



Mackenzie District Council

Annual Report Summary

2010—2011

Statement from the Mayor and CEO

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

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

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

Financial Overview

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

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

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

Performance Measures

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

Capital Works

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

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

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

Governance

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

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

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

opportunities undertaken.

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

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

Water Supplies

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

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

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

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

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

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

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

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

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

Sewerage

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

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

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

Stormwater

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

Solid Waste

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

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

Roading

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

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

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

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

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

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

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

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

Planning and Regulation

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

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

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

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

Compliance with statutory timeframes varied during the year:

Resource Consents—100% compliance (target 95%)

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

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

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

Community and Recreational Facilities and Services

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

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

Resource Consent was not granted for the proposed Lake Tekapo Community Centre on its lakeside site and there has been a degree of

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

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

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

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

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

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

Commercial Activities

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

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

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

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

Other Activities

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

the Trust's operation. After balance date new trustees were appointed by Council.

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

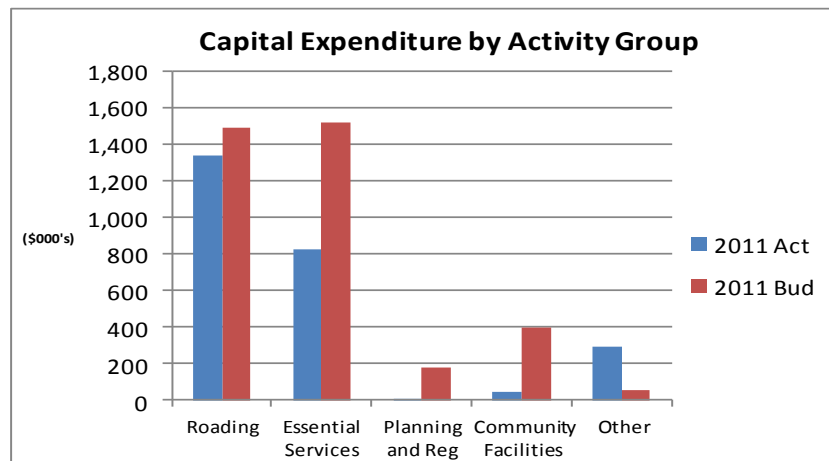
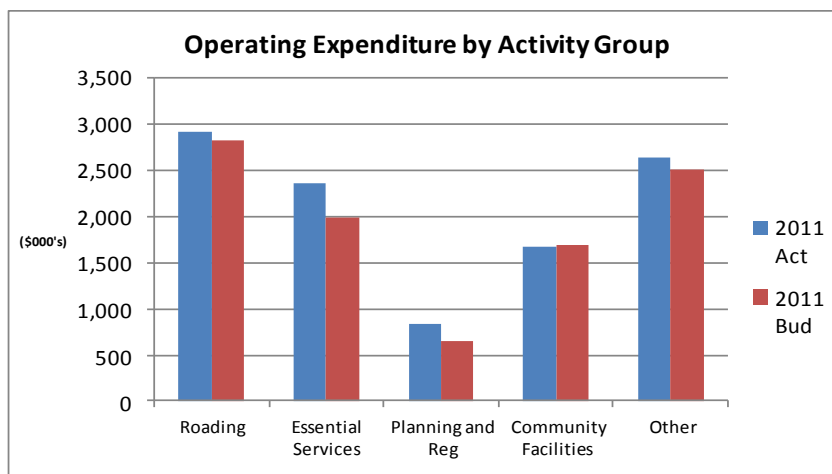
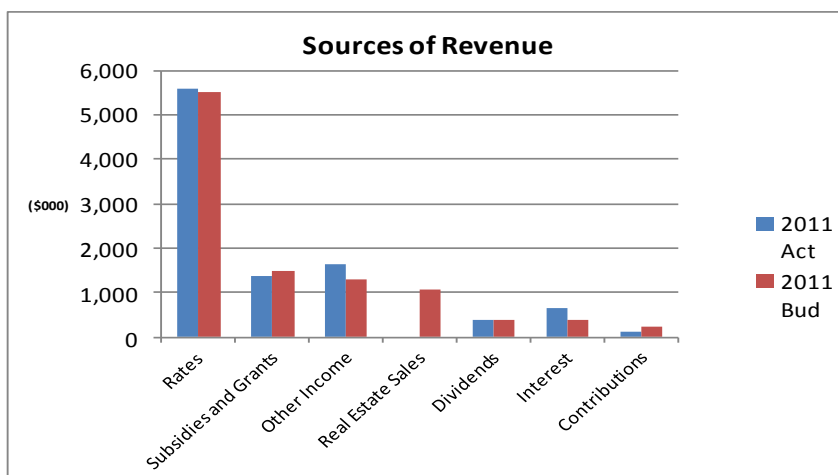


Nathan Hole
Acting Chief Executive Officer



Claire Barlow
Mayor

Key Financial Highlights



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

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

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

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

Significant Activity - Governance

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> Council's schedule of six weekly meetings runs from late January through to December each year. Special meetings are also held from time to time. Council's Finance and Operations Committees also meet on a six weekly cycle with meetings of the Planning Committee largely determined by resource consent hearings. No identified breaches of the Local Government (Official Information and Meetings) Act 1987. 	<ul style="list-style-type: none"> At least 9 meetings of Council held during the year, and 20 meetings of Council committees. No identified breaches of the Local Government (Official Information and Meetings) Act. 	<p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>
<ul style="list-style-type: none"> A summary of the long-term council community plan, annual plan and annual report is sent to all ratepayers annually. 	<ul style="list-style-type: none"> Number of special consultations held during the year and number of submissions made in response. 	<p>Achieved (2009-2010 Achieved)</p>
<ul style="list-style-type: none"> Community boards meet regularly and provide recommendations on local issues to Council. 	<ul style="list-style-type: none"> Each Community Board meets eight times during the year. Recommendations including budget submissions are forwarded to Council for approval 	<p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>

Significant Activity - Water

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

Significant Activity - Sewerage

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

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

Significant Activity - Sewerage

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

Significant Activity - Storm Water

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

Significant Activity - Roading

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

Significant Activity - Solid Waste

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

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

Significant Activity – Building Control

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

Significant Activity – Resource Management

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

Significant Activity - Regulatory

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

Significant Activity – Community Services

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

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

Significant Activity – Community Services

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> Grants to resource centres in Fairlie and Twizel—All contractual requirements are met That all funds are allocated in line with rules from the granting organisations (Sport & Recreation New Zealand and Creative New Zealand). Sport South Canterbury fulfils the agreed work programme. 	<ul style="list-style-type: none"> No contractual breach. Full compliance. Satisfactory Report. 	<p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>

Significant Activity – Recreational Facilities

Targets/Objectives	Performance Measures (2009-2019)	Result
Swimming Pools <ul style="list-style-type: none"> Pools available for use during programmed opening times. Pool water quality meets New Zealand Standard (NZS 5826: 2000) . Increase usage outside public hours by an average of two hours per week of opening 	<ul style="list-style-type: none"> No programmed opening hours lost. No breach of standard. Two hours of extra use per week of opening . 	<p>Achieved (2009-2010 Not Achieved)</p> <p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>
Halls and Community Centres <ul style="list-style-type: none"> Facilities are kept clean and always available for use. Fees and charges are reviewed annually, to ensure they move in line with operational costs. Buildings are maintained in line with the building maintenance plan. 	<ul style="list-style-type: none"> No instances of hall unavailability. Fees reviewed and publicised. Programmed work completed. 	<p>Not Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>
Parks, Reserves and Amenity Areas <ul style="list-style-type: none"> Walkways adequately maintained in line with the National Standard. All new or upgraded playgrounds meet appropriate safety standards. Contract specifications as determined by regular audits. 	<ul style="list-style-type: none"> Standards met. Full compliance New Zealand Standard 5828:2004. No significant breaches identified. 	<p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Not Measured) Not Achieved (2009-2010 Not Achieved)</p>
Libraries <ul style="list-style-type: none"> Use of library is maintained as measured by ratio of issues per ratepayer. Agreed opening hours are met. 	<ul style="list-style-type: none"> 12.66 issues per ratepayer. No departure from agreed opening hours. 	<p>Not Achieved (2009-2010 Not Achieved) Achieved (2009-2010 Achieved)</p>

Significant Activity – Commercial Activities

Targets/Objectives	Performance Measures (2009-2019)	Result
Investments <ul style="list-style-type: none"> Investments outperform benchmark portfolio. Reviews undertaken. 	<ul style="list-style-type: none"> Council's cash investment portfolio independently reviewed each quarter. Council will review the annual report and statement of intent for its investments in Alpine Energy Limited on an annual basis . 	<p>Not Achieved (2009-2010 Achieved)</p> <p>Not Achieved (2009-2010 Achieved)</p>
Mackenzie Forestry Board <ul style="list-style-type: none"> Approval of the statement of intent is made prior 30 June in each year . 100% of all new planting should be demonstrated by project analysis to be able to achieve a minimum internal rate of return of 7% pre-tax . To complete the final stage of planting at Fox Peak Plantation. 	<ul style="list-style-type: none"> Council will approve the statement of intent for the Mackenzie Forestry Board. To ensure that all new planting should achieve the minimum internal rate of return. To achieve the strategic direction for the Council's forestry estate to have 900 planted hectares. 	<p>Achieved (2009-2010 Not Achieved)</p> <p>Not Applicable (2009-2010 Not Applicable)</p> <p>Achieved (2009-2010 Not Achieved)</p>

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

Significant Activity – Commercial Activities

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

Significant Activity – Corporate Services

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

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

Explanation of Major Variances against Budget

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

Statement of Comprehensive Income

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

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

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

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

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

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

Events after Balance Date

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

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

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

- \$1million below ground infrastructure cover has been lost
 - Cover for above ground assets is covered 100% for all perils except where the cause is due to earthquake, geothermal activity and tsunami
 - Where damage is caused by any of the above, three perils cover is limited to 80% of value
- Council is reviewing whether to join LAPP to cover its below ground infrastructure assets. It is not currently a member.

Prior Period Adjustments and Changes in Accounting Policies

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

Statement of Comprehensive Income for the year ended 30 June 2011

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

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

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

Statement of Financial Position as at 30 June 2011

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

Lake Tekapo Winter—Photo : George Empson



Statement of Cashflows for the Year Ended 30 June 2011

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

Statement of Accounting Policies and notes to the Financial Statements for the Year Ended 30 June 2011

NOTES

- The financial statements of Mackenzie District Council on which this summary is based, have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.
- The financial statements have been prepared on an historical cost basis, modified by the revaluation of land, buildings and certain infrastructural assets, investment property and biological assets.
- The financial statements are presented in New Zealand dollars and all rounded to the nearest thousand dollars (\$'000). The functional currency of Mackenzie District Council is New Zealand dollars.
- The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 28 October 2011. This summary has been prepared in accordance with FRS 43: Summary Financial Statements.
- The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The report dated 28 October 2011 has received an unmodified audit report. A copy of the financial report may be obtained from the Council's offices or on the Council's website (www.mackenzie.govt.nz).
- This summary financial report has been examined by the auditor for consistency with the full financial report. An unmodified auditor's report is included with this summary.
- The Council has complied with New Zealand equivalents to the International Financial Reporting Standards as applicable for public benefit entities.
- The information included in the Summary Financial Report has been extracted from the audited full financial report and authorised for issue by Council's Manager—Finance and Administration on 8 November 2011.
- The Group consists of Mackenzie District Council and its subsidiary Mackenzie Tourism and Development Trust.

**To the readers of
Mackenzie District Council and group's
Annual report
For the year ended 30 June 2011**

We have audited the summary of the annual report (the summary) as set out on pages 1 to 11, which was derived from the audited statements in the annual report of the Mackenzie District Council (the District Council) and group for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 28 October 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council and group's statement of service performance and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements, from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 28 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or its council controlled organisation.



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
8 November 2011