).

PUBLIC EXCLUDED:

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

1. Public excluded minutes of the Finance Committee meeting held on March 20, 2014, taken in public excluded session.
2. Public excluded minutes of the Tekapo Property Group meeting held on April 23, 2014, taken in public excluded session.
3. Sale of Land to Meridian Energy (report to be circulated before the meeting)

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Previous minutes of the Finance Committee, March 20, 2014	Commercial sensitivity	48(1)(a)(i)
Previous minutes of the Tekapo Property Group, April 23, 2014	Commercial sensitivity	48(1)(a)(i)
Sale of Land to Meridian Energy	Enable commercial negotiations	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Previous minutes of the Finance Committee and Tekapo Property Group under section 7(2)(b)(ii). Sale of Land to Meridian Energy under section 7(2)(i).*

RESOLUTION TO RESUME OPEN MEETING

ADJOURNMENTS:

10.20am: Morning Tea

12.00pm: Lunch

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON THURSDAY MARCH 20, 2014, AT 10.17AM

PRESENT:

Cr Graham Smith (Chairman)
Claire Barlow (Mayor)
Cr Murray Cox
Cr Noel Jackson
Cr James Leslie
Cr Evan Williams

IN ATTENDANCE:

Wayne Barnett (Chief Executive Officer)
Paul Morris (Manager – Finance and Administration)
Arlene Goss (Committee Clerk)

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

ELECTION OF DEPUTY CHAIRPERSON:

The chairman called for nominations for the position of deputy chairperson. The chairman then nominated James Leslie. This was seconded by Evan Williams. James Leslie agreed to be nominated. A vote was put and all members voted in favour. Cr Leslie was therefore elected to the position of deputy chairman of the Finance Committee.

MINUTES:

Resolved that the minutes of the meeting of the Finance Committee held on February 4, 2014, including such parts as were taken with the public excluded, be confirmed and adopted as the correct record of the meeting.

Clair Barlow/James Leslie

COMMITTEE MINUTES:

Resolved that the minutes of the meeting of the Tekapo Property Group held on March 11, 2014, including such parts as were taken with the public excluded, be received.

Russell Armstron/James Leslie

MATTERS UNDER ACTION:

The first three items on the Matters Under Action table were noted as completed. Under item: Sponsorship of Maadi Cup, a resolution was passed as follows:

Resolved that council sponsor a race of the Maadi Cup at \$200.

Evan Williams/James Leslie

REPORTS:

FINANCIAL ACTIVITY REPORT TO JANUARY, 2014

The Finance and Administration Manager spoke to his report and explained significant variances as noted in the report. These matters included but were not limited to the following items:

There was some discussion regarding the cost of supplying lunch to the Upper Waitaki Water Zone committee meetings and this matter currently sits with the chief executive.

The cost of the election process are included in the report, including the cost of the Fairlie by-election. There was frustration expressed that people did not put their names forward during the main election, resulting in the need for a by-election in Fairlie. Councillors will encourage people to put their names forward before the next election.

There are unbudgeted staff costs in the Twizel Information Centre.

The chairman asked about internal mileage and said this was a timing issue. The Finance Manager said internal mileage recovers the costs of running the car fleet and fluctuates depending on activity. Use of cars by building staff is up and other areas are down. This will balance by year end.

The Finance Manager drew the committee's attention to the capital reserve regime and explained how it works.

Consultancy expenses are higher than usual due to having a valuer come in to revalue council assets. This is done every three years.

Roading is down on budget due to timing around the construction season. There was a question around staffing levels. The asset assistant role assists both the roading and utility staff with various tasks. We get a subsidy from NZTA to pay for part of his time. This is not a new position, but the person in the role has changed.

In the Planning Department the district review and Plan Change 13 process are the main drivers of the financial result. The chairman noted that we are a million dollars in the red with Plan Change 13. The Finance Manager will separate the district plan review costs from Plan Change 13 costs in future

and set up a process around how we are going to pay. Council may end up with different types of rates to pay for different components. Plan Change 13 once finished will be a one off cost, whereas the district plan review is ongoing. The Mayor said this amount needs to be highlighted in the Annual Plan as one of the key issues. Cr Jackson asked how long this will go on, ultimately the process will be followed. Someone will make a decision at some point. The Mayor said we are not appealing anything, just supplying information. The appeals to date have come from Federated Farmers.

There was discussion on whether there was a way for both parties to walk away from the Plan Change 13 process. Council is not appealing decisions or taking any action other than answer requests from the court. It was up to Federated Farmers to halt the process if they wished.

Solid waste gate fees are up. Cost of disposal of waste is up. Logging has created income and also created costs in clean up and replanting.

The chairman thanked the Finance Manager for his report. He said we are on track and need to stay on track.

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 11.02am

CHAIRMAN: _____

DATE: _____

Matters Under Action – Finance Committee				
<i>Action</i>	<i>Date Added</i>	<i>Owner</i>	<i>Current Status</i>	<i>Date Completed</i>
Election of deputy chairperson.	4-02-14	Arlene	The election of a deputy chairperson for this committee needs to go on the agenda of the next meeting.	20-03-14
Appointment of new members to Tekapo Property Group.	4-02-14	Paul	Stella Sweney and Richie Smith to be notified of their appointment to the Tekapo Property Group.	20-03-14
Sponsorship of Maadi Cup.	4-02-14	Paul	The committee would like to sponsor a race at \$200. It was agreed to take a resolution to the next Finance Committee meeting and the chief executive can allocate the money in the meantime using his delegated authority.	20-03-14
Tekapo Lakefront Development.	4-02-14	Paul	Suitable controls are to be put in place in sale contracts for Lots 4, 7 and 6 to ensure council retains a high level of control over the view corridors. Staff to call for proposals from suitable parties to provide a landscape design for the Village Green, the Domain and viewing corridors at Tekapo, and a parking study for the Tekapo township area and the community centre area. The chairmen of the Finance Committee and Tekapo Property group have delegated authority to accept a suitable proposal for the work.	

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE TEKAPO PROPERTY GROUP HELD IN THE LAKE TEKAPO COMMUNITY CENTRE, TEKAPO ON WEDNESDAY, APRIL 23, 2014, AT 1.00PM

PRESENT:

Murray Cox (Chair)
Graham Smith
Stella Sweney
Richie Smith
Wayne Barnett (Chief Executive)

IN ATTENDANCE:

Arlene Goss (Committee Secretary)
Barry Johnston (public)
Raeleene Yee (public)
Ian Satterthwaite (public)

APOLOGIES:

Resolved that an apology be received from the Mayor Claire Barlow, Finance and Administration Manager Paul Morris and Councillor Russell Armstrong.

Graham Smith/Wayne Barnett

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

Resolved that the minutes of the meeting of the Tekapo Property Group held on March 11 be confirmed and adopted as the correct record of the meeting, including those matters taken under public excluded.

Graham Smith/Richie Smith

PUBLIC FORUM AND DISCUSSION:

The chairman called for a discussion of those matters that are not commercially sensitive and can be discussed in public.

There was some discussion on the current status of the storm water consent and the delay of Ngai Tahu. The chief executive said he has spoken to Ngai Tahu and they are comfortable with the storm water consent but have requested more information related to the cultural impact statement.

Stella Sweney asked if council was still expecting construction to begin in the spring. The chief executive said yes and he would normally expect that to be in September. Cr Smith would like all the consents to be in place with a good lead in time, so contractors know what they are doing well in advance.

The chairman asked about the car parking and landscape studies. A request for proposal has gone to three companies. Two have come back with a joint proposal to carry out this work. We have not heard from the third yet. The chief executive will follow up.

Can the brief that has gone out be available to the public? Yes and the chairman asked for it to go on the website. There was a request for everything related to the development to go on the website.

Stella Sweney asked how all the plans will come together in terms of the construction timetable. The plans for landscaping and car parking will be built on top of Fulton Hogan's construction of the infrastructure such as earthworks and roads. The landscaping will only relate to those areas not to be sold by council.

The chairman asked if it was timely to look at the design of the public toilets and firm up where they will be situated. The chief executive believes the public toilets will be included in the landscaping and car parking design brief. The chairman would like the toilets addressed.

Richie Smith asked if it was appropriate to get a construction plan or project plan mapped out so we can start to see things fall into a timeline. The group agreed.

There will also be decisions to be made around the playground. It would be important to make good use of heavy machinery while it was available in Tekapo, so we needed to think about what machinery would be required at various stages of the development.

The chairman asked the two members of the public who were present what was foremost in their minds and what they would like to know about.

Barry Johnston said his main concern was regarding the location of the Youth Hostel Association. This matter was due to be discussed in the public excluded session due to its commercial sensitivity. The chairman said the group and council have taken in the feedback from the public meetings and have been having discussions internally, but it is too early to have a decision. The chief executive said "we have identified a potential other site that may be suitable (for the YHA) and are investigating what it would take to make that site work". Staff have made an initial approach to the YHA and asked to talk to them about the location, but have not yet got sufficient information available on the alternative site to talk in detail.

Barry Johnson said people also had concerns about the mixed retail site and the viewing corridors, and initially there was concern at how things were being managed. Cr Smith said Hughes Developments were commissioned as experts as council does not have the expertise on staff to be developers. Council relies on the developers for their expert advice. It was agreed that the original property group did not keep good information or regular minutes and those people who were originally on the group were no longer members.

Ian Satterthwaite raised some issues with current development taking place elsewhere in Tekapo that are not linked to the lakefront development, and people losing their views. The chairman said this was outside the brief of the Tekapo Property Group and was a council matter.

Barry Johnston said the community has confidence in the new people on the property group and the new Tekapo representatives.

Raeleene Yee asked if the council has anchor tenants. The chairman assumed she was asking about the concept of council owning a mixed-use retail site within the overall development and said a decision has not been made on whether the council will go ahead with the retail development in the role of landlord. Council has called for expressions of interest from people who are interested in leasing retail space if council goes ahead.

Once stage one of the overall development is underway council will be able to work through whether the retail development is feasible and can be funded without going to the ratepayers. Considerations will include whether there are tenants, and the impact this would have on existing businesses.

There is interest being shown in building new buildings in town and people are interested in the developments. Foodstuffs and Earth and Sky have been negotiated to use sites at the front.

Stella Sweney asked if opportunities for people to develop in Tekapo have been advertised in Christchurch. Once the new subdivision has been constructed we will be in a better situation to promote it.

Richie Smith said some businesses are doing their homework and considering opportunities in Tekapo. In 12 months' time council will have a better idea of who are keen. Rent levels in the new development would be higher than what businesses are currently paying.

Concern was expressed regarding a lack of beds in Tekapo, and worker's accommodation is an issue that needs to be addressed.

Barry Johnston asked if the draft minutes of meetings can be posted on the website, as they are currently difficult to find. There was some discussion on the benefits and disadvantages of posting draft minutes, rather than waiting for them to be confirmed at the next meeting. The chairman will look into this further.

PUBLIC EXCLUDED

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

1. Previous minutes, Tekapo Property Group, March 11.
2. Development Update.

Graham Smith/Richie Smith

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Previous minutes Tekapo Property Group, January 21.	Commercial sensitivity	48(1)(a)(i)
Development Update	Commercial sensitivity	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: *All public excluded items come under section 7(2)(b)(ii).*

**THERE BEING NO FURTHER BUSINESS
THE CHAIRMAN DECLARED THE MEETING CLOSED AT 2.21PM**

CHAIRMAN: _____

DATE: _____

UNCONFIRMED

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE

SUBJECT: FINANCIAL ACTIVITY REPORT – MARCH 2014

MEETING DATE: MAY 6, 2014

REF: FIN 1/2/1

FROM: PAUL MORRIS, MANAGER FINANCE AND ADMINISTRATION

ENDORSED BY: CHIEF EXECUTIVE

PURPOSE OF REPORT:

Attached is the financial report for council for the period ended March 31, 2014.

STAFF RECOMMENDATIONS:

That the report be received.

PAUL MORRIS
MANAGER – FINANCE AND ADMINISTRATION

WAYNE BARNETT
CHIEF EXECUTIVE

MACKENZIE DISTRICT COUNCIL
ACTIVITY REPORT
FOR THE PERIOD ENDED MARCH 2014

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	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Governance						
Income						
General Rates	259,011	238,383	238,383	(0)	0.00%	317,844
Targeted Rates	21,960	22,647	22,644	3	0.01%	30,192
Other Income	7,227	18,736	41,250	(22,514)	-54.58%	1 45,000
Other Gains and Losses	-	-	-	-		-
Internal Income	-	-	-	-		-
Gain on Sale - Assets	-	-	-	-		-
Total Income	288,198	279,765	302,277	(22,512)	-7.45%	393,036
Expenses						
Employment Expenses	58,604	42,761	33,714	(9,047)	-26.83%	2 44,952
Members Expenses	255,766	273,463	219,906	(53,557)	-24.35%	3 293,208
Consultancy Expenses	15,456	8,307	-	(8,307)		4 -
Administration Expenses	19,647	33,507	33,669	162	0.48%	44,892
Operational and Maintenance	11	-	-	-		-
Internal Interest Expense	-	-	-	-		-
Depreciation	-	-	-	-		-
Internal Charges	1,073	2,552	7,497	4,945	65.96%	9,996
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	350,556	360,590	294,786	(65,804)	-22.32%	393,048
Operating surplus/(deficit)	(62,359)	(80,825)	7,491			(12)

Variance analysis

1. Billings still to be done for the quarter to March 2014 for Water zone committees
2. Higher than anticipated costs associated with overlapping staff positions for committee clerk in December and January and recognition of diversified work through salary.
3. Higher than anticipated costs associated with elections and by elections for Fairlie and Tekapo
4. Unbudgeted legal costs associated with review of committee structures by legal advisors along with unbudgeted costs of meeting facilitation for Tekapo land.

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	42,972	-	-			-
Operating surplus/(deficit)	(62,359)	(80,825)	7,491			(12)
Transfer - Capital Expenditure	-	-	-			-
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	-	-	-			-
Add back Non Cash Items	-	-	-			-
Transfer Funded Depreciation to Capital Reserve	-	-	-			-
Transfer Interest to Capital Reserve	-	-	-			-
Transfers Revaluation Gains to Reserves	-	-	-			-
Total Operating Reserves	(19,387)	(80,825)	7,491	-	0.00%	(12)
Capital Reserves						
Opening Balance	(5,131)	(4,839)	-			-
Transfer Capital Expenditure from Operating Reserve	-	-	-			-
Transfer - Interest Earned	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	-	-	-			-
Total Capital Reserves	(5,131)	(4,839)	-	-		-

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Corporate Services						
Income						
General Rates	1,183,671	1,404,874	1,404,873	1	0.00%	1,873,164
Targeted Rates	-	-	-	-		-
Subsidies and Grants	-	-	-	-		-
Investment Income	-	-	-	-		-
Other Income	75,816	84,668	79,137	5,531	6.99%	105,516
Internal Income	38,200	72,638	95,778	(23,140)	-24.16%	127,704
Internal Interest Income	440	(302)	(207)	(95)	45.79%	(276)
Gain on Sale - Assets	(0)	-	-	-		-
Revaluation Reserves	-	-	-	-		-
Total Income	1,298,126	1,561,878	1,579,581	(17,703)	-1.12%	2,106,108
Expenses						
Employment Expenses	860,003	925,420	874,980	(50,440)	-5.76%	1,166,640
Consultancy Expenses	89,436	126,152	120,408	(5,744)	-4.77%	155,544
Administration Expenses	182,697	187,998	161,640	(26,358)	-16.31%	316,524
Operational and Maintenance	271,379	208,768	213,129	4,361	2.05%	284,172
Finance Expense	-	-	-	-		-
Internal Interest Expense	920	4,507	14,409	9,902	68.72%	19,212
Depreciation	91,965	81,063	81,081	18	0.02%	108,108
Internal Charges	17,233	36,785	51,174	14,389	28.12%	68,232
Loss On Sale and Assets Written Off	(3,556)	-	-	-		-
Total Expenses	1,510,077	1,570,693	1,516,821	(53,872)	-3.55%	2,118,432
Operating surplus/(deficit)	(211,951)	(8,814)	62,760			(12,324)

Variance analysis

1. Internal income charges (milage) is lower than budget. This is due to the timing of the budget and is expected to correct by year end.
2. Includes unbudgeted costs associated with Twizel Information centre
3. Includes the washup of AuditNZ fees (\$3,646) along with higher than anticipated insurance costs (\$4,825) and photocopy costs (\$9,133) have contributed to this unfavourable variance

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	96,704	(1,083)	-			-
Operating surplus/(deficit)	(211,951)	(8,814)	62,760			(12,324)
Transfer - Capital Expenditure	(84,475)	(121,314)	(145,179)			(181,572)
Transfers between Reserves	-	-	-			(10,500)
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	84,475	121,314	145,179			181,572
Add back Non Cash Items	67,547	81,026	65,934			87,912
Transfer Funded Depreciation to Capital Reserve	(49,914)	(75,544)	(75,555)			(100,740)
Transfers Building Maint Fund	-	-	-			-
Transfer Interest to Capital Reserve	-	-	-			-
Transfer - to/from Op Rsve	-	-	-			-
Appn Change in Reval Res to Accum Funds	-	-	-			-
Total Operating Reserves	(97,613)	(4,415)	53,139	-	0.00%	(35,652)
Capital Reserves						
Opening Balance	20,394	(64,231)	(296,275)			(296,275)
Transfers between Reserves	-	-	-			2,208
Transfer Capital Expenditure from Operating Reserve	(84,475)	(121,314)	(145,179)			(181,572)
Transfer - Interest Earned	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	49,914	74,334	72,828			97,104
Transfer from Capital Reserve	-	-	-			-
Transfer - from Ratepayers Equity	-	-	-			-
Transfer - to/from Op Rsve	-	-	-			-
Transfer from Operating Reserve	-	-	-			3,252
Transfer from Operating reserves	-	-	-			-
Transfer - to/from Capital Reserve	-	-	-			-
Transfer to Capital Reserve	-	-	-			-
Transfer -to/from Capital Rsve	-	-	-			-
Total Capital Reserves	(14,166)	(111,211)	(368,626)	-	0.00%	(375,283)

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Corporate Services						
Capex						
Capital Expenditure						
Administration						
0018001. Computers	2,776	-	-			-
0018925. Plant & Equipment	1,180	1,800	2,250			3,000
0018999. Transfer to Assets	-	-	-			-
	3,956	1,800	2,250			3,000
Council Buildings Fairlie						
0088916. Building Renovations	-	16,666	15,435			20,580
0088935. Furniture & Fittings - Admin	16,155	14,735	18,747			24,996
0088999. Transfer to Assets	-	-	-			-
	16,155	31,401	34,182			45,576
Council Buildings Twizel						
0098916. Building Renovations	-	5,171	-			-
0098999. Transfer to Assets	-	-	-			-
	-	5,171	-			-
Information Technology						
0788002. PC Server	11,058	51,073	36,000			36,000
0788005. Printers, Copiers & Scanners	4,000	-	-			-
0788006. GIS Aerials	-	28,741	-			-
0788010. Network Infrastructure	-	-	2,250			3,000
0788011. Communications Equipment	-	6,157	27,747			36,996
0788012. Software	17,500	-	13,500			18,000
0788014. Web site development	-	155	2,997			3,996
0788925. Plant & Equipment	2,249	1,988	2,250			3,000
0788999. Transfer to Assets	-	-	-			-
	34,807	88,113	84,744			100,992
Plant						
2658930. Vehicles	29,557	-	24,003			32,004
2658999. Transfer to assets	-	-	-			-
	29,557	-	24,003			32,004
Total Capital Expenditure	84,475	121,314	145,179	-	0.00%	181,572

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Water						
Income						
General Rates	-	-	-	-		-
Targeted Rates	583,691	630,123	629,946	177	0.03%	839,928
Investment Income	-	-	-	-		-
Other Income	6,339	(3,337)	828	(4,165)	-502.96%	1 66,104
Financial Contributions	67,540	82,127	-	82,127		2 -
Upgrade Contributions	-	-	-	-		-
Internal Income	2,250	2,250	2,250	-	0.00%	3,000
Internal Interest Income	32,716	35,838	28,521	7,317	25.66%	3 38,028
Gain on Sale - Assets	-	-	-	-		-
Vested Assets	-	-	-	-		118,224
Total Income	692,536	747,002	661,545	85,457	12.92%	1,065,284
Expenses						
Employment Expenses	3,104	-	-	-		-
Consultancy Expenses	300	8,689	29,020	20,331	70.06%	4 30,397
Administration Expenses	5,868	5,483	8,546	3,063	35.84%	10,979
Operational and Maintenance	227,490	305,449	332,103	26,654	8.03%	432,804
Finance Expense	-	-	-	-		-
Internal Interest Expense	40,814	46,735	56,394	9,659	17.13%	5 75,192
Asset Impairment	-	-	-	-		-
Depreciation	274,995	287,426	287,433	7	0.00%	383,244
Internal Charges	2,250	2,250	2,250	-	0.00%	3,000
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	554,821	656,033	715,746	59,713	8.34%	935,616
Operating surplus/(deficit)	137,716	90,969	(54,201)			129,668

Variance analysis

1. Reversal of over accrual of water charges in the June 2013 financial year has resulted in this unfavourable variance
2. Unbudgeted Financial contributions received during the period has created this favourable variance. This is dependent on developer activity.
3. Better than anticipated capital reserve balances has resulted in higher than anticipated interest income year to date.
4. Unspent money on engineering services to date has resulted in this favourable variance.
5. Better than anticipated capital reserve balances has resulted in lower than anticipated interest charges year to date.

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	92,438	38,556	(34,902)			(39,732)
Operating surplus/(deficit)	137,716	90,969	(54,201)			129,668
Transfer - Capital Expenditure	(414,934)	(300,112)	(1,796,033)			(2,387,655)
Transfers between Reserves	-	-	(9,540)			(42,720)
Appropriation Interest	-	-	-			-
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	414,934	300,112	1,796,033			2,387,655
Add back Non Cash Items	274,995	287,428	287,433			383,244
Transfer Funded Depreciation to Capital Reserve	(253,855)	(264,063)	(264,069)			(352,092)
Transfer Vested Assets to Capital	-	-	-			(118,224)
Transfer Interest to Capital Reserve	-	-	-			-
Transfer to Capital Financial Contributions	-	-	-			-
Transfer Financial Contributions to Capital	-	-	-			-
Total Operating Reserves	251,294	152,891	(75,279)	-	0.00%	(39,856)
Capital Reserves						
Opening Balance	650,533	788,802	307,103			306,872
Transfer Capital Expenditure from Operating Reserve	(414,934)	(300,112)	(1,796,033)			(2,387,655)
Transfer - Vested Assets	-	-	-			118,224
Transfer - Interest Earned	-	-	-			-
Transfer - Financial Contributions	-	-	-			-
Transfer - Op Surplus from Op Reserve	-	-	3,546			4,728
Transfer Funded Depreciation from Operating Reserves	251,703	264,063	264,069			352,092
Transfer - from Ratepayers Equity	-	-	-			-
Transfer - from Operating Reserve	-	-	9,072			42,096
Transfer - to/from Op Rsve	-	-	(747)			(996)
Transfer from Operating reserves	-	-	(2,331)			(3,108)
Transfer - from Allandale Water Fund	-	-	-			-
Transfer - Manuka Tce Capital Rsve	-	-	-			-
Total Capital Reserves	487,302	752,753	(1,215,321)	-	0.00%	(1,567,747)

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Capex						
Capital Expenditure						
Fairlie Water Scheme						
0118201. Town Reticulation - Renewal	134,731	134,386	125,000			135,000
0118206. Service Connections - Renewal	-	810	32,000			32,000
0118211. Treatment - New	10,051	21,043	60,000			70,000
0118215. Plant	1,900	-	5,195			5,195
0118807. Resource Consent Costs	13,043	-	-			-
0118982. Water Meters	-	-	1,557			2,076
0118999. Transfer to Assets	-	-	-			-
	159,725	156,239	223,752			244,271
Tekapo Water Scheme						
0128211. Treatment - New	138,648	18,709	-			-
0128212. Service Connections - Renew	-	-	783			1,044
0128215. Plant	1,900	-	-			-
0128981. Water Meters	-	-	1,557			2,076
0128999. Transfer to Assets	-	-	-			-
	140,548	18,709	2,340			3,120
Twizel Water Scheme						
0138193. Vested Assets	-	-	-			49,776
0138201. Town Reticulation - Renewal	-	6,454	7,794			10,392
0138204. Headworks - Renewal	61,745	25,396	697,500			930,000
0138206. Service Connections - Renewal	31,171	42,388	29,997			39,996
0138210. HeadWorks - New	3,205	-	-			-
0138211. Treatment - New	-	40,916	701,325			935,100
0138215. Plant	12,574	-	-			-
0138251. Fire Hydrant Markers	-	2,537	7,794			10,392
0138807. Resource Consent Costs	1,360	-	31,167			41,556
0138984. Water Meters	3,213	1,110	1,557			2,076
0138999. Transfer to Assets	-	-	-			-
	113,268	118,802	1,477,134			2,019,288

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Allandale Water Scheme						
0158202. Reticulation Extension	(450)	-	-			-
0158211. Treatment	1,422	-	1,557			2,076
	972	-	1,557			2,076
Ashwick/Opuha Water Scheme						
0168256. Headworks	423	-	-			-
0168999. Transfer to Assets	-	-	-			-
	423	-	-			-
Burkes Pass						
0178211. Treatment Upgrade	-	6,362	3,753			5,004
	-	6,362	3,753			5,004
Eversley Puneroa						
0228807. Resource Consents	-	-	7,497			9,996
	-	-	7,497			9,996
Manuka Terrace Water Scheme						
0238210. Headworks	-	-	80,000			103,900
	-	-	80,000			103,900
Total Capital Expenditure	414,934	300,112	1,796,033	-	0.00%	2,387,655

Sewer		LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Income							
General Rates	-	-	-	-	-		-
Targeted Rates	206,357	317,631	317,628		3	0.00%	423,504
Subsidies and Grants	-	-	-	-	-		-
Investment Income	-	-	-	-	-		-
Other Income	629	5,489	-	-	5,489		-
Financial Contributions	31,379	116,157	-	-	116,157		-
Upgrade Contributions	54,657	-	-	-	-		-
Internal Income	-	-	-	-	-		-
Internal Interest Income	17,733	21,091	29,178		(8,087)	-27.71%	38,904
Gain on Sale - Assets	-	-	-	-	-		-
Vested Assets	-	-	-	-	-		183,072
Total Income	310,755	460,368	346,806		113,562	32.75%	645,480
Expenses							
Consultancy Expenses	-	6,914	11,099		4,185	37.71%	11,351
Administration Expenses	5,502	5,377	6,948		1,571	22.61%	9,264
Operational and Maintenance	60,537	90,857	119,802		28,945	24.16%	155,703
Finance Expense	-	-	-	-	-		-
Internal Interest Expense	13,383	4,215	17,541		13,326	75.97%	23,388
Depreciation	183,546	189,776	189,774		(2)	0.00%	253,032
Internal Charges	-	-	-	-	-		-
Loss On Sale and Assets Written Off	-	-	-	-	-		-
Total Expenses	262,967	297,139	345,164		48,025	13.91%	452,738
Operating surplus/(deficit)	47,788	163,230	1,642				192,742

Variance analysis

1. Unbudgeted effluent disposal charges has generated this favourable variance
2. Unbudgeted Financial contributions received during the period has created this favourable variance. This is dependent on developer activity.
3. Lower than anticipated capital reserve balances has resulted in lower than anticipated interest income year to date.
4. Unspent money on engineering services to date has resulted in this favourable variance.
5. Lower than anticipated consent monitoring costs in Fairlie (\$3,761) and Tekapo (\$3,574) coupled with lower contractor costs (\$11,205) and Electricity costs (\$5,598) also in Tekapo
6. Better than anticipated capital reserve balances has resulted in lower than anticipated interest charges year to date.

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	5,880	(52,942)	-			-
Operating surplus/(deficit)	47,788	163,230	1,642			192,742
Transfer - Capital Expenditure	(24,477)	(29,527)	(39,203)			(128,792)
Transfers between Reserves	-	-	-			-
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	24,477	29,527	39,203			128,792
Add back Non Cash Items	183,546	189,776	189,783			253,044
Transfer Funded Depreciation to Capital Reserve	(183,546)	(189,776)	(189,783)			(253,044)
Transfer Vested Assets to Capital	-	-	-			(183,072)
Transfer to Loan Account	-	-	(7,272)			(9,696)
Transfer Interest to Capital Reserve	-	-	-			-
Transfer to Capital Financial Contributions	-	-	-			-
Transfer Upgrade Contributions to Capital	-	-	-			-
Total Operating Reserves	53,668	110,288	(5,630)	-	0.00%	(26)
Capital Reserves						
Opening Balance	415,166	977,571	583,440			583,440
Transfer Capital Expenditure from Operating Reserve	(24,477)	(29,527)	(39,203)			(128,792)
Transfer - Vested Assets	-	-	-			183,072
Transfer - Interest Earned	-	-	-			-
Transfer - Financial Contributions	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	187,569	189,776	189,783			253,044
Transfer - from Ratepayers Equity	-	-	-			-
Transfer - from Operating Reserve	-	-	-			-
Transfer - Upgrade Contributions	-	-	-			-
Transfer - Sanitary Works Subsidy	-	-	-			-
Total Capital Reserves	578,258	1,137,820	734,020	-	0.00%	890,764

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Sewer						
Capex						
Capital Expenditure						
Fairlie Sewer						
0278410. New Reticulation - Eversley	-	-	1,700			1,700
	-	-	1,700			1,700
Twizel Sewer						
0298193. Vested Assets	-	-	-			77,088
0298411. Sewer Treatment - New	24,477	29,527	37,503			50,004
0298999. Transfer to Assets	-	-	-			-
	24,477	29,527	37,503			127,092
Total Capital Expenditure	24,477	29,527	39,203	-	0.00%	128,792

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Stormwater						
Income						
Targeted Rates	60,264	54,370	54,369	1	0.00%	72,492
Financial Contributions	15,837	3,860	-	3,860		-
Internal Interest Income	6,439	6,185	12,285	(6,100)	-49.66%	16,380
Gain on Sale - Assets	-	-	-	-		-
Vested Assets	-	-	-	-		-
Total Income	82,540	64,414	66,654	(2,240)	-3.36%	88,872
Expenses						
Consultancy Expenses	-	4,210	4,752	542	11.40%	6,336
Administration Expenses	325	307	2,349	2,042	86.94%	3,132
Operational and Maintenance	9,899	9,084	14,634	5,550	37.93%	19,512
Internal Interest Expense	649	-	-	-		-
Depreciation	43,596	45,532	44,937	(595)	-1.32%	59,916
Internal Charges	-	-	-	-		-
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	54,470	59,132	66,672	7,540	11.31%	88,896
Operating surplus/(deficit)	28,070	5,282	(18)			(24)

Variance analysis

1. Unbudgeted Financial contributions received during the period has created this favourable variance. This is dependent on developer activity.
2. Lower than anticipated capital reserve balances has resulted in Lower than anticipated interest income year to date.
3. Lower than anticipated contractor costs across all stormwater activities has created this favourable variance

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	-	-	-			-
Operating surplus/(deficit)	28,070	5,282	(18)			(24)
Transfer - Capital Expenditure	-	-	-			-
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	-	-	-			-
Add back Non Cash Items	43,596	45,532	44,937			59,916
Transfer Funded Depreciation to Capital Reserve	(43,596)	(45,532)	(44,937)			(59,916)
Transfer Vested Assets to Capital	-	-	-			-
Transfer Interest to Capital Reserve	-	-	-			-
Transfer to Capital Financial Contributions	-	-	-			-
Total Operating Reserves	28,070	5,282	(18)	-	0.00%	(24)
Capital Reserves						
Opening Balance	328,573	338,349	346,824			346,824
Transfer Capital Expenditure from Operating Reserve	-	-	-			-
Transfer - Vested Assets	-	-	-			-
Transfer - Interest Earned	-	-	-			-
Transfer - Financial Contributions	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	43,596	45,532	44,937			59,916
Transfer - from Ratepayers Equity	-	-	-			-
Transfer - From Operating Reserve	-	-	-			-
Transfer - to/from Op Rsve	-	-	-			-
Transfer from Operating Reserve	-	-	-			-
Transfer - from Tkp W&S Operat Rsv	-	-	-			-
Transfer - from Twp W&S Operat Rsv	-	-	-			-
Transfer - from File W&S Operat Rsve	-	-	-			-
Total Capital Reserves	372,169	383,881	391,761	-	0.00%	406,740

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Roadings						
Income						
General Rates	987,612	973,962	973,962	(0)	0.00%	1,298,616
Targeted Rates	8,460	8,136	8,136	(0)	0.00%	10,848
Subsidies and Grants	1,622,047	1,352,507	1,155,528	196,979	17.05%	1 1,540,704
Investment Income	-	-	-	-		-
Other Income	35,455	37,058	21,753	15,305	70.36%	29,004
Upgrade Contributions	-	-	-	-		-
Internal Income	-	-	-	-		-
Internal Interest Income	836	6,996	7,263	(267)	-3.68%	9,684
Gain on Sale - Assets	-	-	-	-		-
Vested Assets	-	-	-	-		114,516
Total Income	2,654,410	2,378,658	2,166,642	212,016	9.79%	3,003,372
Expenses						
Internal Income	-	-	-	-		87,789
Employment Expenses	90,595	39,375	66,537	27,162	40.82%	2 88,716
Consultancy Expenses	8,135	41,232	55,325	14,093	25.47%	3 94,500
Administration Expenses	3,274	1,129	3,996	2,867	71.76%	5,328
Operational and Maintenance	-	-	-	-		-
Internal Interest Expense	224	173	-	(173)		-
Roadings	1,510,699	1,155,838	856,989	(298,849)	-34.87%	4 1,142,652
Depreciation	1,191,843	1,231,146	1,231,146	-	0.00%	1,641,528
Internal Charges	5,669	7,748	9,666	1,918	19.84%	100,680
Loss On Sale and Assets Written Off	(0)	-	-	-		-
Total Expenses	2,810,439	2,476,640	2,223,659	(252,981)	-11.38%	3,161,193
Operating surplus/(deficit)	(156,029)	(97,982)	(57,017)			(157,821)

Variance analysis

1. Higher than anticipated Subsidy claimed due to claims for unanticipated emergency repairs
2. Employment expenses are lower than budgeted due the Roadings Manager being on Parental leave and due to an error in coding of the asset assistant salaries. This will be corrected
3. Costs associated with RAMM have not been spent to date. This is expected to occur before year end.
4. Detailed roadings expenses shown under separate analysis.

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Roading						
2526285. Traffic Svcs Mtce	7	-	-	-		-
2536120. St Lighting - Electricity	(197)	-	-	-		-
25361201. St Lighting - Elec - Transit	197	-	-	-		-
25362804. Enviro Mtce - 2011/2012 June Snow Event	18,467	-	-	-		-
2546111. Sealed Pavement Mtce	147,691	139,203	127,503	(11,700)	-9.18%	170,004
2546112. Unsealed Pavement Mtce	235,063	244,029	270,000	25,971	9.62%	360,000
2546113. Routine Drainage Mtce	45,720	41,147	45,000	3,853	8.56%	60,000
25461131. Drainage Mtce - St Cleaning	18,329	18,648	18,234	(414)	-2.27%	24,312
2546114. Structures Maintenance Bridges	28,184	23,385	45,000	21,615	48.03%	60,000
25461141. Structures Maintenance Cattlestops	4,433	2,792	18,000	15,208	84.49%	24,000
2546121. Environmental Mtce	108,664	109,472	106,308	(3,164)	-2.98%	141,744
2546122. Traffic Services Mtce	42,670	24,198	52,497	28,299	53.91%	69,996
25461221. Street Lighting - Maintenanc	30,073	26,764	33,750	6,986	20.70%	45,000
25461222. Street Lighting - Electricit	38,398	32,930	53,208	20,278	38.11%	70,944
2546288. Emergency Reinstatement	727,123	440,734	-	(440,734)		-
2546301. Street Lights - Mtce - Trans	3,961	4,177	12,753	8,576	67.24%	17,004
2546302. Street Lights-Elect - Transi	9,095	6,983	9,000	2,017	22.41%	12,000
2546303. Drainage Mtce - St Cleaning Transit	17,034	17,299	16,983	(316)	-1.86%	22,644
2546304. Footpaths	24,167	23,634	26,253	2,619	9.97%	35,004
2546306. Alps2ocean	11,620	441	22,500	22,059	98.04%	30,000
Total Roding	1,510,699	1,155,838	856,989	(298,849)	-34.87%	1,142,652

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	8,889	(25,172)	28,344			28,344
Operating surplus/(deficit)	(156,029)	(97,982)	(57,017)			(157,821)
Transfer - Capital Expenditure	(1,340,044)	(1,352,197)	(1,854,711)			(2,048,821)
Transfers between Reserves	-	-	(102,132)			(136,176)
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	1,340,044	1,352,197	1,854,711			2,048,821
Add back Non Cash Items	1,191,843	1,231,146	1,231,146			1,641,528
Transfer Funded Depreciation to Capital Reserve	(560,403)	(579,278)	(579,276)			(772,368)
Transfer Vested Assets to Capital	-	-	-			(114,516)
Transfer Interest to Capital Reserve	-	-	-			-
Transfer to Capital Financial Contributions	-	-	-			-
Transfer Upgrade Contributions to Capital	-	-	-			-
Transfer NZTA Capital Subsidy	-	(75,880)	(619,587)			(826,116)
Transfer Capital rate	-	-	-			-
Transfer Contributions Roadway Reserve	-	-	-			-
Total Operating Reserves	484,300	452,834	(98,522)	-	0.00%	(337,125)

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Capital Reserves						
Opening Balance	968,757	1,031,049	(576,954)			(576,954)
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure from Operating Reserve	(1,340,044)	(1,352,197)	(1,854,711)			(2,048,821)
Transfer - Vested Assets	-	-	-			-
Transfer - Interest Earned	-	-	-			-
Transfer - Financial Contributions	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	450	579,278	579,276			772,368
Transfer from Capital Reserve	-	-	-			-
Transfer - to RBU	-	-	-			-
Transfer - from Operating Reserve	-	-	-			-
Transfer - to/from Op Rsve	-	-	433,062			577,416
Transfer - Funding for Capex from Op Rsve	-	-	-			-
Transfer - Upgrade Contributions	-	-	-			-
Transfer - to/from Capital Reserve	-	-	-			-
Transfer - Rates Transferred from Ope res	-	-	-			-
Transfer - from Subs Rdg Operat Rsve	-	-	-			-
Transfer - from Tekapo W&S Op Rsve	-	-	-			-
Transfer NZTA Capital Subsidy	-	75,880	619,587			826,116
Transfer Vested Asset from Op reserve	-	-	-			114,516
Transfer - Funds Transfer	-	-	-			-
Transfer - from Twl Township W&S	-	-	-			-
Transfer - Fund for Capex from Operat Rsv	-	-	11,817			15,756
Transfer -to RBU	-	-	-			-
Total Capital Reserves	(370,837)	334,010	(787,923)	-	0.00%	(319,603)

Roading Capex	Capital Expenditure	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
	0868001. Computers	8,517	1,415	7,731			10,308
	0868999. Transfer to Assets	-	-	-			-
	2508183. Sealed Road Resurfacing	19,071	-	-			-
	2518182. Minor Improvements	10,000	-	-			-
	2528182. Minor Improvements	10,000	-	-			-
	2548193. Vested Assets	-	-	-			114,516
	2548211. Unsealed Road Metalling	234,437	194,958	425,000			425,000
	2548212. Sealed Road Resurfacing	668,099	589,528	520,000			520,000
	2548213. Drainage Renewal	36,562	47,602	32,391			43,188
	2548214. Sealed Road Pavement Rehabilitation	-	-	120,929			120,929
	2548215. Structures Component replacements bridges	4,281	3,802	11,763			15,684
	25482151. Structures Component replacements cattelstops	5,780	3,369	7,497			9,996
	2548222. Traffic Services Renewals	36,883	34,751	55,647			74,196
	2548231. Associated Improvements	-	-	3,753			5,004
	2548300. Footpath Minor Maintenance	3,375	-	-			-
	2548310. Footpaths - Surfacing	66,780	52,483	60,000			60,000
	2548341. Minor Improvements	120,071	80,838	250,000			290,000
	2548390. Streetscape Improvements	62,644	-	-			-
	2548394. Cemetery carpark overflow	4,480	-	-			-
	2548395. Sealing Past Houses	-	-	10,000			10,000
	2548396. Manuka Terrace	23,798	343,450	350,000			350,000
	2548999. Transfer to Assets	-	-	-			-
	26381721. Lake Alexandrina Bridge Sealing Works Unsubsidised Roac	25,265	-	-			-
	2638999. Transfer to Assets	-	-	-			-
	Total Capital Expenditure	1,340,044	1,352,197	1,854,711	-	0.00%	2,048,821

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Planning						
Income						
General Rates	177,966	117,872	117,873	(1)	0.00%	157,164
Targeted Rates	-	-	-	-		-
Other Income	70,307	79,258	71,010	8,248	11.61%	94,680
Reserve Contributions	93,626	153,181	29,997	123,184	410.65%	1 39,996
Internal Income	-	-	-	-		-
Internal Interest Income	6	9	18	(9)	-49.11%	24
Gain on Sale - Assets	-	-	-	-		-
Total Income	341,906	350,320	218,898	131,422	60.04%	291,864
Expenses						
Employment Expenses	143,214	210,375	225,684	15,309	6.78%	2 300,912
Consultancy Expenses	126,474	124,527	214,587	90,060	41.97%	3 286,116
Administration Expenses	789	6,120	17,703	11,583	65.43%	4 23,604
Operational and Maintenance	189	1,473	6,462	4,989	77.21%	8,616
Internal Interest Expense	-	-	-	-		-
Depreciation	108	123	126	3	2.64%	168
Internal Charges	2,185	5,317	3,663	(1,654)	-45.15%	4,884
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	272,959	347,934	468,225	120,291	25.69%	624,300
Operating surplus/(deficit)	68,947	2,385	(249,327)			(332,436)

Variance analysis

1. Higher than anticipated developer activity has created this favourable variance.
2. Lower than anticipated costs associated with District Plan review has resulted in this favourable variance
3. Lower than anticipated consultancy costs associated with PC13. Decisions have been released and it is expected that this cost will ramp up now to the end of the year.
4. Lower than anticipated insurance costs (\$5,805) coupled with lower costs of publications (\$2,987) has generated this favourable variance

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	(842,037)	(942,738)	(943,744)			(943,744)
Operating surplus/(deficit)	68,947	2,385	(249,327)			(332,436)
Transfer - Capital Expenditure	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	-	-	-			-
Add back Non Cash Items	108	123	117			156
Transfer Funded Depreciation to Capital Reserve	(108)	(123)	(117)			(156)
Transfer Interest	-	-	-			-
Transfer Operating Surplus	-	-	-			-
Transfer to Capital Reserves	-	-	-			-
Transfer to/from Land Subdivision Reserve	-	-	(29,997)			-
Total Operating Reserves	(773,089)	(940,353)	(1,223,068)	-	0.00%	(39,996)
						(1,316,176)
Capital Reserves						
Opening Balance	316	473	474			474
Transfer Capital Expenditure from Operating Reserve	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	108	123	117			156
Capital Reserve Interest	-	-	-			-
Transfer From Operating Reserves	-	-	-			-
Transfer from Real Estate Reserve	-	-	-			-
Total Capital Reserves	424	596	591	-	0.00%	630

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Regulatory						
Income						
General Rates	54,027	70,629	70,632	(3)	0.00%	94,176
Targeted Rates	101,628	110,743	110,745	(2)	0.00%	147,660
Subsidies and Grants	4,000	-	-	-		-
Investment Income	-	-	-	-		-
Other Income	267,333	321,412	243,144	78,268	32.19%	1 324,192
Internal Income	-	-	-	-		-
Internal Interest Income	533	608	180	428	237.84%	240
Gain on Sale - Assets	-	-	-	-		-
Total Income	427,522	503,393	424,701	78,692	18.53%	566,268
Expenses						
Employment Expenses	122,847	159,054	164,070	5,016	3.06%	218,760
Consultancy Expenses	36,712	15,145	27,009	11,864	43.93%	2 36,012
Administration Expenses	63,445	36,049	70,708	34,659	49.02%	3 86,944
Operational and Maintenance	104,105	117,224	132,902	15,678	11.80%	4 148,088
Internal interest Expense	2,583	4,367	3,843	(524)	-13.64%	5,124
Depreciation	27,351	28,958	28,962	4	0.01%	38,616
Internal Charges	9,768	15,159	24,561	9,402	38.28%	32,748
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	366,811	375,956	452,055	76,099	16.83%	566,292
Operating surplus/(deficit)	60,711	127,438	(27,354)			(24)

Variance analysis

1. Higher than anticipated revenue from building Inspectorate (\$72,380) has contributed to this favourable variance
2. BCA Consultancy expenses are below budget by \$6,499 due to timing of spend compared to budget which has contributed to this variance.
3. Lower than anticipated insurance costs for the building activity (\$24,945) and Rural fires (\$6,159) which is due mainly to budgeting for an additional call from Riskpool that has not yet eventuated.
4. Lower than anticipated contractor costs associated with Animal control, mainly Twizel (\$16,135) has resulted in this favourable variance.

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	-	-	-			-
Operating surplus/(deficit)	60,711	127,438	(27,354)			(24)
Transfer - Capital Expenditure	(12,000)	(55,500)	(64,323)			(85,764)
Transfer Capital Expenditure from Operating Reserve	-	-	(3,753)			(5,004)
Transfer Capital Expenditure to Capital Reserve	12,000	55,500	64,323			85,764
Add back Non Cash Items	27,351	28,958	28,953			38,604
Transfer Funded Depreciation to Capital Reserve	(27,351)	(28,958)	(28,953)			(38,604)
Transfer Interest	-	-	-			-
Transfer Operating Surplus	-	-	-			-
Transfer to Ratepayers Equity	-	-	-			-
Capital Reserve Interest	-	-	-			-
Leaky Building Provision	-	-	-			-
Total Operating Reserves	60,711	127,438	(31,107)	-	0.00%	(5,028)
Capital Reserves						
Opening Balance	(72,579)	(49,280)	(32,901)			(50,349)
Transfer Capital Expenditure from Operating Reserve	(12,000)	(55,500)	(64,323)			(85,764)
Transfer Funded Depreciation from Operating Reserves	27,351	28,958	28,953			38,604
Capital Reserve Interest	-	-	-			-
Transfers from Ratepayers Equity	-	-	-			-
Total Capital Reserves	(57,228)	(75,822)	(68,271)	-	0.00%	(97,509)

Regulatory Capex	Capital Expenditure	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
	0108925. Plant & Equipment	-	-	17,253			23,004
		-	-	17,253			23,004
	0698925. Plant & Equipment	-	-	3,753			5,004
		-	-	3,753			5,004
	0838925. Plant & Equipment	-	8,000	5,814			7,752
	0838930. Vehicles	12,000	47,500	37,503			50,004
	0838999. Transfer to Assets	-	-	-			-
		12,000	55,500	43,317			57,756
	Total Capital Expenditure	12,000	55,500	64,323	-	0.00%	85,764

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Solid Waste						
Income						
General Rates	409,654	137,466	137,466	-	0.00%	183,288
Targeted Rates	10,215	323,820	323,820	-	0.00%	431,760
Other Income	89,255	105,597	77,331	28,266	36.55%	103,108
Internal Income	-	-	-	-		-
Internal Interest Income	50	-	(1,044)	1,044	-100.00%	(1,392)
Gain on Sale - Assets	826	-	-	-		-
Total Income	510,001	566,883	537,573	29,310	5.45%	716,764
Expenses						
Employment Expenses	22,946	21,372	14,076	(7,296)	-51.83%	18,768
Consultancy Expenses	686	9,645	14,067	4,422	31.44%	18,756
Administration Expenses	8,920	7,861	4,598	(3,263)	-70.96%	5,852
Operational and Maintenance	481,274	467,482	483,000	15,518	3.21%	644,717
Internal interest Expense	-	11,985	-	(11,985)		-
Depreciation	5,049	15,068	15,066	(2)	-0.01%	20,088
Internal Charges	1,968	3,644	7,929	4,285	54.05%	10,572
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	520,842	537,056	538,736	1,680	0.31%	718,753
Operating surplus/(deficit)	(10,841)	29,827	(1,163)			(1,989)

Variance analysis

- Higher than anticipated gate fees has created this favourable variance.

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	(388,647)	(393,312)	(248,292)			(331,056)
Operating surplus/(deficit)	(10,841)	29,827	(1,163)			(1,989)
Transfer - Capital Expenditure	-	-	-			-
Transfers between Reserves	-	-	-			-
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	-	-	-			-
Add back Non Cash Items	5,049	15,068	(15,075)			(20,100)
Transfer Funded Depreciation to Capital Reserve	(5,049)	(15,068)	(15,075)			(20,100)
Transfer Interest to Capital Reserve	-	-	-			-
Total Operating Reserves	(399,489)	(363,485)	(279,605)	-	0.00%	(373,245)
Capital Reserves						
Opening Balance	(481,932)	(464,156)	(6,899)			(6,899)
Transfer Capital Expenditure from Operating Reserve	-	-	-			-
Transfer - Interest Earned	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	5,049	15,068	(15,075)			(20,100)
Transfer from Capital Reserve	-	-	-			-
Total Capital Reserves	(476,883)	(449,088)	(21,974)	-	0.00%	(26,999)

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Community Facilities						
Income						
General Rates	203,670	211,134	211,005	129	0.06%	281,340
Targeted Rates	-	-	-	-		-
Subsidies and Grants	757	435	495	(60)	-12.17%	660
Investment Income	-	-	-	-		-
Other Income	77,566	85,192	85,770	(578)	-0.67%	114,360
Internal Income	-	-	-	-		-
Internal Interest Income	1,618	1,738	3,222	(1,484)	-46.05%	1 4,296
Gain on Sale - Assets	-	-	-	-		-
Total Income	283,611	298,499	300,492	(1,993)	-0.66%	400,656
Expenses						
Employment Expenses	-	-	-	-		-
Consultancy Expenses	-	5,079	-	(5,079)		-
Administration Expenses	22,954	24,273	21,888	(2,385)	-10.90%	2 29,184
Operational and Maintenance	222,747	257,291	262,116	4,825	1.84%	349,488
Internal interest Expense	-	559	6,948	6,389	91.96%	3 9,264
Depreciation	37,890	37,634	37,638	4	0.01%	50,184
Internal Charges	-	-	-	-		-
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	283,591	324,836	328,590	3,754	1.14%	438,120
Operating surplus/(deficit)	20	(26,336)	(28,098)			(37,464)

Variance analysis

1. Lower than anticipated capital reserve balances have resulted in lower interest earned
2. Timing of rates for the year compared to budget has resulted in this unfavourable variance. This will be corrected by year end.
3. Lower than anticipated capital reserve balances have resulted in lower interest paid.

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	61	-	-			-
Operating surplus/(deficit)	20	(26,336)	(28,098)			(37,464)
Transfer - Capital Expenditure	-	(42,787)	(225,432)			(300,576)
Transfers between Reserves	-	-	-			-
Transfer Capex to Ratepayers Equity	#REF!	#REF!	#REF!			#REF!
Transfer Capital Expenditure to Capital Reserve	-	42,787	225,432			300,576
Add back Non Cash Items	37,890	37,634	25,650			34,200
Transfer Funded Depreciation to Capital Reserve	(8,406)	(12,534)	(12,537)			(16,716)
Transfers Building Maint Fund	-	-	-			-
Transfer Interest to Capital Reserve	-	-	-			-
Transfer Opening Balance	-	-	-			-
Total Operating Reserves	#REF!	#REF!	#REF!	-		#REF!
Capital Reserves						
Opening Balance	90,813	102,491	85,886			85,886
Transfer Capital Expenditure from Operating Reserve	-	(42,787)	(225,432)			(300,576)
Transfer Funded Depreciation from Operating Reserves	8,406	12,534	3,555			4,740
Transfer - to/from Op Rsve	-	-	-			-
Transfer from Operating Reserve	-	-	-			-
Transfer - Grants Received	-	-	-			-
Transfer - Housing NZ Loan	-	-	-			-
Transfer - Interest on Cap Rsve	-	-	-			-
Transfer from Real Estate Reserve	-	-	-			-
Total Capital Reserves	99,219	72,238	(135,991)	-	0.00%	(209,950)
Community Facilities						
Capex						
Capital Expenditure						
Public Toilets						
1518916. Buildings	-	42,787	225,432			300,576
Total Capital Expenditure	-	42,787	225,432	-	0.00%	300,576

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Recreational Facilities						
Income						
General Rates	87,809	89,728	89,730	(2)	0.00%	119,640
Targeted Rates	858,683	822,290	822,285	5	0.00%	1,096,380
Subsidies and Grants	17,048	17,048	15,552	1,496	9.62%	20,736
Investment Income	-	-	-	-		-
Other Income	127,663	161,862	140,652	21,210	15.08%	(37,920)
Internal Income	-	-	-	-		-
Internal Interest Income	8,823	1,686	6,408	(4,722)	-73.69%	8,544
Gain on Sale - Assets	-	-	-	-		-
Total Income	1,100,027	1,092,614	1,074,627	17,987	1.67%	1,207,380
Expenses						
Employment Expenses	98,041	84,264	58,671	(25,593)	-43.62%	1 78,228
Members Expenses	-	-	-	-		-
Consultancy Expenses	-	-	-	-		-
Administration Expenses	198,828	221,954	192,204	(29,750)	-15.48%	2 256,272
Operational and Maintenance	591,533	636,218	671,283	35,065	5.22%	3 895,044
Internal interest Expense	27,479	22,208	28,080	5,872	20.91%	4 37,440
Depreciation	161,451	169,185	169,191	6	0.00%	225,588
Internal Charges	308	1,463	-	(1,463)		-
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	1,077,640	1,135,292	1,119,429	(15,863)	-1.42%	1,492,572
Operating surplus/(deficit)	22,387	(42,678)	(44,802)			(285,192)

Variance analysis

1. Higher than anticipated costs associated with pool operation has resulted in this unfavourable variance
2. Higher than anticipated costs relating to budget timing of rates charges. This will correct by year end
3. Lower than anticipated expenditure on township projects has created this favourable variance.
4. Lower than anticipated capital reserve balances have resulted in lower interest paid.

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	730,929	668,683	56,998			78,721
Operating surplus/(deficit)	22,387	(42,678)	(44,802)			(285,192)
Transfer - Capital Expenditure	(278,090)	(142,298)	(68,247)			(90,996)
Transfers between Reserves	-	-	(69,750)			(93,000)
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	278,090	142,298	68,247			90,996
Add back Non Cash Items	161,451	169,186	51,462			68,616
Transfer Funded Depreciation to Capital Reserve	(28,782)	(46,896)	(39,582)			(52,776)
Transfers Building Maint Fund	-	-	-			-
Transfer Interest to Capital Reserve	-	-	-			-
Transfer to Capital Financial Contributions	-	-	-			-
Transfer between Reserves	-	-	-			-
Total Operating Reserves	885,984	748,295	(45,674)	-	0.00%	(283,631)
Capital Reserves						
Opening Balance	(502,484)	(690,943)	(1,015,251)			(1,015,251)
Transfers between Reserves	-	-	-			-
Transfer Capital Expenditure from Operating Reserve	(278,090)	(142,298)	(68,247)			(90,996)
Transfer - Interest Earned	-	-	-			-
Transfer - Financial Contributions	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	28,782	52,561	11,349			15,132
Transfer - from Operating Reserve	-	-	-			-
Transfer - to/from Op Rsve	-	-	68,319			91,092
Transfer from Operating Reserve	-	-	225			300
Transfer -from Tekapo Township	-	-	-			-
Transfer - to/from Capital Reserve	-	-	-			-
Transfer - from Tekapo W&S Operat Rsv	-	-	-			-
Transfer - from Tekapo Domain	-	-	-			-
Transfer - from Land Subdivision Rsve	-	-	-			-
Transfer - from File W&S Operat Rsve	-	-	-			-
Transfer - from Hall Operating Rsve	-	-	-			-
Transfer - from Twizel Township W&S	-	-	-			-
Total Capital Reserves	(751,792)	(780,680)	(1,003,605)	-	0.00%	(999,723)

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Recreational Facilities						
Capex						
Capital Expenditure						
Fairlie township						
0528965. Comm Asset - Public Amenities	-	-	22,500			30,000
0528977. Playground Upgrade	5,256	-	-			-
0528999. Transfer to Assets	-	-	-			-
	<u>5,256</u>	<u>-</u>	<u>22,500</u>			<u>30,000</u>
Tekapo Township						
0548961. Development Plan Projects	-	90,082	-			-
	<u>-</u>	<u>90,082</u>	<u>-</u>			<u>-</u>
Twizel Township						
0558516. Implement of Development Plan	71,468	-	-			-
0558999. Transfer to Assets	-	-	-			-
	<u>71,468</u>	<u>-</u>	<u>-</u>			<u>-</u>
Twizel Reserves						
1068192. Other Projects	-	2,125	29,997			39,996
	<u>-</u>	<u>2,125</u>	<u>29,997</u>			<u>39,996</u>
Tekapo Community Centre						
1248917. Aorangi Cres Upgrade	10,325	5,066	-			-
1248940. Furniture & Fittings - Other	-	20,444	11,250			15,000
1248950. Community Assets - Buildings	4,375	-	-			-
1248978. Resurfacing Tennis Court	184,650	15,076	-			-
1248999. Transfer to Assets	-	-	-			-
	<u>199,350</u>	<u>40,586</u>	<u>11,250</u>			<u>15,000</u>
Fairlie Swimming Pool						
1408215. Plant	-	4,753	2,250			3,000
1408925. Plant and Equipment	2,016	-	-			-
1408999. Transfer to Assets	-	-	-			-
	<u>2,016</u>	<u>4,753</u>	<u>2,250</u>			<u>3,000</u>
Twizel Swimming Pool						
1428215. Plant	-	4,753	2,250			3,000
	<u>-</u>	<u>4,753</u>	<u>2,250</u>			<u>3,000</u>
Total Capital Expenditure	<u>278,090</u>	<u>142,298</u>	<u>68,247</u>	-	0.00%	<u>90,996</u>

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Commercial Activities						
Income						
General Rates	(812,433)	124,670	116,325	8,345	7.17%	155,100
Targeted Rates	79,850	71,111	89,919	(18,808)	-20.92%	119,892
Investment Income	624,883	616,892	723,753	(106,861)	-14.76%	965,004
Other Income	101,228	303,811	65,250	238,561	365.61%	87,000
Financial Contributions	-	-	-	-		-
Other Gains and Losses	(5,223)	180,115	-	180,115		994,000
Internal Income	-	-	-	-		(1,003,428)
Internal Interest Income	89,852	110,444	133,731	(23,287)	-17.41%	178,308
Gain on Sale - Assets	-	-	-	-		-
Vested Assets	-	-	-	-		-
Total Income	78,156	1,407,044	1,128,978	278,066	24.63%	1,495,876
Expenses						
Employment Expenses	15,000	-	-	-		-
Members Expenses	1,785	22,161	19,503	(2,658)	-13.63%	26,004
Consultancy Expenses	120,249	69,787	62,244	(7,543)	-12.12%	151,742
Administration Expenses	59,616	66,452	83,133	16,681	20.07%	110,844
Operational and Maintenance	227,091	262,124	270,261	8,137	3.01%	360,348
Finance Expense	-	-	-	-		-
Internal Interest Expense	72,994	87,930	102,870	14,940	14.52%	137,160
Asset Impairment	-	-	-	-		-
Depreciation	39,744	37,501	38,871	1,370	3.53%	51,828
Internal Charges	-	-	-	-		-
Loss On Sale and Assets Written Off	-	-	-	-		-
Total Expenses	536,479	545,953	576,882	30,929	5.36%	837,926
Operating surplus/(deficit)	(458,322)	861,090	552,096			657,950

Variance analysis

1. Includes \$183,345 of unbudgetd forestry sales due to wind damage earlier in the year requiring forestry stands to be harvested. Also includes higher than anticipated rental returns with the inclusion of the Pukaki visitors centre building.
2. Unbudgetd property sold during the period
3. Unbudgeted legal costs associated with Tekapo property sales.

	LYTD ACT. MARCH 2013	YTD ACT. MARCH 2014	YTD BUD MARCH 2014	VARIANCE	% VARIANCE	FY BUD JUNE 2014
Operating Reserves						
Opening Balance	(582,890)	(221,186)	(7,425)			(9,900)
Operating surplus/(deficit)	(458,322)	861,090	552,096			657,950
Transfer - Capital Expenditure	-	(204,778)	-			-
Transfers between Reserves	155,499	-	(549,684)			(732,912)
Appropriation Interest	(7,312)	(2,068)	(7,119)			(9,492)
Transfer Capex to Ratepayers Equity	-	-	-			-
Transfer Capital Expenditure to Capital Reserve	-	-	-			-
Add back Non Cash Items	39,744	38,440	38,880			51,840
Transfer Funded Depreciation to Capital Reserve	-	-	-			-
Transfer Vested Assets to Capital	-	-	-			-
Transfer Interest to Capital Reserve	-	-	-			-
Revaluation	-	-	-			-
Transfer between Reserves	-	-	-			-
Operating Reserves	-	-	-			-
Total Operating Reserves	(853,282)	471,498	26,748	-	0.00%	(42,514)
Capital Reserves						
Opening Balance	(292,946)	151,233	92,710			63,217
Transfer Capital Expenditure from Operating Reserve	-	-	-			-
Transfer - Interest Earned	-	-	-			-
Transfer Funded Depreciation from Operating Reserves	-	-	-			-
Transfer Vested Assets to Capital	-	-	-			-
Transfer - from Operating Reserve	-	-	(66,150)			(88,200)
Transfer - from Operating Reserve	-	-	-			-
Transfer - to/from Op Rsve	-	-	-			-
Transfer from Operating reserves	(155,499)	-	(27,054)			(36,072)
Transfer - form Real Estate	-	-	-			-
Total Capital Reserves	(448,445)	151,233	(494)	-	0.00%	(61,055)
Capex						
Real Estate	-	204,778	-			-
Total Capex	-	204,778	-	-		-

MACKENZIE DISTRICT COUNCIL

REPORT TO: MACKENZIE DISTRICT COUNCIL
SUBJECT: BANCORP QUARTERLY REPORT – MARCH 2014
MEETING DATE: MAY 6, 2014
REF: FIN 9/1/9
FROM: MANAGER – FINANCE AND ADMINISTRATION
ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

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

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS
MANAGER – FINANCE & ADMINISTRATION

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

Appendix 1: Quarterly report from Bancorp Treasury Services to 31 March, 2014.

PARTICULAR POINTS TO NOTE:

Comparison with the Benchmark

The council's portfolio increased in value by 1.33%, whereas the benchmark portfolio increased in value by 1.36% over the quarter, therefore the council's portfolio underperformed compared to the benchmark.

Movements in the Portfolio

The portfolio stands at \$3.02 million. The portfolio decreased by \$0.25 million over the period. Details of the purchases are as follows:

- Redeemed \$0.50million of ASB Bank (Sub Debt) matured July 2013
- Redeemed \$0.25million of Deutsche Bank.

At the end of December the weighted average running yield of councils bond portfolio was 6.40%.

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 2.68 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.32 years.
- Assets category percentages are as follows (excluding the call deposit):
 - Registered Banks 66.96%
 - Local Authorities 33.04%

Financial Market Movements

The official cash rate increased 0.25% to stand at 2.75%.

QUARTERLY PORTFOLIO REPORT

PREPARED FOR



For the quarter ended 31 March 2014

PREPARED BY BANCORP TREASURY SERVICES LIMITED



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

PORTFOLIO REPORT

Below is a summary of the performance of Mackenzie District Council's ("MDC") Long Term Funds Portfolio ("LTFP") and the benchmark portfolio for the quarter ended 31 March 2014.

MDC's LTFP, on an open to close valuation basis with coupons received during the quarter included, increased in value by 1.33%:

MDC portfolio value at 31 December 2014	\$ 3,391,063
MDC portfolio value at 31 March 2014	\$ 3,136,058
Add coupon payments	\$ 49,986
Net – purchases/sales/maturities	\$ 250,000
Total	<u>\$ 3,436,044</u>
Percentage change in effective cash value	+ 1.33%

The benchmark portfolio, on an open to close valuation basis with coupons received during the quarter included, increased in value by 1.36%.

Benchmark portfolio value at 31 December 2014	\$ 10,427,489
Benchmark portfolio value at 31 March 2014	\$ 10,408,734
Add coupon payments	\$ 160,200
Total	<u>\$ 10,568,934</u>
Percentage change in effective cash value	+ 1.36%

Overview

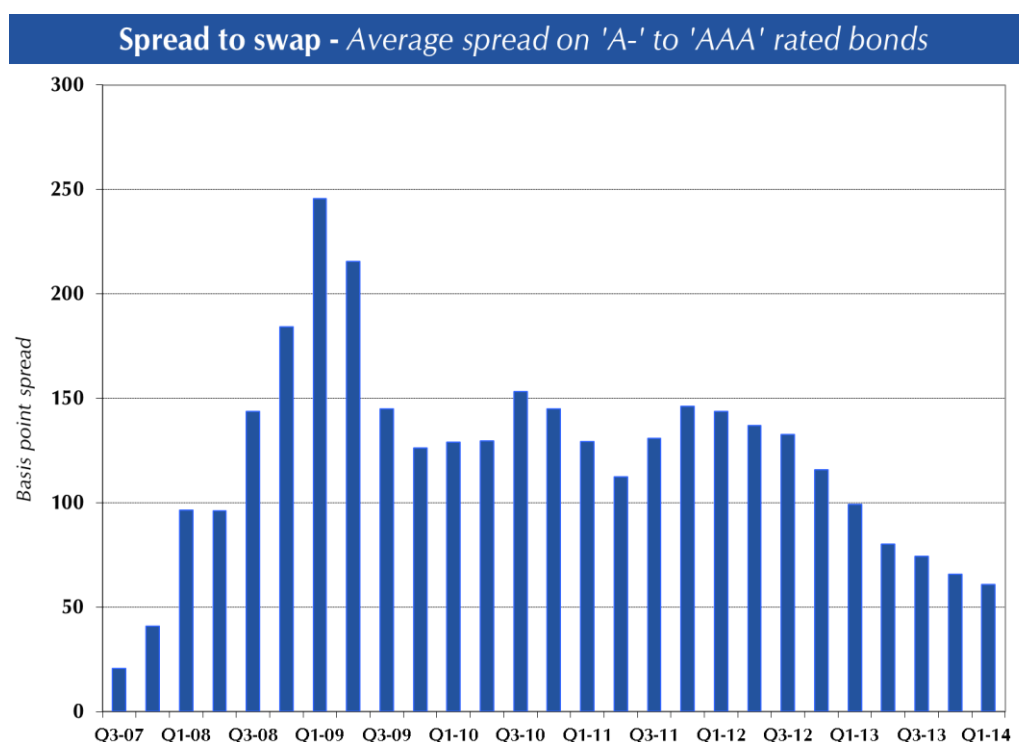
A summary of the performance of MDC's LTFP during the March 2014 quarter is as follows:

- The LTFP marginally underperformed the benchmark index, increasing in value by 1.33% compared to the benchmark portfolio's increase of 1.36%.
- The running yield of the portfolio as at 31 March 2014 was 6.40%.
- The nominal value of the portfolio declined by \$250,000 to \$3,027,000 during the quarter. However, \$4.0 million has been invested in three term deposits.

	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
30 Dec 13	2.50%	2.84%	3.42%	3.85%	4.22%	4.73%	5.26%
31 Mar 14	2.75%	3.12%	3.60%	4.04%	4.32%	4.63%	5.03%
Change	+0.25%	+0.28%	+0.18%	+0.19%	+0.10%	-0.10%	-0.23%

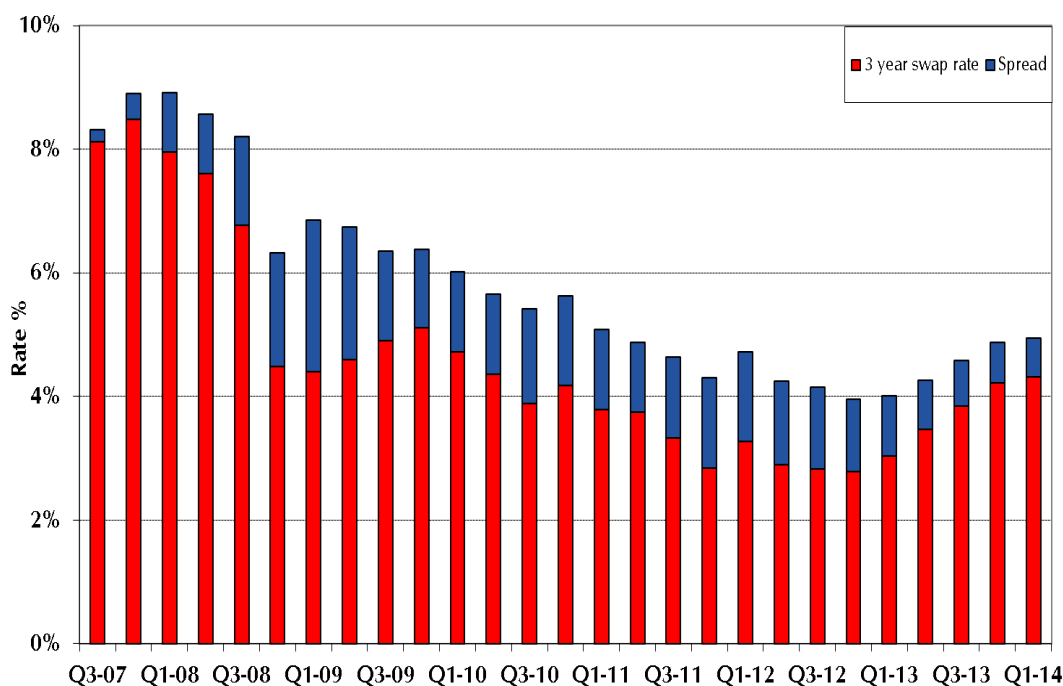
During the March 2014 quarter, money market and short term swap rates increased as the markets positioned for an increase in the Official Cash Rate ("OCR") and then reacted to the actual announcement of the hike. However medium and long term swap rates declined in line with moves in global bond yields (see commentary on pages 5, 6 and 7). Overall, the yield curve flattened, the benchmark spread between the 2 year and 10 year swap rates declining from an opening level of 141 basis points to close at 99 basis points.

Credit spreads in New Zealand continued to decline during the quarter with the average credit spread for bonds issued in New Zealand rated between 'A-' and 'AAA' (but excluding the NZD supra-national bonds) declining from 66 basis point at the end of December to 62 basis points by the end of March.



To get a true indication of the overall movement in bond yields, it is necessary to analyse the movement in both credit spreads and underlying interest rates. The chart below incorporates the credit spreads depicted in the preceding chart and the 3 year swap rate which is used because it is close to the duration of the portfolio of bonds that make up the credit spread graph. At the end of the December 2013 quarter, the all up interest rate was 4.88% and, by the end of the March 2014 quarter, it had increased to 4.94%

Total of 3 year swap and credit spread on 'A-' to 'AAA' bonds



PORTFOLIO ACTIVITY

The LTFP marginally underperformed the benchmark portfolio over the March quarter, increasing in value by 1.33% compared to the benchmark portfolio's increase of 1.36%. At first glance, the underperformance is a little surprising given that MDC had a slightly longer duration of 2.68 years, compared to the benchmark's duration of 2.32 years and that medium and longer term rates declined. However, the underperformance can be attributed to the revaluation of one security, the ANZ Bank hybrid bond which currently has a maturity date of 18 April 2018, the next call date.

As a hybrid/perpetual security, it trades at a price but, for revaluation purposes, we convert the price into a yield to enable our valuation model to calculate an accurate duration. At the end of the December 2013 quarter, its yield was 5.99% and, at the end of March 2014, it was 6.32%. This was despite bond yields for four year vanilla instruments falling during the period. For example, the BNZ December 2018 bond yield fell from 5.59% at the end of December 2013 to 5.38% by the end of March 2014. Thus, the ANZ hybrid bond does not trade in correlation with other vanilla instruments of a similar assigned maturity. Also, during the quarter, ASB Bank launched a Tier 2 hybrid instrument, leading some institutions to sell the ANZ hybrid bond and switch into the ASB bond to take advantage of the new issue premium.

Alternative modelling shows that, if the yield for the ANZ hybrid bond stayed the same as at the end of December, MDC's portfolio would have increased in value by 1.50%. Given that the ANZ hybrid bond comprises 17% of MDC's bond portfolio, unusual price movements of this bond can exaggerate the overall performance of the portfolio, either positively or negatively. The underlying credit quality of the bond has not diminished at all; its most recent Standard and Poor's credit rating change was an upgrade to 'BBB+'.

As has been the situation for some quarters, MDC has adopted a strategy of investing in bank term deposits rather than in corporate bonds, because the rates for term deposits are considerably higher than bonds of a similar term. Also, it has enabled MDC to avoid the revaluation losses that the bonds would have incurred during a period of rising rates, until the March quarter when medium and longer term bond rates declined. The overall success of this strategy is evident from the 12 month return of 2.85% that the LTTP has generated, compared to the benchmark index's 12 month return of 2.65% or the ANZ Corporate 'A Grade' index's 12 month return of 2.67%. Furthermore, MDC's return would be noticeably higher if the term deposits were included in the calculations.

During the March quarter, the Deutsche Bank Floating Rate Note ("FRN") was repaid, three months earlier than the published maturity date of 16 June 2014, with coupon interest paid up until the repayment date. As mentioned in the preceding paragraph, MDC continued to invest in term deposits both for the Deutsche Bank maturity and maturing term deposits. As at 31 March MDC had a total of \$4.0 million invested on term deposit. For its most recent term deposit, transacted at the end of March MDC invested at a rate of 4.16% for a 91 day term. This compares with the following bond rates as at 31 March and demonstrates the yield advantage that MDC obtains from its term deposit investments.

Security	Maturity	Coupon	Rating	Yield
Auckland Council	02-10-14	6.68%	AA	3.84%
Westpac	16-03-15	4.86%	AA-	3.84%
BNZ	27-05-15	8.67%	AA-	4.04%
ANZ	16-02-16	6.31%	AA-	4.48%
Tauranga CC	15-04-16	6.25%	A+	4.58%
Dunedin City Treasury	15-11-16	6.79%	A+	4.66%
ASB Bank	08-06-17	6.06%	AA-	4.97%
Transpower	30-11-18	5.14%	AA-	5.41%
BNZ	20-12-18	6.10%	AA-	5.38%
Rabobank	19-03-19	6.10%	AA-	5.51%

As at 31 March 2014, MDC complied with the credit rating criteria contained in the Treasury Policy. Bancorp Treasury continues to classify the ANZ Bank April 2018 bond under the Moody's Investors Service ("Moody's") 'equivalent test' which is permissible under the Treasury Policy. Currently its Moody's long term rating is 'A3'.

Overall, Bancorp Treasury is satisfied with the makeup and profile of MDC's portfolio. The running yield of the LTFP, at 6.40%, still delivers considerable benefits over the interest rates available for shorter term money market investments, which themselves are trading at 'elevated' levels compared to deposit rates available in the wholesale market. The running yield has increased by 0.22% since the end of the December 2013 quarter due to the maturity of the Deutsche Bank FRN which was only yielding 3.53%.

GLOBAL MARKETS OVERVIEW

For much of 2014, a spate of soft US data out brought increased attention to the Federal Reserve's ("Fed") outlined plan to continue to withdraw stimulus from the economy by way of its tapering programme. The weak US data and stern actions by various emerging market governments and central banks took some of the pressure off emerging market economies, although one of the side effects was a 'flight to quality' which resulted in a decline in global bond yields. The yield on the benchmark US 10 year Treasury bond started the year at 3.04% but fell in response to a number of other factors, notably a perceived slowdown in China's economic expansion and the Ukrainian crisis. The 10 year Treasury bond yield reached a low of 2.57% at the beginning of February, but finished the quarter at 2.80%.

While the December and January non-farm payrolls figures were well below expectations, the February data showed a welcome improvement. In December, only 84,000 jobs were added while in January, the figure improved but only to 129,000. However, both numbers were attributed to the shocking weather that occurred during those two months. The February increase of 175,000 jobs exceeded market expectations and allayed market fears of an endemic slowdown in the country's economic activity.

Fed Chairman Janet Yellen reiterated her confidence in the economic recovery efforts at her first Congressional appearance. Yellen said that, while the central bank's exit of its stimulus package is not on a predetermined path, she expects to continue winding down the asset purchase programme unless there is a "significant" change to the economic outlook.

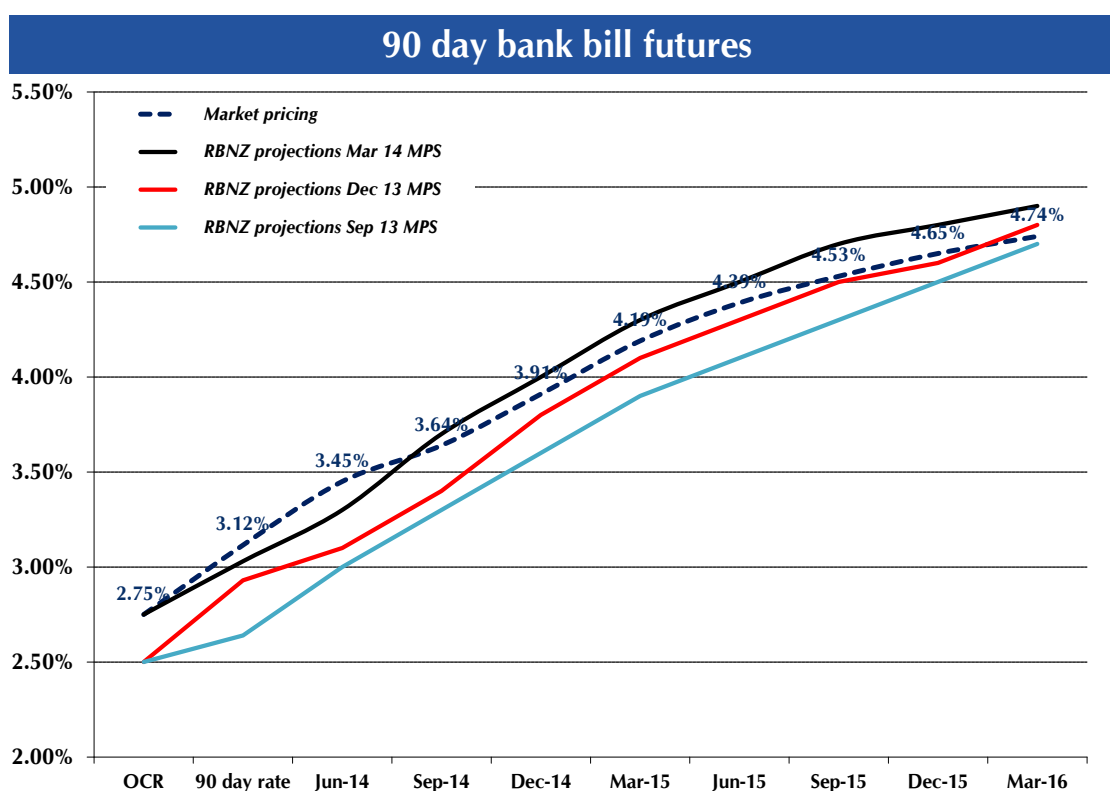
Despite (surprisingly) strong Chinese trade data for January, the February data slipped back into the negative, with a USD23.0 billion deficit and exports down 18.1% from a year earlier. There were renewed concerns that the world's second largest economy is not only losing momentum but faces major banking sector risk with stories about deteriorating loan quality becoming increasingly common. Analysts are sceptical that China can achieve its 7.5% growth target for 2014, although the Chinese government rarely fails to deliver on its forecasts.

The Eurozone played second fiddle to the US and China in the March quarter. Pressure on the European Central Bank to address weak economic growth and threats of deflation intensified after March inflation was weaker than expected. At 0.5% for the year, inflation is at its lowest level since 2009. With the cash rate at 0.25%, there is not much left by way of conventional means to kick-start the economy. Therefore, unconventional means such as quantitative easing may be introduced in the near future.

NEW ZEALAND MARKET OVERVIEW

The New Zealand economic story continues to shine brightly, with recent economic data showing gains in employment, business and consumer confidence as well as retail sales. Employment rose 1.1% in the December quarter, the unemployment rate fell to 6.0% from 6.2% and the participation rose to 68.9% from 68.6%. To make things even better, Fonterra raised its forecast payout for the 2013/14 season to \$8.65 per kg of milk solid, from \$8.35. Combined with an expected 9% increase in production, the Fonterra payout is expected to generate revenue in the 2014/15 year around \$6.5 billion above the 2013/14 year. However, by the end of March, some of gloss had come off the dairy sector with the three most recent GlobalDairyTrade auctions recording a combined fall of 10.2%.

The well-signalled OCR hiking cycle from the Reserve Bank of New Zealand ("RBNZ") was initiated on 13 March, with the first interest rate hike since 2010 lifting the OCR to 2.75%. Markets anticipate more than 1.00% of OCR hikes through each of 2014 and 2015, fully endorsing the interest rate normalisation path signalled by the RBNZ. With domestic GDP growth projected to be 3.5% over the next year, the RBNZ is acting to dampen rising inflation pressures. The chart on the following page shows the RBNZ's projections for the 90 day bank bill rate from the last three *Monetary Policy Statements* together with futures market pricing as at 31 March.



Short term swap rates in New Zealand rose over the March quarter, pushed up by the markets firstly pre-empting, and then reacting to, the 25 basis point OCR hike. However, medium and longer term swap rates fell on the back of declines in bond yields worldwide, with the Ukrainian crisis and further weak Chinese economic data providing the latest catalyst for the decline.

Interest rates in the long end of the yield curve were able to shrug off the OCR hike, in the belief that the economic momentum projected by the RBNZ and the attendant inflationary pressures will not eventuate to the extent that it expects. The New Zealand 10 year swap was 5.30% at the beginning of January. It finished the quarter at 5.03%, only 11 basis points above the intra month low of 4.92%.

LOCAL AUTHORITY SECTOR

There was further downward pressure in bank margins for local authority debt during the March quarter. This was in response to a continued easing in credit margins overall and banks wishing to protect their market share in this sector, having seen it eroded quite sharply since the inception of the Local Government Funding Agency ("LGFA"). However, banks realise that they cannot compete with the LGFA (see latest margins below), with bank facilities now regarded by many who access the LGFA as liquidity facilities rather than core debt facilities.

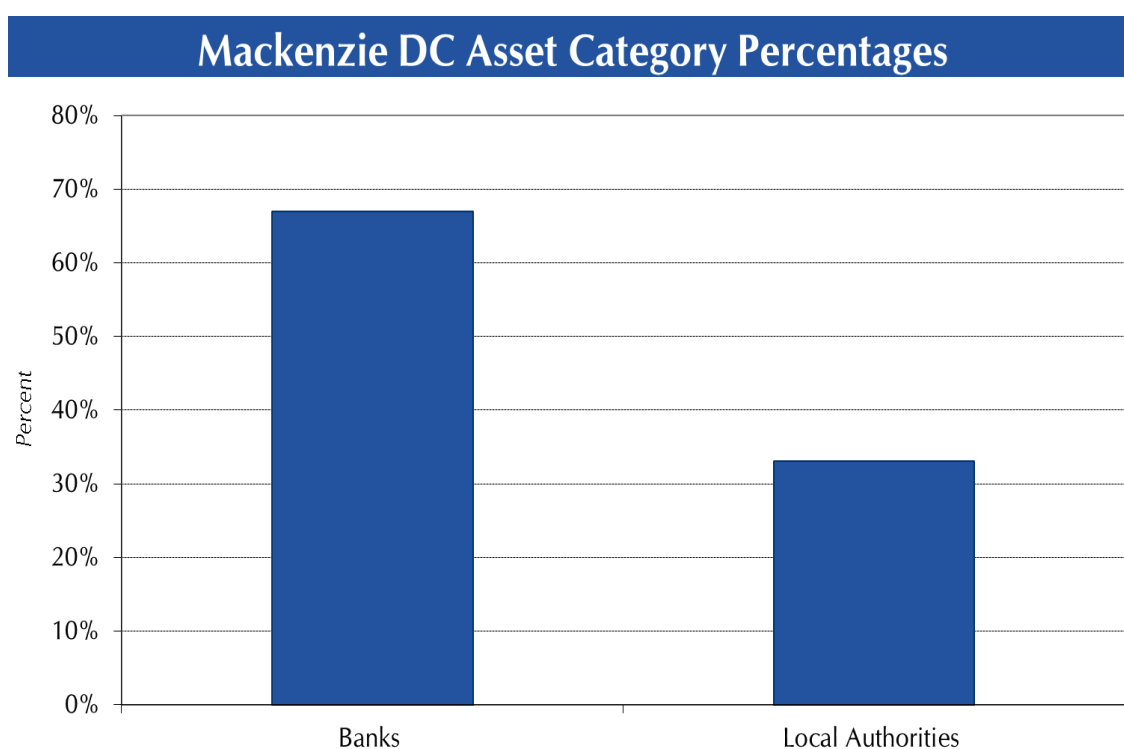
While it was held just outside the reporting period, to provide the most up to date information, following are details of the LGFA tender on 2 April. In total, \$115 million of bonds and FRNs were issued, with \$285 million of bids received. Details of the tender were as follows:

- 15 March 2019 maturity - \$10 million issued at a margin of 54 basis points over swap for an unrated borrower, equating to an all up fixed rate of 5.23%.
- 15 May 2021 maturity - \$40 million issued at a margin of 75 basis points over swap for an unrated borrower, equating to an all up fixed rate of 5.60%.
- 15 April 2023 maturity - \$65 million issued at a margin of 82 basis points over swap for an unrated borrower, equating to an all up fixed rate 5.83%.

This was the first tender that the 2023 maturity was issued, it being notable for the 82 basis point margin which was only 7 basis points higher than the 2021 maturity.

POLICY ADHERENCE

- As at 31 March 2014, MDC was compliant with the investment parameters contained in its Treasury Policy.
- The duration of the LTFP at 2.68 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.32 years.
- As far as liquidity is concerned, all of the bonds in the portfolio have been traded regularly on the secondary market during the September quarter. We are confident that the portfolio would be able to be sold at short notice if required.
- As at 31 March 2014, the asset category percentages complied with the Treasury Policy. These are as listed below and are graphically illustrated on the following page:-
 - Banks 66.96%
 - Local Authorities 33.04%

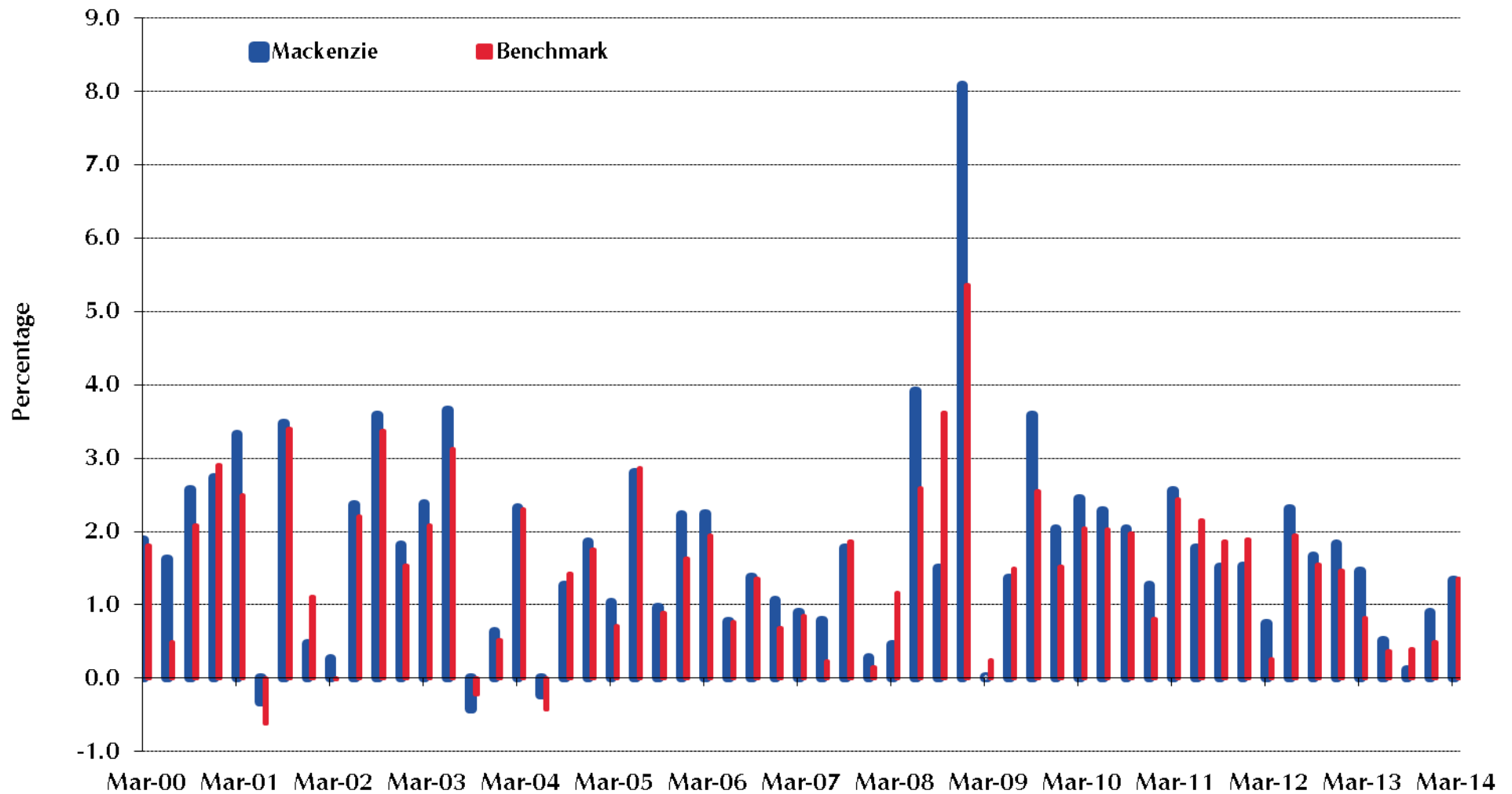


Benchmark											
Security	Issue Date	Maturity Date	Coupon	<u>31-Dec-13</u>	Yield	Value	<u>31-Mar-14</u>	Coupons	Yield	Value	Effective cash
				Nominal			Nominal	01/01 to 31/03			
				\$		\$	\$	\$		\$	31/03/2014
											\$
3 month Bank Bill	31-Mar-14	30-Jun-14		1,000,000	2.84	993,052	1,000,000		3.12	992,290	992,290
Fonterra	21-Apr-04	21-Apr-14	6.86	1,000,000	3.18	1,024,397	1,000,000		3.04	1,032,501	1,032,501
BNZ	21-Apr-04	27-May-15	8.67	1,000,000	4.03	1,070,892	1,000,000		4.04	1,081,452	1,081,452
Chch City Holdings	27-Jun-10	27-Jun-16	6.87	1,000,000	4.92	1,045,908	1,000,000		5.01	1,056,616	1,056,616
NZ Post	15-Nov-11	15-Nov-16	5.22	1,000,000	5.34	1,003,411	1,000,000		5.12	1,021,976	1,021,976
Telstra	15-Jul-12	11-Jul-17	7.51	1,000,000	5.49	1,099,304	1,000,000	\$37,550	5.33	1,081,115	1,118,665
Auckland Council	20-Apr-04	29-Sep-17	6.52	1,000,000	4.92	1,070,746	1,000,000	\$32,600	4.81	1,054,757	1,087,357
ANZ/National Bank	16-Feb-11	16-Feb-18	6.85	1,000,000	5.34	1,080,696	1,000,000	\$34,250	5.28	1,062,508	1,109,111
ASB	19-Jul-12	18-Jul-18	5.06	1,000,000	5.51	1,004,904	1,000,000	\$25,300	5.37	998,218	1,109,112
Rabobank NZ	19-Mar-12	19-Mar-19	6.10	1,000,000	5.72	1,034,180	1,000,000	\$30,500	5.51	1,027,301	1,057,801
				<u>\$10,000,000</u>		<u>\$10,427,489</u>	<u>\$10,000,000</u>	<u>\$160,200</u>		<u>\$10,408,734</u>	<u>\$10,666,880</u>
Value as at 31/12/2013						\$10,427,489			31/03/2014		10,408,734
									Coupons		160,200
									Net Purchases/Sales		Nil
											10,568,934
									Effective change in cash		\$141,445
									% change		1.36%
									Duration-years		2.32

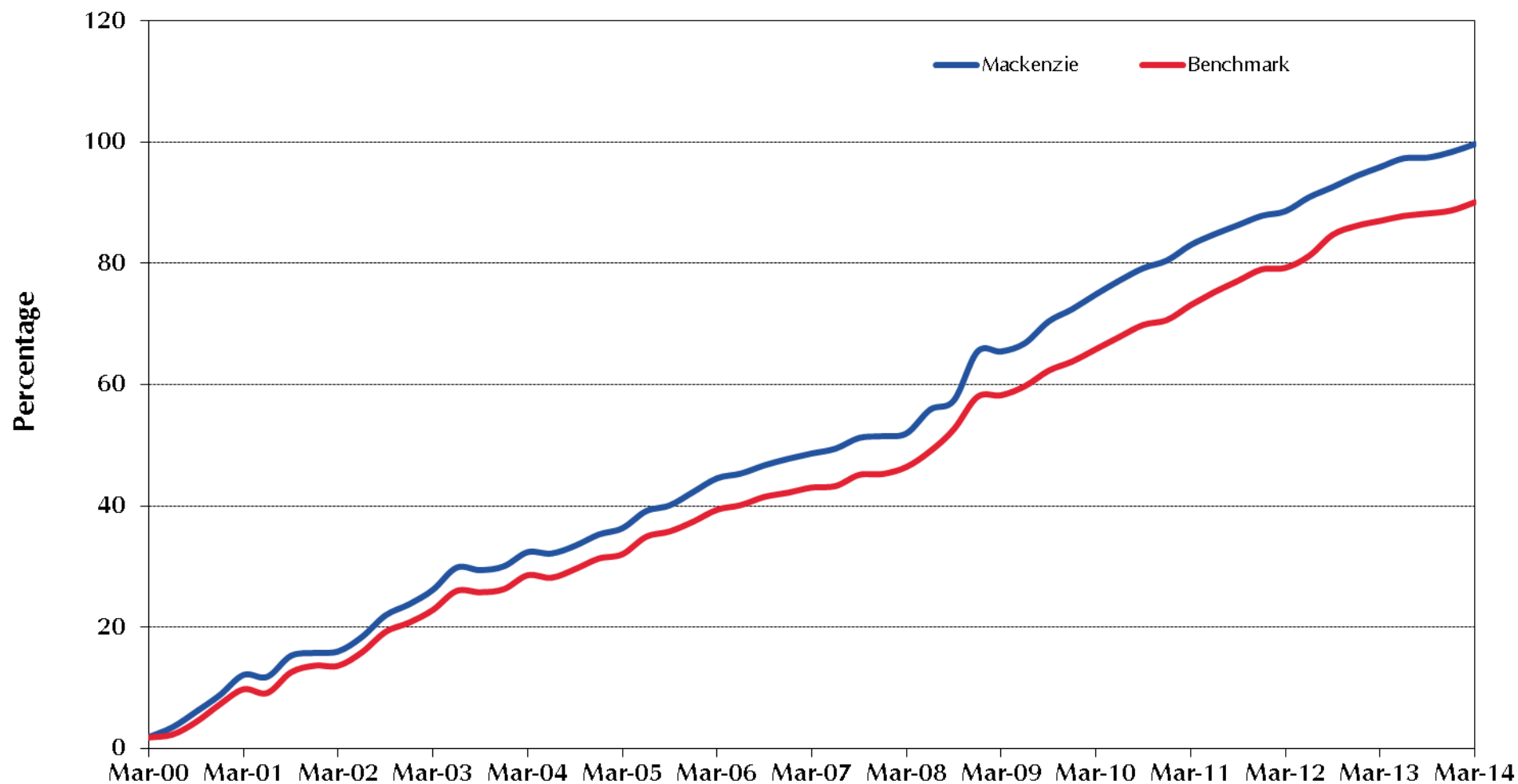
Mackenzie District Council											
Security	Issue Date	Maturity Date	Coupon	<u>31-Dec-13</u> Nominal \$	Yield	Value \$	<u>31-Mar-14</u> Nominal \$	Coupons 01/01 to 31/03	Yield	Value \$	Effective Cash 31/03/2014
DEUTSCHE	16-Jun-04	16-Jun-14	7.14	250,000	3.56	249,517		2,261			2,261
ROTORUA DC	25-Sep-09	25-Sep-14	6.49	500,000	3.76	518,423	500,000	16,225	3.63	507,320	523,545
BNZ	27-May-08	27-May-15	8.67	500,000	4.03	535,446	500,000		4.04	540,726	540,726
AUCKLAND COUNCIL	27-Sep-10	27-Sep-17	6.52	500,000	4.92	535,517	500,000	16,300	4.81	527,515	543,815
ANZNATIONAL	18-Apr-08	18-Apr-18	5.28	500,000	5.99	492,045	500,000		6.32	493,550	493,550
ANZNATIONAL	20-Sep-11	20-Sep-18	6.08	500,000	5.49	520,632	500,000	15,200	5.34	515,440	530,640
BNZ	20-Dec-11	20-Dec-18	6.10	527,000	5.59	539,482	527,000		5.38	551,507	551,507
				\$3,277,000		\$3,391,063	\$3,027,000	\$49,986		\$3,136,058	\$3,186,044
Value 30/09/2013						<u>\$3,391,063</u>	Value 31/03/2014				3,136,058
							Coupons				49,986
							Net maturities and adjustments				250,000
											<u>3,436,044</u>
							Effective change in cash				\$44,981
							% change				1.33%
							Duration-Years				2.68



Mackenzie DC vs Benchmark - Quarterly



Mackenzie DC vs Benchmark - Cumulative



MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE

SUBJECT: PROPOSED PLANNING AND REGULATORY FEES AND CHARGES FOR 2014/15

MEETING DATE: 29 APRIL 2014

REF: FIN 4/11

FROM: NATHAN HOLE, MANAGER PLANNING AND REGULATIONS

PURPOSE OF REPORT:

For the Committee to confirm the proposed fees and charges for Planning and Regulatory activities for 2014/15.

STAFF RECOMMENDATIONS:

1. That the report be received.
2. That the Committee agrees to the proposed fees and charges; and
3. That the Committee agrees to the draft RMA fees and charges to proceed through the Special Consultative Procedure as described in the LGA 2002.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

Schedule of Proposed fees and charges for 2014/15.

BACKGROUND:

Each year the Council sets the fees and charges for each activity area, which is delegated to the Council's Finance Committee.

The proposed fees for 2014/15 are very similar to the current year. The majority of the Resource Management fees are deposits; applicants still only pay actual costs. Depending on the deposit and complexity of the application, either a refund is provided or additional fees are payable. Some minor changes are proposed to the deposit amounts.

No changes are proposed to staff charge out rates for planning or building control, and no change is proposed to dog registration fees.

There is a change to liquor licence fees, these fees are set by statute being the Sale and Supply of Alcohol Act 2012.

Resource Management fees and charges set under section 36 of the RMA 1991 are required to go through the Special Consultative procedure described in the LGA 2002. This is the same process Council runs for its Annual Plan, and it is considered appropriate to include these fees into this process.

POLICY STATUS:

Council has a funding policy for each activity which is described in the LTP.

SIGNIFICANCE OF DECISION:

This is a routine decision.

ISSUES & OPTIONS:

There are no significant changes proposed to those set for 2013/14. Staff charge out rates across all planning and regulatory areas remain unchanged.

CONSIDERATIONS:

Legal

- RMA fees are required to go through the Special Consultative Procedure.
- Fees should be set for each activity in accordance with the Council's funding policy.

Financial

N/A

Other

The key consideration to note is the changes to liquor licence applications. As noted above, these are set by statute, but will show as a change in the Council's schedule of fees and charges.

ASSESSMENT OF OPTIONS:

As no changes are proposed, no assessment has been undertaken.

CONCLUSION:

As no changes are proposed, this is a routine decision. Next year the fees should be better assessed against the funding policies, including a review of the funding policies themselves. This will be part of the LTP process.

RESOURCE MANAGEMENT FEES AND CHARGES

The following fees and charges shall apply to all Resource Management applications for the period 1 July 2014 to 30 June 2014. It is Council policy to recover all fair and reasonable costs associated with processing of applications for resource consents, administration supervision and monitoring of resource consents in accordance with section 36 of the Resource Management Act 1991.

	2014-2015 \$ incl GST
Land Information Memorandum (LIM) per rating unit	\$295.00
Certificate of Title Search	\$25
Subdivision Subdivision consent S223 (individual application) S223 & S224 combined application or individual S224 S226 Lapsing period extension	\$600 (deposit) \$300 (deposit) \$450 (deposit) \$400 (deposit) \$400 (deposit)
Land Use Alteration to heritage building (excluding demolition) Controlled activity Restricted Discretionary activity Discretionary activity Non complying activity	No charge \$450 (deposit) \$450 (deposit) \$450 (deposit) \$850 (deposit)
Fees Applying to all Planning Applications Administration (this is included in the deposit fee for each activity) Public notification (where required)	\$155 \$2,500 (deposit)
Plan Changes District Plan change	\$7,500 (deposit)
Other Applications Designation Outline plan approval Outline plan waiver Certificate of compliance Certificate of existing use Change or cancellation of conditions Section 348 LGA 1974 – ROW's	\$3,000 (deposit) \$400 (deposit) \$250 (deposit) \$450 (deposit) \$450 (deposit) \$450 (deposit) \$450 (deposit)
Other Cost Recovery The application fees scheduled here are only deposit fees. If costs are incurred over and above the deposit fee the Council will recover all actual and reasonable charges. This includes mileage charged at a rate of \$0.72/km and staff time charged out at the scheduled rates below.	
Monitoring Council policy is to recover all fair and reasonable costs associated with compliance checks on consent conditions in accordance with Section 36 of the RMA. Responding to noise complaints is charged at \$95 per call out (based on 1 hour minimum charge, if response time exceeds 1 hour added costs will be incurred).	
Staff Charge Out Rates Planning Staff Planning Manager Engineering Officer Engineering Manager	\$95.00/hr \$150.00/hr \$95.00/hr \$150.00/hr
Council Hearings Hearing Fee Chair (Councillor) Council Member Independent Commissioners	\$2,000 \$100.00 per hearing hour \$80.00 per hearing hour \$1,230/day (not more than)
Consultants Planning Consultant Engineering Consultant Legal Advice	\$155/hr (not more than) \$205/hr (not more than) \$355/hr (not more than)

ENVIRONMENTAL HEALTH FEES AND CHARGES

The following fees and charges shall apply to all Environmental Health applications for the period 1 July 2014 to 30 June 2015. It is Council policy to recover all fair and reasonable costs associated with processing of applications, administration supervision and monitoring of Environmental Health services in accordance with section 7 of the Health (Registration of Premises) Regulations 1966.

Item	2014-2015 \$ incl GST
Food Premises	\$250.00
Food Safety Programmes/Food Control Plans	\$250 plus \$150/hr
Camping Ground Registration	\$250.00
Hairdressers	\$150.00
Mobile Shop (food premise)	\$250.00
Offensive Trade	\$150.00
Transfer Fee	\$100.00
Re-Inspection Fee	At cost plus mileage

DOG CONTROL FEES FOR 2014/15

Registration Fee is GST inclusive.

Neutered Domestic Dog	\$40.00	Each dog
Domestic Dog	\$65.00	Each dog
Working Dog	\$15.00	Each dog
Menacing	\$85.00	Each dog

Where an owner has Sensible Owner Policy status, the following fees apply:

Neutered Domestic Dog	\$40.00	Each dog
Domestic Dog	\$40.00	Each dog
Working Dog	\$15.00	Each dog
Menacing	\$85.00	Each dog

Domestic Dogs will be classified as those dogs which do not meet the definition of a working dog contained within the Dog Control Act 1996.

A Penalty Fee for not registering a dog will be imposed after 1 August 2014 of 50% of the appropriate fee. For clarity, those owners to whom the Council's Selected Owner Policy applies, the fees are:

Replacement dog tag	FREE
Impounding Fees	
First impound	\$80.00
Additional impound of same dog	\$130.00
Daily pound fee	\$15.00

Note: the first and additional impoundment fees relate to the period 1 July 2014 to 30 June 2015.

Call Out Fees

A call out fee of \$60 will apply and be charged to the owner of a dog that has been identified wandering or causing a minor nuisance. This fee may be imposed over and above any infringement fine that Council may issue.

All known owners will be forwarded an account for registration of their dog(s) during June 2014. All dogs of three months or more must be registered by the due date of 31 July 2014.

Payment of registration fees can be made in instalments up to 31 July 2014. Registration fees can be made at the Fairlie and Twizel Council offices.

Stock Control

	2014-2015 \$ incl GST
Call out for wandering stock	\$60.00
Call out for wandering stock – second offence (within any 12 month period)	\$120.00
Call out for wandering stock – third offence (within any 12 month period)	\$200.00

BUILDING CONSENT FEES

The following fees and charges shall apply to all Building Consent applications for the period 1 July 2014 to 30 June 2015. It is Council policy to recover all fair and reasonable costs associated with processing of applications, administration supervision and monitoring of building consents in accordance with section 219 of the Building Act 2004.

Fees are GST inclusive.

Building Consents	2014-2015 \$ incl GST
Lodgement	No lodgement fee
Technical Processing	
Administration Officer	\$40/hr
Building Control Officer	\$120/hr
Building Consent Authority Manager	\$150/hr
Inspections	
(New dwelling will receive a minimum of 9 inspections, however further inspections may be required due to the complexity of the work involved).	\$180/inspection for minor projects.
Minor projects	Major projects at scheduled staff rates and mileage at \$0.77/km.
Major projects at scheduled staff rates	
Amended Plans	At scheduled staff rates.
Amended Building Consent	At scheduled staff rates.
Solid Fuel Fire (includes PIM)	\$300.00 (total fee including PIM and CCC)
NZ Fire Service Section 46 Notice	At scheduled staff rates
Demolition	\$105.00
Code Compliance Certificate	\$80.00
Waivers and Modifications	At scheduled staff rates
Other Charges	
PIM – Minor Work	
(includes glasshouses, pergolas, garden sheds, small additions & garages)	\$100.00 (deposit)
PIM – Major Work	
(Dwellings, alterations/additions, commercial work, industrial work).	\$350.00 (deposit)
Extra Inspection	\$180.00
Notice to Fix	At scheduled staff rates
Statistical Returns	\$125/year
Fencing of Swimming Pool Exemption	At scheduled staff rates
Certificate Under Sale and Supply of Alcohol Act 2012	At scheduled staff rates
Change of Use/Extension of Life	At scheduled staff rates
Waivers and Modifications	At scheduled staff rates
Section 73 Certificate	
(building on land subject to natural hazard)	\$155 deposit plus scheduled staff rates
Section 77 Certificate	
(building on 2 or more allotments)	\$155 deposit plus scheduled staff rates
Marquees	\$120.00 + inspection fees
Warrant of Fitness	
(at time of application for building consent)	\$250.00
Warrant of Fitness	
(audit of annual warrant of fitness)	\$55.00 admin plus inspection based on scheduled staff rates

Certificate of Acceptance	\$300 deposit plus scheduled staff rates
Compliance Schedules	
Annual Schedule	\$120.00
New Compliance Schedule	\$220.00

Other Fees and Levies

A building research levy of \$1.02 for each \$1,000 (or part thereof) and a Ministry of Housing and Building Levy of \$2.01 per \$1,000 (or part thereof) of the total value of all buildings of \$20,000 or more must be added to the consent fees scheduled.

A Building Consent Accreditation fee of \$1.02 per \$1,000 (or part thereof) of work over the amount of \$20,000 must be added to the consent fees scheduled above.

General

Due to the nature and complexity of some applications (e.g. multi-complex units and multi-storey commercial developments) a dedicated job cost centre for the project will be developed and all actual and reasonable charges will be levied to the applicant. This includes mileage charged at a rate of 72 cents/km and staff time charged out as in the schedule of fees.

Cancelled Work – Refunds may be approved on fees for cancelled work and subject to Council retaining actual and reasonable costs. E.g. inspection fees will be able to be refunded where not required.

Important Note

All building consents received by the Council will be receipted. An assessment for processing the application, including the number of inspections required to be carried out to ensure compliance with the Act and Building Code will be made at that stage. A schedule of charges will be made and an invoice generated. The building consent will not be granted and issued until the invoiced charges have been paid.

LIQUOR LICENCE FEES (SET BY STATUTE) AND GAMBLING ACT FEES

	2014-2015 \$ incl GST
On/Off Licence and Club Licence	
Category:	
Very low	\$368.00
Low	\$609.50
Medium	\$816.50
High	\$1023.50
Very high	\$1207.50
Special Licence Fees	
Class 3: one or two small events	\$63.25
Class 2: three to twelve small events, or one to three medium events)	\$207.00
Class 1: one large event, more than three medium events, more than twelve small events	\$575.00
Annual Licence Fees	
Category:	
Very low	\$172.50
Low	\$391.00
Medium	\$632.50
High	\$1035.00
Very high	\$1437.50
Other Application Fees	
Manager's certificate application and renewals	\$316.25
Temporary Authority	\$296.70
Temporary Licence	\$296.70
Appeal to ARLA (paid to ARLA)	\$517.50
Extract of Register	\$57.50
Permanent Club Charter	\$632.50
Gambling Act Consent	\$250 (deposit)

MACKENZIE DISTRICT COUNCIL

REPORT TO: MACKENZIE DISTRICT COUNCIL
SUBJECT: LGNZ BRAND AND COMMUNICATIONS PROPOSAL
MEETING DATE: 1 MAY 2014
REF:
FROM: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

To allow the Committee to consider the merits of joining a national program aimed at improving awareness of local government.

STAFF RECOMMENDATIONS:

1. That the report be received.
2. That the committee indicate its support for the LGNZ Brand and Communication Proposal: OR
3. That the committee decline its support for the LGNZ Brand and Communication Proposal.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

LGNZ Brand and Communication Programme – Proposal to Members.

BACKGROUND:

The objective of LGNZ's proposal is to improve public and stakeholder perception of Local Government in general and, by implication, Mackenzie District Council in particular.

The need to engage with our community is well understood by both council staff and elected members. CEO performance objectives include 'Enhance community relationships, improve communications with community and community relationship management'.

These objectives are being enhanced at member, executive and staff levels.

The LGNZ proposal aims to promote the contribution local government makes to our community.

POLICY STATUS:

Council has no policy relating to this matter.

SIGNIFICANCE OF DECISION:

This decision is not significant in terms of Council's Policy on Significance.

ISSUES & OPTIONS:

The approach that council currently takes to gaining community approval is to do the best job possible and trust that this will be recognised.

The LGNZ proposal aims to use a co-ordinated marketing plan to encourage understanding and approval from stakeholders and the community.

CONSIDERATIONS:***Financial***

The estimated cost of the program is \$15,424 over three years. \$1,894 of this would be in Year 1. The program expenditure would be in addition to existing budgets.

Other

Collaborating through a larger group would have the benefit of accessing resources beyond what this council could engage on our own. Being part of a larger group could also reduce the perception of us 'blowing our own trumpet' that could occur if we promoted ourselves as an individual entity.

Possible negative impacts of a combined approach could be that the aspects of our services that are most important to our community (eg: strong local representation) could be lost in the debate.

CONCLUSION:

The choice to pursue this offer is essentially a judgement decision. It is not possible to determine a preferred direction based on technical criteria.

CONSULTATION PAPER



Local Government three-year brand and communications programme

APRIL 2014

This proposal consults with members on design, components, timeframes, costs and funding options for a three-year sector brand and communications programme, and seeks feedback as to whether members would support such a programme. **Feedback is requested by Friday 9 May.**

Consultation process

Members are asked to provide feedback on the proposed programme outlined in this paper to your Zone and/or Sector representative of National Council; or by emailing helen.mexted@lgnz.co.nz or philip.shackleton@lgnz.co.nz

Specifically, members are asked to indicate if they:

1. support the programme; or
2. do not support the programme.

Feedback is requested before Friday 9 May 2014.

Background

In line with LGNZ's Business Plan a key deliverable is for LGNZ to take a leading role in establishing a stronger local government sector, assisting its members to demonstrate and deliver value for their constituents. This programme is intended to be the start of an ongoing activity plan to lift performance and value within the sector.

LGNZ has 're-booted' itself over the last 18 months and progress was evidenced in its 2013 stakeholder survey. While the survey identified further improvement needed in engagement with central government policy makers, LGNZ is largely considered to be on a positive trajectory.

However, local government as a whole is perceived to have significant room for improvement. Negative stakeholder views in the same survey included low relevance, low value and poor public perceptions and performance.

Brand workshops conducted in late 2013 with council elected members, management and staff recorded similar feedback, and a desire to work with LGNZ to re-position the local government sector and to increase the profile and relevance of individual councils.

At the December 2013 strategy day, National Council agreed it must continue to repair and lead the reputation of local government and, in February 2014, asked management to develop a detailed proposal for a three-year brand and communications programme to promote a more valued local government.

LGNZ National Council considered this proposal at its meeting on 20 March 2014. While it supported the concept in general, it was agreed further consultation with members was needed before any final decision is made. Accordingly, this consultation paper outlines an indicative programme, costs and proposed funding and seeks feedback on if members support or do not support a sector-wide programme.

The proposal

The proposal which follows includes programme design, components, timeframes, costs and funding options.

It seeks member support to proceed to a next stage which is the development and costing of a detailed programme on the premise of shared development via a sector working group and shared funding.

It should be noted that a programme of this size requires investment if we are to deliver the step change the sector is seeking. In addition to LGNZ advocacy and communications activity we propose additional spend on paid media. This component is indicative pending development of specific programme elements and coverage objectives.

A sector funding proposal utilising a levy funding model has been developed for consideration by the membership. It also promotes the option of councils diverting a proportion of their existing communications and marketing budgets to support this programme.

The need for the programme

The respect and confidence in which LGNZ and the sector are held by the public and key stakeholders is a determinant in its success.

LGNZ has 're-booted' itself over the last 18 months and is largely considered to be on a positive trajectory. However, local government as a whole is perceived to have room for improvement. Negative stakeholder views (outlined in the 2012 and 2013 LGNZ Stakeholder Surveys) include low relevance, low value and poor public perceptions and performance.

These same views were shared in the November and December 2013 LGNZ brand workshops:

- There are sector reputation and credibility issues;
- Business and other sectors compete with local government for influence;
- There is apathy towards local government and local body elections;
- Local government issues are not seen as relevant to the daily lives of people;
- Many local government issues are seen as complex, controversial or uninviting;
- Actions such as amalgamation can be divisive and seen as anti-democratic;
- Local government is not united in its standards, operations, performance, communications or representation;
- Central government politics and hot issues can dominate the media over local government issues; and
- Resources are limited to promote local government.

From the stakeholder audit and brand workshops, a persistent theme emerged:

Local government is undervalued in New Zealand, resulting in low levels of awareness, involvement and participation.

In other words, there is a mismatch between the size, value and importance of local government - the sector does not present its value to the extent it should, nor is there a coordinated plan to do so.

The brand workshops identified an internal thirst to improve and increase communications, especially around the notion of value in local government.

Challenges or risks, while considerable, are surmountable.

But in order to change perceptions, the sector will need to collectively lift its performance, working together on delivering an internal change in culture, performance and communications which point to changes in performance and value.

Outcomes

The outcomes expected from this activity are as follows:

- Local Government's reputation is repaired;
- We are seen as effective, efficient and become valued by the public, business and stakeholders;
- Issues managed by local government have an increased relevance to the daily lives of people;
- We establish a national resource of advice and best practice for councils: promoting collaboration and knowledge sharing; and
- We become recognised as one strong voice.

These outcomes will be measured by the new LGNZ Reputation Index (referred to on page 6).

Members will have the opportunity to join together to establish a programme which will collectively deliver a stronger reputation for the sector (with an intended positive effect on local councils) in a way that will be difficult to achieve if councils work independently.

Target audiences

Programme targets will be:

1. elected members and council staff;
2. wider sector organisations; partners and stakeholders including central government and its agencies; and
3. the general public.

The programme is underpinned by three key communications principles:

- local government decisions affect and can benefit everyone - ratepayer, renter or student;
- target demographics have different interests and use different media, requiring a segmented approach; and
- all council and supportive third parties are communicators.

Programme phasing and components

The three-year programme will address the sector-wide attention/relevance deficit that, at a local level, also affects councils including:

- a continuation of the advocacy and communications activity already underway by LGNZ;
- activity to develop and deliver a sector brand (focusing on performance and value); and
- activity at a local level by each council – all as part of a coordinated plan.

To achieve its objectives, the essential programme components include:

- LGNZ governance, leadership and member support – from National Council outwards;
- council buy-in, especially from mayors;
- whole of sector unity;
- a compelling unifying brand, programme theme and resonating core story;
- an evidence-based campaign approach and media directed at segmented target audiences;
- a phased programme including a series of integrated communications campaigns;
- strategies that deliver impact and are refreshed for each new campaign;
- sector-wide and council actions to demonstrate value to citizens, communities and NZ Inc.;
- campaign implementation tool kits for councils and supporters (refreshed each campaign);
- third party support to convey the notion that local government is important in our lives;
- public debate at a community and national level; and
- all council employees as communicators.

Through the programme, local government will be positioned as a civic partnership between people and their councils with all the inherent responsibilities and expectations of a true partnership.

Programme Design

Components are built into the programme design. Broadly, there are three programme phases, supported by programme tactics, campaigns, evaluation and improvements. Each phase is aimed at councils and employees, local and national stakeholders, and citizens.

The programme will have three broad components over the three-year period. The focus during 2014 will be on components 1 and 2, with early external delivery starting from late 2014:

1. **Programme development:** a clear programme of activity on how councils will get involved – outlining the LGNZ role, the sector brand and communications role, and the role for individual councils;
2. **Internal communication:** sell-in of the sector brand attributes and ongoing internal communication at all levels of councils – elected members, management and staff; and
3. **External delivery:** external brand and communications activity which contains specific LGNZ-led and council-led activities.

Programme phase	Purpose, target, activity
<u>Phase one 2014</u> LGNZ continues to lead and develop the LGNZ brand and communications; plus commencing activity with the sector	LGNZ CONTINUES WITH ITS LGNZ-LED AND SECTOR-WIDE COMMUNICATIONS ACTIVITY INCLUDING: <ul style="list-style-type: none"> • member communications and engagement; • stakeholder engagement, communication and forums; • conference, events and awards; • PR campaigns demonstrating sector leadership, current issues, and local successes and value; • social and digital media; and • launches and campaigns demonstrating leadership and value i.e. EquiP – our Centre of Excellence; Governance and Excellence Programme.
	DEVELOP THE PROGRAMME WITH THE SECTOR (June - Aug 2014) <ul style="list-style-type: none"> • planning and buy-in – developing the programme and campaigns with councils via working group and at Zone and Sector meetings; • undertaking benchmark research (which also develops a “local government Reputation Index”); • campaign materials (tool kit etc), LGNZ approvals, and seek active and financial support from councils; and • recruitment of third parties, message and channels, content and tools.

Programme phase	Purpose, target, activity
Alerting our members and the public to the value of daily services value proposition, PR and engagement work	<p>COMMENCE PROGRAMME ROLLOUT</p> <p>a) internal communications to members; and</p> <p>b) value proposition activities to the public.</p> <ul style="list-style-type: none"> • phase one, largely internal, targets councils, local government employees, local and national stakeholders and some public segments (primarily more motivated citizens e.g. ratepayers); • the primary strategy is to launch internally and gain early external attention by illustrating relevancy of daily services and value to individuals/communities; • knowing and refining – using research to tune the programme and campaign design, content and tools for known target audience reception; • launching the alert campaign – in conjunction with research findings and a significant sector initiative(s), for example governance, service improvement, “manifesto,” local government Reputation Index; and • evaluation research and review of campaign and next programme phase.
<p><u>Phase two – 2015</u></p> <p>Involvement – showing value for money</p>	<p>LGNZ CONTINUES WITH ITS LGNZ-LED AND SECTOR-WIDE COMMUNICATIONS ACTIVITY AS ABOVE, Plus:</p> <ul style="list-style-type: none"> • all of the elements of 2014, applying the findings of programme evaluation research undertaken late 2014; the campaign broadens to include more targets, including those with only some motivation towards local governments; • a shift to a more strategic approach – introducing new ways of thinking about and involving citizens in their local governments; local and national initiatives around service provision and delivery or common standards or IT services; a more interactive campaign designed to engage and encourage debate on what value looks like; the use of mediated and face-to-face engagement techniques (February - April, 2015); • a refreshed campaign later in the year to launch a new initiative or change to further demonstrate value in local government (September – October 2015); and • evaluation research (November 2015), review of campaigns and next phase.
<p><u>Phase three (Jan 2016 - March 2017)</u></p> <p>Realising value and participation</p>	<p>LGNZ CONTINUES WITH ITS LGNZ-LED AND SECTOR-WIDE COMMUNICATIONS ACTIVITY AS ABOVE, Plus:</p> <ul style="list-style-type: none"> • all of the above elements and aimed at all target segments, applying research understanding to involve all target segments; • two campaigns are proposed, one to demonstrate realising value for money in local government, often from citizen suggestions (say May-July 2016), and the second to encourage voting (September-October 2016) in conjunction with central government; and • evaluation research (July 2016) also assisting messaging for the voting campaign.

Costs and funding

LGNZ funding

As per the programme outline above, LGNZ will continue to fund all existing LGNZ-led advocacy and communications activity at a cost of around \$200,000 per annum.

This will include meeting some costs of the sector working group and the overall Reputation Index. The budget will also include some strategy and creative development.

Sector costs and funding

However, in order to deliver larger scale initiatives and change - both internally and externally via public campaigns - sector funding is required.

A 'slow burn' approach (firstly growing internal and then slowly increasing public engagement) is intended initially to achieve buy-in and sustained internal performance. During this phase reasonable coverage can be achieved through the use of unpaid media (PR, web and existing LGNZ and council communications channels).

However, to deliver a step-change in profile, we will need to lift the reach (number of people seeing our messages) and the frequency (the number of times they see them). As such, the significant cost lies with external paid media (online, print and outdoor advertising; ambient/experiential; and digital campaigns). It should be noted that the paid media component outlined in this programme is indicative pending development of the specific programme elements and specific reach and frequency objectives. It can be scaled up or down to meet objectives and sector budget expectations. However, as a general rule, to reach more New Zealanders we will need more funding.

Should an indicative budget of this size be an issue, we will need to scale back the 'reach' objectives for and/or extend the timeframe of the programme beyond the initial three-years proposed.

Funding model

A sector-funding model is proposed, utilising a levy funding model and collected on an annual basis.

Estimated (and indicative) programme costs including creative, production, testing research and media during each period are as follows:

Phase 1: 2014 calendar year	\$ 310,000
Phase 2: 2015 calendar year	\$ 898,000
Phase 3: Jan 2016 – end March 2017	<u>\$1,316,000</u>
Total	\$2,524,000

Based on the existing approved levy model for the 3 Waters project, the costs for each level or size of council would be as follows:

Funding Level	Number councils per level	Percentage of funding per level	Total funded per level	Funding per council per annum	Total funding sought per annum
Year 1 – 2014/15 – total sector funding estimated					\$310,000
Level 1	Largest 3	10%	\$31,000	\$10,333	
Level 2	5	13%	\$40,300	\$8,060	
Level 3	51	66%	\$204,600	\$4,012	
Level 4	18	11%	\$34,100	\$1,894	
Year 2 – 2015/16 – total sector funding estimated					\$898,000
Level 1	3	10%	\$89,800	\$29,933	
Level 2	5	13%	\$116,740	\$23,348	
Level 3	51	66%	\$592,680	\$11,621	
Level 4	18	11%	\$98,780	\$5,488	
Year 3 – 2016/17 – total sector funding estimated					\$1,316,000
Level 1	3	10%	\$131,600	\$43,867	
Level 2	5	13%	\$171,080	\$34,216	
Level 3	51	66%	\$868,560	\$17,031	
Level 4	18	11%	\$144,760	\$8,042	
Total					\$2,524,000

Rather than new money, the primary intent would be for councils to divert a proportion of their existing communications and marketing budgets to the programme. It would also be ideal if councils could leverage the programme within any other marketing activity.

The sector is a relatively large purchaser of paid media. While no total sector spend is measured, by way of example, current media spend sourced from AC Nielsen shows total rate card spend might estimate total sector spend of at least \$15 million per annum on a ratecard basis. The costs above represent just a small percentage of this on an annual basis.

Sector involvement, governance and working group

Member involvement is critical. The programme requires council ownership from the outset and on-going partnership will be necessary to fund and implement the programme.

LGNZ will take the lead role to plan and implement that national campaign and to provide plans, materials and tools for local use. It is intended that the programme is developed with the assistance of a sector working group comprised of elected members and staff.

All LGNZ activities will be in conjunction with councils, offering opportunities for them to feed-in and feed-off national actions. Councils will work with national messaging and tools to implement their local communications and stakeholder engagement. A tool kit for each campaign will enable local initiatives.

As well as National Council ultimate oversight, governance of the programme would sit under the proposed LGNZ Governance and Strategy Advisory Group.

To provide feedback

Please provide feedback on the proposed programme to your Zone and/or Sector representative of National Council; or email helen.mexted@lgnz.co.nz or philip.shackleton@lgnz.co.nz

Members are asked to indicate if they:

3. support the programme; or
4. do not support the programme.

Feedback is requested no later than Friday 9 May 2014.