



Mackenzie District Council

2009-2010
ANNUAL REPORT

Photo by Steve McLellan

Council Directory

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TWIZEL

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TIMARU

The Mackenzie District – (Mayor & Councillors 2007–2010)



Cr S McDermott
(Deputy Mayor)
Pukaki Ward



Cr D Pullen
Pukaki Ward



Cr L O'Sullivan
Pukaki Ward



John O'Neill
Mayor



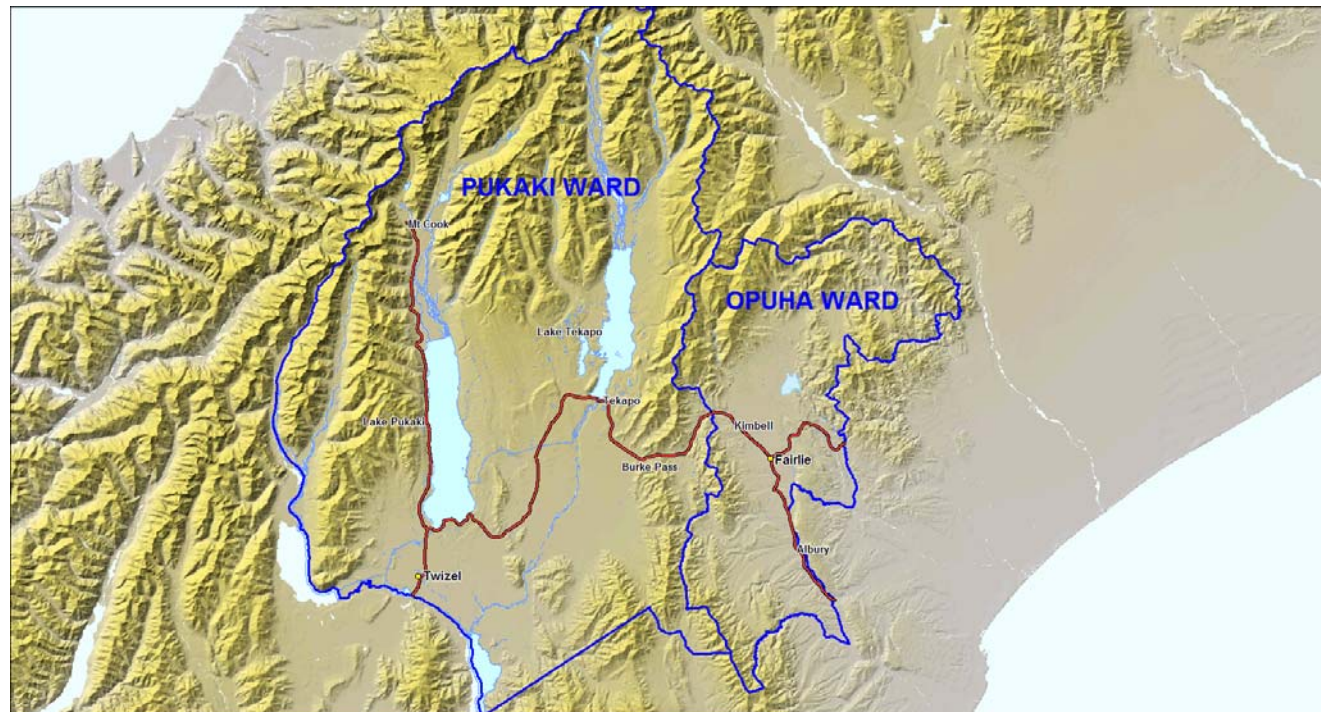
Cr G Page
Opuha Ward



Cr E Williams
Opuha Ward



Cr G Smith
Opuha Ward



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Introduction by the Mayor and Chief Executive

The past year has been dominated by ongoing economic uncertainty and its impact upon the Mackenzie as the Council has striven to continue to provide services at an affordable cost.

Elected members strongly believe that the Mackenzie is best served by a having its own independent council but that is by no means assured. Survival is dependent upon us focussing upon the best and most practical ways of making progress while maintaining strong financial discipline.

In this environment, sound budgeting is critical. The Council challenged the CEO to deliver \$200,000 worth of ongoing savings without loss of service levels and to look closely at opportunities to share services with our neighbours. These are both continuing challenges for the coming year.

The Council trimmed its budget for 2011 to what it saw as essential and reprioritised capital work part way through the year to ensure the most important work was completed.

Some significant progress was made in 2010 as outlined below and in more detail throughout this document.

Financial Overview

The Council outperformed its budget expectations by \$799,000 during the year.

The Council's net operating expenditure (net of depreciation and other impairments) was \$7,314,000 compared with the budget of \$6,590,000 and last year's result of \$7,304,000.

Operating revenue was \$10,583,000 (net of vested asset income, forestry revaluation and carbon credits and investment revaluations). This compares with the budget of \$9,423,000 and the result for last year of \$10,471,000.

Performance Measures

Of the 106 performance measures in the plan, 65 were fully achieved. 21 were not achieved and 20 were either not measured or were not applicable to the current year.

Capital Works

Net of vested assets of \$2,141,000, a total of \$1,851,000 was spent on capital works during the year. This compares with the budget of \$3,076,000 and last year's result of \$3,188,000.

Key items of capital expenditure occurred in the rural roading area where \$337,000 was spent on unsealed road base course, \$339,000 on reseals and \$170,000 on minor safety works.

Council also authorised an additional \$206,000 to further develop the airport facility through the addition of a fuelling facility and runway resealing.

Governance

During the past year, there were no changes in the membership of Council or its three community boards. However, the Council did review its system of electoral representation and made some significant changes to the boundaries of the wards and the communities. Notably, the size of the Twizel community was more than doubled, while the Tekapo community was shrunk from the former Tekapo ward boundary to just encompass the township rating area. A minor expansion was made to the Fairlie community boundary on Nixons Road and the boundary between the Opuha and Pukaki wards was aligned with the tops of the Two Thumb and Rollesby ranges.

The three yearly District-wide rating revaluation of property would have had a far wider impact upon rating if the Council had not reviewed some of its policies during the year. In its budget for 2010/11, it increased the flat charge component of the rural works and services rate by \$15 to \$65, raised the uniform annual general charge by \$10 to \$35 and offset interest and dividend revenue against the general rate rather than the works and services rates for the communities and the rural area. The Council has recommended that further reviews of rating be undertaken by the incoming body.

As well as handling the affairs of the District, the Council has advocated on wider matters. It submitted on the regional council Annual Plan and on the Ministerial review of that body. It also submitted to the Parliamentary Select Committee on the Electricity Industry bill over concerns it had over the splitting of Waitaki generation assets between Genesis and Meridian.

It also recognised this year 25th anniversary of the establishment of Twizel as a county town and the contributions of Young Farmer of the Year Tim O'Sullivan and Antarctic skier Kylie Wakelin.



Water, Stormwater & Sewerage

Water Supplies

At Tekapo, Council completed the renewal of old supply connections in Pioneer Drive started the previous year.

In Fairlie, a change of emphasis from the Community Board saw attention move to upgrading the main supply line rather than replacing mains in the township. A proposal to lay pipeline in the same trench as the Eversley sewerage pipe was agreed to but not completed before year end. A new resource consent was obtained for the scheme.

Headworks repairs were needed for the Allandale rural water supply and these were financed by bringing forward budget programmed for 2010/11. Hearings were held for replacement resource consents for rural schemes at School Road and Ashwick Opuha. Council examined the management of the rural water supplies during the year to assure itself that staff input is appropriately charged for.

In November 2009, Council reviewed the capital projects it had signalled in its Long-Term Plan and reprioritised them. As a consequence, little progress was made in investigating a new water source for Twizel, nor with constructing the Manuka Terrace water supply. The renewal of the resource consent for the Twizel supply was also not advanced during the year. Council still considers these to be important projects and will allocate resources to them over the next 2-3 years.

On a regional level, the Council endorsed the Canterbury Water Strategy despite reservations about the equity of some of the proposed funding regimes. It believes that the Strategy may assist in providing sustainable water supplies to water short areas of South Canterbury.

Sewage Disposal

Work commenced on connecting Eversley Reserve to the Fairlie sewerage system though a pressurised regime. The Community Board agreed to fund the main pipeline in order to make the system more affordable for residents. The onset of winter caused work on the scheme to be held over to spring.

In Twizel resource consent was obtained for the continued operation of the oxidation ponds, but with a requirement for improvements to be made within the next twelve months. Negotiations were not completed with the landowner to obtain additional land for an alternative treatment regime and these will be progressed in 2010/11. Reconfiguration of the existing pond operation was only taken to the design stage. At Tekapo, an extension to the irrigation area was designed and materials purchased but construction was delayed due to the onset of snow.

Stormwater

Council has moved away from pursuing expensive capital improvements to reduce the flood threat to Fairlie from the Western catchment and plans to advocate to the Opihi river management committee for increased stream bed maintenance and tree removal to manage the risk.

Roading

A full year's programme was completed, including the provision of 20,000m³ of wearing course metal to the rural roads. The resealing tender of \$495,000 was greater than originally budgeted, but reserves were drawn upon rather than limit the scope of the work. Minor improvements undertaken included corner realignments on Plantation Road, and seal on Three Springs Road, Stanton Road and Braemar Road. Sight benching was also undertaken on Cricklewood Road and Coal Pit Road.

The roading programme was adjusted to allow for \$40,000 of flood damage repairs to be completed.

Following the rejection of all tenders for the Opuha Ward roading maintenance contract in 2008, a combined tendering of both of the District's wards was a possible option. Documents were prepared and tenders advertised by year end.

As required by the New Zealand Transport Agency, a procurement strategy for roading services was prepared and approved. A deficit of \$108,000 had accumulated over a number of years in the roading professional services business unit and Council is to see if additional funding can be obtained to reduce this over time. A formal contract for the delivery of these services is still to be formalised.

Increased use of the Fox Peak Road due to the opening up of a conservation park was partly compensated for by a one off grant of \$10,000 from the Department of Conservation but discussions were continuing with the ski field and local land owners as to the extent of maintenance required and the responsibility of the various users.

A new speed limit bylaw was adopted for the District and Council advocacy for a 60 kph limit on SH8 at Mt Cook Road in Fairlie was eventually successful.

Solid Waste

The effective and cost efficient management of the District's rubbish is a major challenge for the Council. In its budget, the Council agreed to cap the general rate input at \$468,000 pending a full review of the current strategy. Attempts were made to curtail costs including the mothballing and later decommissioning of the Vertical Composting Unit at Twizel and the suspension of the education programme. A different



mode of recycling was promoted at Twizel where no charge was made for depositing sorted recyclables at the recovery park.

The township kerbside collection was successfully retendered and a South Canterbury Waste exchange was agreed among the three Councils.

An external review of the current operations was also undertaken. So far Council considers that:-

- the Redruth facility in Timaru remains the most appropriate end point for its residual waste
- It is uneconomic to contemplate developing a local landfill due to the significant Resource Management Act implications.
- mobile bin recycling should be investigated
- the scope of waste being accepted into the recovery parks needs to be reduced
- contractors may assume a greater role in the handling of putrescible waste.

The completion of the review and development of new strategies will be undertaken in the 2010/11 year.

Planning & Regulatory

The Council's plans to regulate subdivision and development in the Mackenzie basin (Plan Change 13) were taken several stages further during the year. The Commissioners' recommendations were adopted by Council in September 2009 but were then subject to a number of appeals. Several of those were resolved through Environment Court mediation ahead of the formal Court hearing in August 2010. The Court's decision was still awaited as at October 2010. Landscape protection and the impact of changing farming practices in the Waitaki Valley are drawing considerable attention from outside the districts and the regions affected.

A series of changes to the zoning in the Twizel area were developed and signed off in principle by the Council in April 2010. Following formal public notification of these changes, submissions will be considered and decisions made during the year ended 30 June 2011.

Resource consents and land information memoranda are required to be issued within timeframes set by law. In 2009/10, Council did not adequately measure these timeframes so cannot accurately assess progress against targets.

Ratepayers will benefit from the signing of a new purchase agreement between the National Rural Fire Authority and the South Canterbury Rural Fire Committee, which Council approved during the year. Additional government funding will become available

for amalgamated committees that follow the model set some time ago in South Canterbury.

A freedom camping bylaw was introduced during the year and this was used to control overcrowding at Lake Opuha in the peak holiday period. A later amendment was designed to facilitate limited camping in a designated area at Lake Ruataniwha.

Despite the economic situation, building activity levels did not fall as much as was anticipated, and building consent fees were well above budget. Council's accreditation as a building consent authority was maintained following an audit of its processes.

Community Services and Recreational Facilities

Providing community services and enhancing recreational facilities is often not solely the responsibility of Council. In the past year there were several examples where community groups and volunteers helped make a real difference to their communities.

In Fairlie an enthusiastic group is transforming the village green. It has been reshaped, a new pathway constructed, lighting installed and planting completed. A significant amount of external funding has supplemented local fundraising enabling new playground equipment to be erected.

Volunteers have also been prominent in Twizel in advancing the greenway strategy. The Maryburn greenway was upgraded and the tree belt in Glen Lyon Road was renewed.

In Tekapo another group is busy planning a children's playground on the Domain, the concept for which has been approved by the community board.

Medical facilities are vital to a small community like ours. The revitalised Mackenzie Medical Trust facilitated extensions to the Fairlie Medical Centre and external funding was matched by significant contributions from local organisations.

Council supported an initiative by High Country Health to extend the Twizel Medical Centre but the economics of this are being reassessed considering the age and state of the building.

Tekapo Community Board approved the design and location of the new community centre and applied for a resource consent for its construction. The lakeside walkway was also progressed during the year.

In Twizel the Events Centre was extended and revamped to accommodate a more visible and expanded information office and later in the year plans to enhance the entranceway were approved.



Cemetery fees were reviewed through a new bylaw while the local Six Foot Under club was largely responsible for the landscaping of the new cemetery at Tekapo.

Council reviewed the possibilities for rationalising the toilets it maintains throughout the District. At Tekapo, the Pines Beach toilet was removed and the Lakeside Drive facilities restricted to seasonal use. However, a proposal to relocate toilets in Twizel from Market Place to the Events Centre met with stern community opposition and was abandoned. Council granted \$60,000 towards the costs of the new toilet block at the Tekapo Regional Park.

In an important move, the Council and the community boards entered into a partnering arrangement with its contractor for the maintenance of community facilities. This is expected to provide benefits to both parties and lead to more efficient provision of services.

Commercial Activities

Council's investment portfolio outperformed its benchmark portfolio in all four quarters of the year and had a value of \$5.531 million as at 30 June 2010.

Council's forestry interests produced a return to Council both through the sale of timber and through the first sale of carbon credits from its plantations. This returned a net amount of \$248,000 in the 2010/11 year.

At Pukaki Airport, gross income of \$819,000 was received from land sales that had largely been negotiated during the previous year. A fuel facility was built at a cost of \$114,000 and the Board debated whether it should build a dedicated hangar facility on the site.

The Mackenzie Tourism and Development Trust expanded during the year, creating a new I-site at Tekapo and taking over and upgrading the information office at Twizel. It undertook a feasibility study for an Alps to Ocean cycleway which, in July 2010, qualified for a \$2.75m grant to largely fund its construction.

The Trust was also active in promoting international recognition of the Dark Skies in the Mackenzie basin.

Failure of the Trust to gain charitable status had taxation implications for its ongoing operation and the pace of its expansion contributed to its year end loss of \$65,000.

During the year, the Council confirmed its three year commitment to a \$25 charge per general ratepayer in support of the Trust's activities.

Sales of surplus property amounting to \$228,000 were progressed in the year, and commercial leases reviewed. A conditional sale and purchase agreement was negotiated with the lessee for the freeholding of land associated with the Tekapo Camping ground.

A debenture secured over the assets of High Country Health Ltd was renegotiated during the year.

Corporate Services

The annual report for the year ended 30 June 2009 was adopted by Council on 28 October 2009 with an unqualified audit opinion.

The annual plan was adopted by Council on 25 June 2010 following public consultation. It incorporated four amendments to the Long Term Council Community Plan. These amended the investment policy to allow interest and dividends to be credited against the general rate, set a new targeted rate for Eversley Reserve Sewerage and removed both Doctors houses at Fairlie and Twizel and public toilets from the list of strategic assets contained in Council's policy on significance.

Staffing

Staffing levels were maintained during the year, apart from the appointment of Toni Morrison on a limited term contract to progress changes to the zoning in Twizel and its surrounds. Jo Hurst took parental leave from her position as accountant and her role was covered by temporary staff. Steve McLellan took up duties as Twizel Building Inspector following the resignation of Dean Brady and Bryan Ayers also resigned as operator at the Twizel Resource Recovery Park at the end of the year.



Glen Innes
Chief Executive Officer



Claire Barlow
Mayor

Statement of Compliance and Responsibility

Compliance

The Council and management of Mackenzie District Council confirm that, in accordance with Section 92 of the Local Government Act 2002, all the statutory requirements in relation to the annual report have been complied with.

Responsibility

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

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

In the opinion of the Council and Management, the annual Financial Statements for the year ended 30 June 2010 fairly reflect the financial position and operations of the Mackenzie District Council.



Glen Innes
Chief Executive



Claire Barlow
Mayor



Paul Morris
Manager – Finance & Administration

Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

**To the readers of
Mackenzie District Council and group's
financial statements and service provision information
for the year ended 30 June 2010**

The Auditor-General is the auditor of Mackenzie District Council (the District Council) and group. The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements, the service provision information and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council and group for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the District Council and group on pages 18 to 81 and 86 121:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2010; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 2 to 5 and 18 to 81:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service provision for the year ended 30 June 2010, including:
 - the levels of service provision as measured against the intended levels of service provision adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service provision and the expected service provision.
- The District Council and group have complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council and group's financial statements and service performance information, and on pages 12 to 15, and 83 and 84 under the headings 'Community Outcomes', 'Council Controlled Organisations' and 'Maori Capacity to Contribute to Decision-making Processes'.

The audit was completed on 21 December 2010, and is the date at which our opinion is expressed.

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

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, the service provision information and the other requirements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements, the service provision information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether the significant management and system controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the service provision information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, the service provision information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements and service provision information in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2010. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The service provision information must fairly reflect the District Council's levels of service provision for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 and including that information in the annual report. The Council's responsibilities arise from section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, the service provision information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

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

Other than the audit and in carrying out the audit of long-term council community plan, and an amendment to the long-term council community plan, we have no relationship with or interests in the City Council or any of its subsidiaries.



Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Mackenzie Today

Background

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

The District was first settled by Europeans in the 1850's and the first elected representatives served on the Mount Cook electorate of the Canterbury Provincial Council in 1862.

The forerunner of the Mackenzie County and District Councils was the Mount Cook Roads Board which was set up in 1864.

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

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

In contrast to its small population, the area of the District is large, comprising 745,562 hectares.

Fairlie, Lake Tekapo and Twizel are the main towns and there are villages at Albury, Kimbell, Burkes Pass and Mount Cook.

Economy

The economy of the District is built on farming, tourism and hydro electric development.

Pastoralism is the dominant form of agriculture in the region. However, more intensive land uses such as forestry, dairying, cropping and horticulture are

becoming increasingly common and offer considerable scope to grow the local economy.

The District is fortunate in having Lake Tekapo and Aoraki Mount Cook, the international tourist icons, within its boundaries. They provide an excellent platform from which to develop the tourism potential of the District.

The vast water resources of the District have provided the base for an extensive hydro electricity generation industry.

Demographics

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

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

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

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

There were 390 people (or 27%) who live in one-person households in the Mackenzie District, compared with 23% nationally. In the Mackenzie in 2006 the average household size was 2.4 people compared with an average of 2.7 people nationally.

In the Mackenzie District, 53.4% of households in private occupied dwellings own the dwelling (with or without a mortgage) compared to 54.5% nationally.

56.8% of households in the District have access to the internet, compared with 60.5% of households nationally.



Mackenzie Tomorrow

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

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

These describe the type of District in which its people wish to live, work and play.

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

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

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

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

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

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

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

In a 2004 Canterbury-wide survey, 150 Mackenzie residents were asked to compare the way the District was now and how they would like it to be in fifty years time.

The biggest gaps between current performance and future desires were in these areas:

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

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



Community Outcomes

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

They want:

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

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

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

The Council believes that the process used in 2006 to identify community outcomes was adequate for its purpose and the extent of its available resources. That involved a series of three facilitated community meetings. Legislation currently requires that these outcomes should be revisited every six years. A similar type of process will be undertaken with the community in 2012.

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

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



A number of documents underpin the Council's efforts to help the community achieve its goals. They include the Council's district plan, key community planning documents for Tekapo and Twizel and detailed management plans for all of its key assets.

The district plan clearly links with the outcome of an attractive and highly valued natural environment as it provides a detailed regulatory framework for managing the natural and physical resources of the District.

The annual plan provides an annual statement of how the Council plans to advance its contribution toward these community outcomes, with this progress being assessed regularly through the annual report. The provision of safer, effective and sustainable infrastructure by Council is guided by its detailed activity management plans.

Council does not envisage any difficulty in working with other local organisations and individuals in helping the District achieve its goals. It is confident that cooperation will be there when required.

Such groups and individuals are likely to include sporting and cultural groups, Federated Farmers, schools, service clubs, medical practitioners, St Johns, volunteer fire brigades, police, resource centre staff, tourism operators, farmers, business people, Alpine Energy, SOE's such as Meridian and Genesis and the local Department of Conservation office. The mailing list used to invite people to the community outcomes process will also be used.

When appropriate, Council will write to these groups and individuals seeking their assistance. In doing so, the Council will, in fairness, stress the limited amount of its own resources and its comfort with the traditional role it has played in the community.

Within the limits of its small pool of resources, the Council is happy to maintain close liaison with the three other South Canterbury/North Otago authorities and the Canterbury Regional Council. It recognises that its relationships with Te Runaka o Arowhenua need to be developed.

Ongoing relationships will continue with other governmental bodies or related bodies that the Council has dealings with, including the New Zealand Transport Agency, Sports South Canterbury, the Ministry of Health, Quotable Value, Housing Corporation of New Zealand and the Ministry of Social Development.

However, the Council is slightly sceptical about the amount of assistance that will flow to one of the least populated districts in the country in pursuit of its community

outcomes. It is more likely to piggy back on initiatives that are undertaken in either South Canterbury or the Canterbury region.










Monitoring our Progress

The Mayor and Chief Executive Officers report summarises the Council's contribution towards progressing the Community Outcomes in the 2009/10 year via a range of initiatives, projects and through its normal services and facilities. The table on the following pages highlights progress in achieving these through a number of indicators.








Council also undertakes formal monitoring of its progress only through the consultative procedure outlined in the Local Government Act 2002 and Long-term Council Community Plan and Annual Plan stage through the submission process.

Council considers the fact that ratepayers are well represented by one elected member to 210 ratepayers reduced the need for formal processes and surveys. However, these will be undertaken as a priority in 2011/2012.



Progress in Achieving Community Outcomes			
Community Outcomes	Indicator	Results	Commentary
An attractive and highly valued natural environment	• Land (ha) affected by animal pests (especially rabbits)		Increased control measures are being required to limit further increase in rabbit numbers. The average number of rabbits /km fell slightly in 2009 compared with the previous year (advice from the Regional Council)
	• Land (ha) affected by noxious plant pests (especially wilding pines)		Control measures are being concentrated in hill country to protect biodiversity, 12,000 hectares were controlled in 2009/10 (advice from the Regional Council)
	• River water quality – drinking and swimming		Regional Council survey showed 5/6 surveyed sites with good or better quality for swimming (3 sites had insufficient data) (Regional Council Website Water Quality in Canterbury 2009)
	• Waste diversion from landfill		Volume of residual waste was 36% of waste received so 64% was able to be diverted (MDC base data only)
	• Recycling volumes		5,040m ³ of recyclable material received in 2009/10 year (MDC base data only)
Thriving economy	• Building consents indicators		Councils number of building consents issued in the 2009 calendar year were 11% down on 2008 (238 vs 267). 2010 figures are similar to 2009 (MDC data)
	• Demographic Indicators (e.g. income)		Mackenzie household income of \$40,300 was significantly less than the national figure of \$51,400 (SC Community Profile Page 61)
	• Property price changes		Data from Quotable Value shows Mackenzie residential values remaining about 500 points above the national index (QV Graph of residential property values 2003-10)
Democracy which upholds the rights of the individual	<ul style="list-style-type: none"> • Perceptions of satisfaction with Council's advocacy on behalf of the community • Perceptions of ease of dealing with the Council 	No survey info	See note below
Fit and healthy community	• % students leaving school with core numeracy and literacy credits at NCEA level 1		From 1993 to 2007 the proportion of Mackenzie students leaving school with no formal attainment



	<ul style="list-style-type: none"> Educational attainment of adult population Road traffic accidents and casualties 	 	<p>was below the national proportion (SC Community Profile Page 43)</p> <p>37.1% of Mackenzie people, 15 years of age or over have a post-school qualification compared with 39.9% in New Zealand overall (Quick Stats document Page 10)</p> <p>Crash trends for 2009 were higher in respect of serious and total crashes since 2002 and before 2000 respectively. There were however no fatalities. (Road Safety briefing Notes – Mackenzie NZTA Page 5)</p>
Safe, effective and sustainable infrastructure	<ul style="list-style-type: none"> Annual power outages Drinking water standards Access to internet, telephone 	  	<p>Alpine Energy data shows frequency and length of outages increasing over the last three years and above target (Alpine Energy report 2020 Page 33)</p> <p>Latest Ministry of Health gradings are low (MDC Data)</p> <p>56.8% of households have access to internet (NZ 60.5%). 73.5% of households have access to cellphone (NZ 74.2%) (Quick Stats Document Page 18)</p>
Supportive and contributing community	<ul style="list-style-type: none"> Social deprivation index Unpaid work 	 	<p>78% of Mackenzie Residents live in less deprived areas (50% in NZ overall) (SC Community Profile Page 64)</p> <p>23% of Mackenzie residents participate in helping or voluntary work through an organization group or marae (15% in NZ overall) (SC Community Profile Page 55)</p>

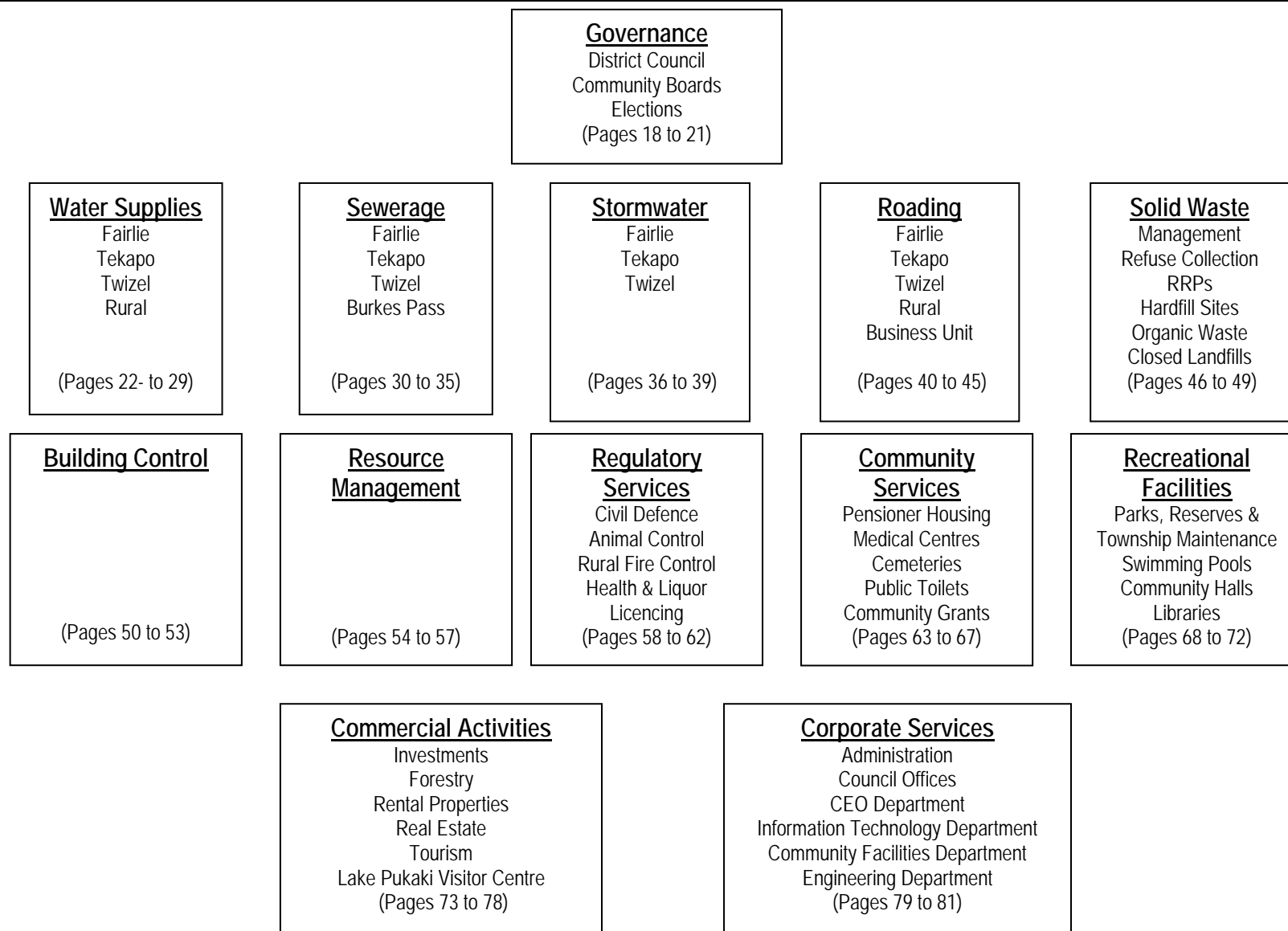
Note: A survey of Mackenzie residents was originally planned in 2009/10 or the following year but no budget was proposed due to the prevailing economic conditions.

However, the Council is seeking feedback from its residents as a priority and wishes to fund survey work in 2011/12.

Groups of Activities

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

Groups of Activities – Overview



Governance

Background

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

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

District Council

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

Community Boards

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

Elections

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



Key Levels of Service and Performance Measures

Levels of Service	Targets	Performance Measures (2009-2019)	Result 2009-2010
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	<p>Council's schedule of six weekly meetings runs from late January through to December each year. Special meetings are also held from time to time. Council's Finance and Operations Committees also meet on a six weekly cycle with meetings of the Planning Committee largely determined by resource consent hearings.</p> <p>No identified breaches of the Local Government (Official Information and Meetings) Act 1987.</p>	<ul style="list-style-type: none"> At least 9 meetings of Council held during the year, and 20 meetings of Council committees. No identified breaches of the Local Government (Official Information and Meetings) Act. 	<p>Achieved: Council meetings continued on a 6-weekly cycle. In 2009/10, there were 14 meetings of the full Council and 23 meetings of Council Committees, a total of 37 for the year. (2008/2009 Achieved)</p> <p>Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year. (2008/2009 Achieved)</p>
Effective consultation held on LTCCP, Annual Plan and other significant issues.	A summary of the long-term council community plan, annual plan and annual report is sent to all ratepayers annually.	<ul style="list-style-type: none"> Number of special consultations held during the year and number of submissions made in response. 	<p>Achieved: Council undertook a special consultative procedure for the adoption of an amendment to its Long-Term Council Community Plan I conjunction with the Council's Annual Plan consultative process. 78 submissions were received. The consultation included sending a summary to all residents of the District and to all non-resident ratepayers. (2008/2009 Achieved)</p>



Levels of Service	Targets	Performance Measures (2009-2019)	Result 2009-2010
The three community boards complement the role of the Council by providing local input and advocacy into Council decision making.	Community boards meet regularly and provide recommendations on local issues to Council.	<ul style="list-style-type: none"> Each Community board meets eight times during the year. Recommendations including budget submissions are forwarded to Council for approval. 	<p>Achieved: The Fairlie Community Board held nine meetings during the year, the Tekapo Community Board held eight meetings and the Twizel Community Board held nine. (2008/2009 Achieved)</p> <p>Achieved: All recommendations including budget submissions were forwarded to Council for approval. (2008/2009 Achieved)</p>

Identified Effects on Community Wellbeing

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

Capital Expenditure

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

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

Reasons for Undertaking Capital Expenditure Projects

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
L	1	District Council		
		Computers	-	-
	1	TOTAL	-	-
		Funded by:		
	1	District Council Capital Reserve	-	-
	1		-	-



Governance Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
	REVENUE		
672	General Rates	650	650
78	Targeted Rates	76	76
750		726	726
	DIRECT EXPENDITURE		
73	Employment Expenses	51	51
192	Member Expenses	211	198
1	Consultancy Expenses	-	5
42	Administration	40	52
2	Operational and Maintenance	-	-
1	Interest on Capital Reserves	1	-
444	Internal Expenses	423	356
3	Funded Depreciation*	-	3
758		726	665
(8)	Operating Surplus/(Deficit)	-	61
	Operating Surplus/(Deficit) transferred to/funded by:		
(7)	General Reserve	-	61
(1)	Fairlie Works & Services Reserve	-	-
-	Tekapo Works & Services Reserve	-	-
-	Twizel Works & Services Reserve	-	-
(8)		-	61

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

Commentary on Governance Financial Summary

Surplus/(Deficit)

The surplus for the year was \$61,000; \$61,000 more than the budgeted breakeven position.

Revenue

Total revenue for the year was \$726,000, equal to the budgeted revenue of \$726,000. There were no variances from budget.

Direct Expenditure

The total direct expenditure for the year was \$665,000; \$61,000 less than the budgeted direct expenditure of \$726,000.

The key variances from budget were:

- Member expenses were \$13,000 below budget due to reductions in meal and travel costs for the Mayor and Councillors.
- Internal expenses were \$66,000 less than budget mainly due to cost reductions in the IT, Facilities Management and Solid Waste management area.
- Administration costs were \$12,000 greater than budget mainly due to increased subscription costs.

Water Supplies

Background

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

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

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

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

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

Rationale for the Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

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

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Results for 2009/10 year
Water supplied to Fairlie, Tekapo, Burkes Pass is continuously disinfected with chlorine.	Assess the level of E coli in the drinking water supply.	Fairlie/Tekapo – Nil	Achieved Nil E-Coli detected. However for both schemes the interval between samples was greater than 11 days on one occasion. Only 50 of the 52 required samples were taken for Tekapo (2008/2009 Achieved) .
Non-disinfected supplies are monitored for the presence of E coli and consumers are advised when a hazard is identified.	Scheduled monitoring completed.	100%	Not Achieved 85% of scheduled monitoring completed (2008/2009 Not achieved) .
	No failure to issue boil water notices when hazard identified.	100%	Achieved The trigger for 'Boil Water Notice' did not occur. No hazard identified (2008/2009 Achieved) .
Complete Public Health Risk Management Plans (PHRMP)	Set achievable budgets for the available resources and complete what we plan each year.	New Measure	Not Measured An Order in Council has deferred by three years the deadline for compliance with the Health (Drinking Water) Amendment Act 2007 (the Act) ie: Townships 1 July 2014 and small schemes 1 July 2015. The PHRMP is intended to be completed before the Act standards apply. (2008/2009 Not Measured)
Maintain the network in at least the condition it is in now.	Set achievable budgets for the available resources and complete what we plan for each year.	New Measure	Achieved Maintenance budget \$173,000. Maintenance Expenditure \$170,600. (2008/2009 Not Measured)
Water is continuously available apart from programmed shutdowns and unexpected disruptions.	No disruption exceeds eight hours.	100%	Not Achieved This measure was achieved for urban on-demand schemes, however it was not achieved for rural restricted and tank supply schemes where 3 disruptions exceeded eight hours. (2008/2009 Achieved)
	Normal duration of 90% of disruptions is less than six hours.	100%	Achieved There were 131 repairs recorded. All repairs in on-demand schemes were carried out with disruptions of less than six hours. (2008/2009 Achieved)
Deliver a works programme as signalled in this plan.	Set achievable budgets for the available resources and complete what we plan each year.	New Measure	Not Achieved Fairlie – Council decided to re-prioritise renewals and concentrate its resources on completing an upgrade to the main line. Budget set for the 2009/10 year projects have been allocated to 2010/11 years. Twizel – Council require further analysis before deciding on investigations for new source.



Levels of Service	Measure of Service	Target	Results for 2009/10 year
			Ashwick-Opuha – Resource consent not granted by Ecan until October 2010. (2008/2009 Not Measured)
Supplies cause no environmental ill-effects	All resource consent conditions are complied with.	100% compliance.	Not Achieved Twizel exceeded the consented daily take during dry conditions in the summer. The environment in Twizel Township was enhanced by the irrigation. The bi-monthly monitoring of ground water at the Lake Tekapo intake was missed on 2 occasions. A new resource consent at Twizel has been applied for but progress has been delayed due to the Upper Waitaki Water Allocation Plan. (2008/2009 Not Achieved).
Response	Provide a 24 hour, 365 day per year call out service. Complete administration functions in a timely manner.		Achieved Call-out service is provided by Utilities Services Contract. (2008/2009 Achieved) Achieved. Met with Contractors monthly. Contract payments authorised before 14 th of each month. (2008/2009 Achieved)
Response Times	New Connection: 20mm diameter normal connection – 10 working days. Above 20mm diameter – 20 working days. Repair minor faults – 2 working days. Repair major leaks and other emergency repairs: During working hours – The service to be reinstated by temporary or permanent repairs within six hours of call out. Outside Working hours – The service to be reinstated by temporary or permanent repairs within nine hours of call out.		Not Measured This is a service standard specified in the Utilities Service Contract. New connections are rarely required to be installed by Council as they are usually installed by the land developer. (2008/2009 Not Measured) Not Applicable Council was not required to install any water connections greater than 20mm diameter. (2008/2009 Not Applicable) Achieved This is a service standard specified in the Utilities Service contract. The standard was met. (2008/2009 Achieved) Achieved This is a service standard specified in the Utilities Service Contract. The standard was met. (2008/2009 Achieved) Achieved This is a service standard specified in the Utilities Service Contract. The standard was met. (2008/2009 Achieved)
Availability/Disruption to Service	Notification of programmed shutdown: Commercial/Industrial property, including		Achieved A communication procedure for shutdowns is



Levels of Service	Measure of Service	Target	Results for 2009/10 year
	residential areas - one working day. Individual residential property – one hour.		specified in the Utilities Service Contract. Notification times have not been recorded, but no breaches of the procedure has been brought to the Engineer's attention. (2008/2009 Achieved)
Quantity	<p>Compliance with water supply classification W3 as defined in SNZ PA5 4509 "2003 fire fighting requirements in 'on demand' schemes.</p> <p>On-demand water supply schemes Flow at point of supply: Fairlie and Burkes Pass – 15 l/min Lake Tekapo – 25 l/min Twizel – 25 l/min.</p> <p>Pressure at point of supply: Fairlie and Burkes Pass 10kPa Lake Tekapo – 200 kPa Twizel – 250 kPa</p> <p>Tank supply and restricted supplies All – 1820 l/day (1 unit)</p>		<p>Not Achieved Allandale Road water main in Fairlie does not meet the W3 classification. Allandale Rd water main is programmed for replacement in 2018. Eversley Reserve and Kimbell are supplied by small bore pipes which are not capable of providing fire fighting flows. Kimbell is in the rural fire district and therefore is covered by rural fire regulations. Eversley, due to the sparse population is considered a low priority. (2008/2009 Not Achieved)</p> <p>Achieved Random tests undertaken in all three townships have indicated that the measure of service has been met.</p> <p>Random pressure tests undertaken in the townships indicate the measure of service is being met. (2008/2009 Achieved)</p>
Safety requirements	Ministry of Health requirements are met		<p>Not Achieved All water supplies do not meet the current Drinking Water Standards for New Zealand. Council is working towards complying with the Health (Drinking Water) Amendment Act 2007 by undertaking the PHRMP's within the new legislative timeframe. This will provide Council with some guidance as to the level of investment it may need to make in its water infrastructure assets, by 2014 for minor schemes and 2015 for small schemes. (2008/2009 Not Achieved)</p>

Identified Effects on Community Wellbeing

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

Capital Expenditure

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
G		Fairlie		
		Vested Assets	4	-
R	30	Fittings Renewal programme-Fairlie including Princes St	22	-
R	-	Water Meters	2	-
G	3	Public Health Risk Management Plan	-	-
R	138	General	214	2
R	17	Resource Consent Costs	-	-
	188		242	2
		Lake Tekapo		
G	70	Vested Assets	18	-
R	-	Fittings Renewal programme	3	-
R	13	Pioneer Drive	-	-
	83		21	-
		Twizel		
G	-	Vested Assets	376	621
L	-	Resource Consent	26	-
R	9	Fittings Renewal programme	26	27
R	1	Headworks Renewal	-	-
R	1	Town Reticulation	-	-
G	-	Investigation – New Source	-	-
G	10	Investigation – Manuka Terrace	-	-
R&L	-	Treatment – New	50	-
	21		478	648
		Allandale		
G	3	Reticulation Extension	-	24
	3		-	24
		Ashwick/Opuha		
	-	Fish screens and flow monitoring	10	-
R	11	Resource Consent	10	19
	11		20	19

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
R&L	2	Burkes Pass		
		Treatment and Intake upgrade	5	5
R	2		5	5
		School Road Water Race		
	4	Resource Consent	2	8
G		Headworks	5	-
	4		7	8
		Manuka Tce		
R&L	-	Planning Concepts & Design	50	-
	-	Reticulation		
R	-		50	-
		Eversley/Punaroa		
	-	Resource Consent		-
	-		823	706
	312	TOTAL		
		Funded by:		
	188	Fairlie Water Capital Reserve	242	2
	83	Tekapo Water Capital Reserve	21	-
	21	Twizel Water Capital Reserve	478	648
	3	Allandale Water Capital Reserve	-	24
	11	Ashwick/Opuha Water Capital Reserve	20	19
	2	Burkes Pass Water Capital Reserve	5	5
	4	School Road Water Capital Reserve	7	8
	-	Spur Road Water Capital Reserve	-	-
	-	Manuka Tce Capital Reserve	50	-
	312	TOTAL	823	706

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2009/2010 year

Total capital expenditure for the year was \$706,000; \$117,000 less than the budget of \$823,000.

The key variances from budget were:

- Assets vested in the Twizel area, which are dependent on developer activity, were higher than anticipated during the year.
- No assets vested in the Tekapo area during the year due to lower than anticipated developer activity.
- Work on the Twizel water supply headworks and treatment is delayed awaiting a decision on the future source.
- Only minor work has been undertaken in the Fairlie area with the budgeted cost of \$214,000 being carried forward into the 2010/2011 year to complete the main supply line upgrade.
- No work was undertaken on Manuka Terrace investigations.



Water Supplies Financial Summary

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

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

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
	REVENUE		
668	Targeted Rates	782	789
338	Financial Contributions	112	117
127	Other Income	75	134
9	External Interest Received	-	-
56	Interest on Capital Reserves	42	48
1,198		1011	1088
	DIRECT EXPENDITURE		
12	Employment Expenses	-	16
20	Consultancy Expenses	3	4
10	Administration	11	11
374	Operational & Maintenance Expenses	309	325
-	Impairment Investments	-	60
81	Interest on Capital Reserves	63	63
125	Internal Expenses	124	125
264	Funded Depreciation *	288	261
31	Non-Funded Depreciation **	34	32
917		832	897
281	Operating Surplus/(Deficit)	179	191
70	Vested Assets	397	622
351	Net Surplus	576	813

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
	Operating Surplus/(Deficit) transferred to/funded by:		
	Fairlie Water Operating Reserve	14	-
4	Fairlie Water Capital Reserve	5	70
	Tekapo Water Operating Reserve	31	-
298	Tekapo Water Capital Reserve	41	53
	Twizel Water Operating Reserve	9	-
(35)	Twizel Water Capital Reserve	394	679
(31)	Ratepayers' Equity	(34)	(32)
10	Albury Water Operating Reserve	-	(60)
69	Allandale Water Capital Reserve	78	55
4	Ashwick/Opuha Water Capital Reserve	3	3
(1)	Burkes Pass Water Capital Reserve	-	2
1	Kimbell Water Capital Reserve	1	1
1	School Road Water Capital Reserve	5	7
31	Spur Road Water Capital Reserve	33	35
	Manuka Tce Water Operating Reserve	(4)	-
351		576	813

Commentary on Water Supplies Financial Summary

Surplus/(Deficit)

The surplus for the year was \$813,000; \$237,000 more than the budgeted surplus of \$576,000.

- The value of water assets vested in Council for the year were \$224,000 more than allowed for in the budget as assets vested from the Twizel area were greater than anticipated. The amount of vested assets in any one year is dependent on developers timing.

Revenue

Total revenue for the year was \$1,088,000; \$77,000 more than the budgeted revenue of \$1,011,000.

The key variances from budget were:

- Financial contributions for the year were \$5,000 more than the assessment allowed for in the budget.



- Other income was significantly higher than budget by \$59,000 this was due to income received by the Albury Water Supply Committee which is not included in the Council's budget as the supply is held in Council name only. The Albury Water Supply has a separate governing body and prepares and monitors the budgets in its own right.

Direct Expenditure

The total direct expenditure for the year was \$897,000; \$65,000 more than the budgeted direct expenditure of \$832,000. The key variances from budget were:

- Operational and maintenance expenses were \$16,000 greater than budget due to the inclusion of \$37,000 in costs for the Albury Water Scheme for which no Council budget is assigned.
- Employment expenses totalled \$16,000 which related to the Albury Water Supply scheme for which Council does not prepare a budget.
- Council recognised an impact for the Albury Water Supply's investment in Aorangi Securities. Council has provided for a reduction in value amounting to \$60,000.



Sewerage

Background

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

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

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

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

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Results for 2009/10 year
By ensuring that adequate public disposal systems are provided and maintained and that private disposal systems are properly installed, Council provides an essential component of the District's infrastructure.	Pump stations cope with effluent volumes. Systems operate with minimal disruption due to blockages.	No sewage overflows from pump stations. Annual blockages are less than six per 10km of sewer.	Achieved There were no electronic alarms raised relating to overflows. (2008/2009 Achieved) Achieved 2.3 blockages per 10kms of sewer (2008/2009 Achieved).
Every household requires a good wastewater disposal system to avoid exposure to water-borne health risks.	Effluent is treated to required standards of resource consents.	All resource consent conditions are met.	Not Achieved On occasions measurements of some criteria were outside those defined in the consent conditions. At Tekapo, Council has extended the irrigation disposal area and at Twizel, Council has planned upgrade works to the treatment plant. The sewage was treated to a good standard. (2008/2009 Not achieved).
By ensuring that adequate public disposal systems are provided and maintained.	Properties can connect to sewerage schemes without delay. Sewage is able to be disposed of without significant disruption.	Meet service connection request target times 98% of the time – reducing trend. Temporary or permanent repairs within 6 hours (during working hours) or 9 hours (outside working hours).	Not Measured Council was not required to install any sewer service connections. Property occupiers usually employ private registered drainlayers to make new connections to the sewer reticulation. These private arrangements are not recorded. (2008/2009 Not Measured) Achieved This is a service standard specified in the Utilities Services Contract. The standard was met. (2008/2009 Achieved)
Response Times	Provide a 24 hour, 365 day per year call out service. Meet service connection request target times 98% of the time.		Achieved Call-out service is provided by Utilities Services Contract. (2008/2009 Achieved) Not Measured Property owners employ registered drainlayers to make new connections to the



Levels of Service	Measure of Service	Target	Results for 2009/10 year
	Complete administration functions in a timely manner.		sewer reticulation. (2008/2009 Not Measured) Achieved Meet with Contractors monthly. Contract payments authorised before 14 th of each month. (2008/2009 Achieved)
	New Connection: 100mm diameter normal connection – 10 working days Above 100mm diameter – 20 working days Faults with potential to cause disruption of service – two working days		Not Measured This is a service standard specified in the Utilities Services Contract. The contractor was not required to install any sewer connections. Property occupiers usually employ private registered drainlayers to make new connections to the sewer reticulation. (2008/2009 Not Measured) Not Measured This is a service standard specified in the Utilities Services Contract. The contractor was not required to install any sewer connections. Property occupiers usually employ private registered drainlayers to make new connections to the sewer reticulation. (Not Measured 2008/2009) Achieved This is a service standard specified in the Utilities Services Contract. All serious faults were repaired when they were identified. (2008/2009 Achieved)
	Blockage in Public Sewer and Other Emergency Repairs: During working hours – The service to be reinstated by temporary or permanent repairs within six hours of call out. Outside working hours – The service to be reinstated by temporary or permanent repairs within nine hours of call out.		Achieved This is a service standard specified in the Utilities Services Contract. There were no instances where service was interrupted to more than an individual property. The standard was met. (2008/2009 Achieved) Achieved This is a service standard specified in the Utilities Services Contract. There were no



Levels of Service	Measure of Service	Target	Results for 2009/10 year
			instances where service was interrupted to more than an individual property. The standard was met. (2008/2009 Achieved)
Availability/Disruption to Service	<p>Maximum duration of one disruption – 24 hours.</p> <p>Normal duration of one disruption – eight hours (It should be noted the above duration would not apply for an extraordinary event such as a major earthquake or flood).</p>		<p>Not Measured The duration of disruption to an individual property was not measured but was unlikely to have exceeded 8 hours. (2008/2009 Not Measured)</p> <p>Not Measured The duration of disruption to an individual property was not measured but was unlikely to have exceeded 8 hours. (2008/2009 Not Measured)</p>

As the above are considered as secondary levels of service, the performance of them is measured internally. The most cost effective method of monitoring has proven to be by reviewing all customer service requests provided to the contractor on a monthly basis, allied with regular field inspections.

Identified Effects on Community Wellbeing

The construction of the step-system in Eversley Reserve will have beneficial effects on the social and environmental risk from poorly performing septic tanks.



Capital Expenditure

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
L		Eversley Reserve STEP System	350	-
			350	-
		Fairlie		
G	-	Vested Assets	5	-
R	12	Resource Consent		
G	-	New Reticulation Eversley	-	14
	12		5	14
		Tekapo		
R	1	Sewer Treatment - Renewal	22	17
G	49	Vested Assets	24	-
	50		46	17
		Twizel		
R	10	Resource Consent	20	95
G	-	Vested Assets	501	982
R & L	99	Treatment	700	78
	109		1,221	1,155
	171	TOTAL	1,622	1,186
		Funded by:		
	-	Eversley Sewer Capital Reserve	350	-
	-	Burkes Pass Sewer Capital Reserve	-	-
	12	Fairlie Sewer Capital Reserve	5	14
	50	Tekapo Sewer Capital Reserve	46	17
R & L	109	Twizel Sewer Capital Reserve	1,221	1,155
	171		1,622	1,186

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

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2009/2010 year

Total capital expenditure for the year was \$1,186,000; \$436,000 less than the budget of \$1,622,000. The key variances from budget were:

- Sewer assets vested in Council from Twizel amounted to \$982,000 which is \$481,000 higher than the budget of \$501,000. Assets vested in Council depend on levels of developer activity and are difficult to budget. There were no other assets vested from other townships.
- The work on the Eversley Step System has been amended to provide a fully reticulated system and is being carried forward into 2010/2011.
- Twizel treatment is less than budget by \$622,000 due to work being delayed in this year. The project will be undertaken over 2011-12 period. Costs to date represent the preliminary investigation expense.
- Costs associated with obtaining Resource Consent for Twizel scheme were higher than anticipated due to the nature of the schemes discharge requirements.

Sewerage Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
REVENUE			
476	Targeted Rates	453	453
635	Financial Contributions	56	24
-	Upgrade Contributions	-	23
-	Other Income	1	4
21	Interest on Capital Reserves	16	22
1,132		526	526
DIRECT EXPENDITURE			
-	Consultancy Expenses	-	1
8	Administration	9	4
118	Operational & Maintenance Expenses	97	108
46	Interest on Capital Reserves	38	41
92	Internal Expenses	90	90
201	Funded Depreciation*	211	201
4	Non-Funded Depreciation**	4	4
469		449	449
663	Operating Surplus/(Deficit)	77	77
49	Vested Assets	530	982
712	Net Surplus	607	1,059
Operating Surplus transferred to/(Operating Deficit funded by):			
(4)	Ratepayer's Equity	(4)	(4)
-	Fairlie Sewer Operating Reserve	8	-
2	Burkes Pass Sewer Capital Reserve	-	(5)
(7)	Fairlie Sewer Capital Reserve	6	10
614	Tekapo Sewer Capital Reserve	61	20
107	Twizel Sewer Capital Reserve	536	1,038
712		607	1,059

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

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

Commentary on Sewerage Financial Summary

Surplus/(Deficit)

The surplus for the year was \$1,059,000; \$452,000 more than the budgeted surplus of \$607,000.

- The value of sewer assets vested in Council for the year was \$452,000 more than budget. The level of vested assets is dependent on developer activity during the year.

Revenue

Total revenue for the year was \$526,000; which equalled the budgeted revenue of \$526,000. The key variances from budget were:

- Financial and upgrade contributions for the year were \$9,000 lower than allowed for in the budget. This is driven by developer work in the area and is difficult to accurately determine.

The total direct expenditure for the year was \$449,000 which equalled the budgeted figure. The key variances from budget were:

- Operational and maintenance expenses were \$11,000 more than budgeted due to pipe inspection work from the 2008/2009 year being undertaken in the 2009/2010 year.
- Also contributing was the unbudgeted cost of repairing a slump that occurred under SH8 at Tekapo totalling \$4,000.
- Funded depreciation cost is down by \$10,000 due to capital work budgeted to be completed in the 2009-10 year being deferred (Twizel).



Stormwater

Background

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

Rationale for the Council's Involvement

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

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

- To provide satisfactory stormwater services for the urban areas of the District. Council has a policy to reduce the volume and intensity of stormwater flowing from individual properties into the Council's system. As such, all new buildings on suitable free draining land are required to dispose of their own stormwater to land on that site.
- To ensure the maintenance of the public infrastructure assets so that there is no reduction in value or service.



Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result
By controlling and disposing of stormwater runoff. Ensuring pipework and open channels are maintained to effectively remove stormwater from the residential areas of the District.	Specified flood event protection is maintained.	No complaints about damage caused by flooding.	Achieved No complaints were received. (2008/2009 Achieved)
By controlling and disposing of stormwater. Runoff is channelled through land drainage systems and stormwater pipes.	All resource consent conditions are met.	100% Compliance.	Not Achieved Some sampling and reporting did not meet the required time frames. There were no environmental effects. (2008/2009 Not Achieved)
Flood Event Protection – 1 in 2 year event	Protection to be provided – minimal ponding.		Achieved In the areas serviced by Councils stormwater systems, there was no ponding. (2008/2009 Not Achieved)
Flood Event Protection – 1 in 5 year event	Protection to be provided – no flooding of above ground level floors of non-inhabited parts of buildings..		Not Applicable A 1 in 5 year flood event did not occur. (2008/2009 Not Applicable)
Flood Event Protection – 1 in 10 year event	Protection to be provided – No flooding of above ground level floors of dwellings or business premises.		Not Applicable A 1 in 10 year flood event did not occur. (2008/2009 Not Applicable)
Response	Provide a 24hr hour, 365 day per year call out service.		Achieved Callout service is provided by the Utilities Services Contract. (2008/2009 Achieved)
	Complete administration functions in a timely manner.		Achieved Meet with Contractors monthly. Contract payments authorised before 14 th of each month. (2008/2009 Achieved)
Response Times	Minor faults likely to cause problems in event of flooding and repair within 2 working days.		Not Applicable There were no instructions required to be given to the contractor to fix minor faults within 2 working days. (2008/2009 Not Applicable)
Safety Requirements	OSH requirements are met for all aspects of maintenance and construction.		Achieved OSH requirements are covered in the Utilities Contract 1163. (2008/2009 Achieved)



Identified Effects on Community Wellbeing

No specific effects identified.

Capital Expenditure

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

Reasons for Undertaking Capital Expenditure Projects

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

- Assets vested in Council are the result of development.

Results for the 2009/2010 year

Total capital expenditure for the year was nil; \$318,000 less than the budget of \$318,000.

- Development in Fairlie, Twizel and Tekapo for stormwater assets did not take place. Therefore, \$318,000 of vested assets did not eventuate.

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
		Fairlie		
G	-	Vested Assets	3	-
L	-	Resource Consent	-	-
G	40	Western Catchment Flood Protection Works	-	-
	40		3	-
		Tekapo		
L	-	Treatment Domain Area	-	-
G	98	Vested Assets	14	-
	98		14	-
		Twizel		
G	-	Vested Assets	301	-
	-		301	-
	138	TOTAL	318	-
		Funded by:		
	40	Fairlie Stormwater Capital Reserve	3	-
	98	Tekapo Stormwater Capital Reserve	14	-
	-	Twizel Stormwater Capital Reserve	301	-
	138		318	-



Stormwater Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
	REVENUE		
57	Targeted Rates	85	85
-	Financial Contributions	-	3
13	Interest on Capital Reserves	11	11
70	Total Revenue	96	99
	DIRECT EXPENDITURE		
2	Administration	2	1
18	Operational & Maintenance Expenses	14	14
-	Interest on Capital Reserves	-	-
24	Internal Expenses	23	24
54	Funded Depreciation*	57	54
98		96	93
(28)	Operating Surplus/(Deficit)	-	6
98	Vested Assets	318	-
70	Net Surplus	318	6
	Operating Surplus/(Deficit) transferred to/funded from:		
(12)	Fairlie Township Operating Reserve	-	-
98	Tekapo Stormwater Capital Reserve	3	1
(6)	Tekapo Township Operating Reserve	-	-
	Tekapo Stormwater Capital Reserve	14	-
(10)	Twizel Township Operating Reserve	-	5
	Twizel Stormwater Capital Reserve	301	-
70		318	6

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

Commentary on Stormwater Financial Summary

Surplus/(Deficit)

The surplus for the year was \$6,000; \$312,000 less than the budgeted surplus of \$318,000.

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

Revenue

Total revenue for the year was \$99,000; \$3,000 more than the budgeted revenue of \$96,000.

Direct Expenditure

The total direct expenditure for the year was \$93,000; \$3,000 less than the budgeted direct expenditure of \$96,000.

Roading (including land transport programme)

Background

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

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

State Highway 79 Fairlie - Geraldine

State Highway 80 Pukaki Corner - Mt Cook Village

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

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

Rationale for Council's Involvement:

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

Community Outcomes to Which the Activity Contributes:

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

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

Principal Objectives:

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

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result
Smooth roads support the local economy by reducing travel times and vehicle wear	<p>The average roughness of urban roads as measured by NAASRA counts</p> <p>The % of measures exceeding 150 NAASRA counts.</p> <p>The average roughness of rural roads as measured by NAASRA counts.</p> <p>The % of measures exceeding 110 NAASRA counts.</p>	<p>Average < 100 counts</p> <p><10%.</p> <p>Average < 80 counts</p> <p><10%</p>	<p>Achieved The average count for urban roads was 75 with 3.0% of travel being on roads above 150 counts. (2008/2009 Achieved)</p> <p>Achieved The average count for rural roads was 92 with the top 1.0% of travel being on roads above 110 counts. (2008/2009 Achieved)</p>
Mackenzie has good quality roads, safe roads, appropriate for all the road users including tourists, farmers and this supports the economic development in the district.	Mackenzie's urban and rural sealed roads are smoother than the national average	New Measure	<p>Achieved The link below is to a report from the New Zealand Transport Agency that details Mackenzie's position in relation to the national average http://www.nzta.govt.nz/resources/road-assets/mackenzie/2007-assets-mackenzie-district.pdf Significant work was done nationally in 2007 and our road rating scored very highly. Due to the nature of our roads, these measures are not done annually. The next review is scheduled for 2011. (2008/2009 New Measure)</p>
All contract specifications are met.	For audited sections of the roading network, contract specifications are fully met or identified defects are remedied within agreed time frames.	98%	<p>Achieved On going audit inspection of all roads revealed a low level of defects, and no large backlog of work required to ensure specifications are met. Some faults present were attributable to prevailing weather conditions, and financial constraints, and were not able to be remedied immediately. In all other situations, all identifiable defects were remedied within the agreed timeframes. The condition of the network is audited by MDC staff and the Contractor and discussed at monthly contract meetings. (2008/2009 Achieved)</p>
Council continues to identify and prioritise key areas for minor improvements (safety) and progressively correct these.	Number of projects completed each year.	2	<p>Achieved Six projects were completed being- Three Springs Rd Stanton Rd Braemar Rd Plantation Rd Cricklewood Rd Coal Pit Rd</p>



Levels of Service	Measure of Service	Target	Result
			(2008/2009 Achieved)
Number of fatal accidents due to road factors		Nil	Achieved There were no fatal accidents on local roads in the district. (2008/2009 Achieved)
Set achievable budgets for the available resources and complete what we plan each year.	Percentage of requested budget carried forward compared with total operating costs.	<5%	Achieved There were no budget carried forward requests for the year. (2008/2009 Achieved)
That the roading network is trafficable	Emergency work response times. On-site within 1 ½ hours to begin reinstatement	100 %	Not Measured The 1 ½ hour response time is a requirement of the road maintenance contract and as such is discussed at regular contract meetings. A review of some significant events showed full compliance with the measure. (2008/2009 Not Measured)

Identified Effects on Community Wellbeing

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

Capital Expenditure

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

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
		Fairlie - Subsidised		
R	-	Street Lighting	9	-
R	-	Drainage Renewals	-	-
R	-	Signs	1	-
R	-	Reseals	26	32
	-		36	32
		Fairlie - Unsubsidised		
R	8	Footpaths - Surfacing	15	-
G	-	Vested Assets	-	-
	8		15	-
		Tekapo - Subsidised		
R	-	Street Lighting	2	-
R	-	Signs	1	-
R	11	Reseals	29	54
	11		32	54
		Tekapo - Unsubsidised		
R	-	Footpaths - Surfacing	-	-
R&L	85	Pioneer Drive Upgrade	-	-
G	109	Vested Assets	60	-
	194		60	-
		Twizel - Subsidised		
R	-	Signs	3	-
R	47	Reseals	69	127
	47		72	127
		Twizel - Unsubsidised		
R	40	Footpaths - Surfacing	38	41
		Verges – North West Arc	5	-
G	-	Vested Assets	1,263	538
	40		1,306	579

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
		Rural - Subsidised		
		<u>Projects</u>		
R	-	Running Course		
R	346	Basecourse - Unsealed	384	337
R	7	Cattle Stops	-	-
R	47	Signs	80	67
R	24	Drainage – Culverts	40	29
R	-	Bridges	193	20
R	169	Bridges – Camp Valley Road Bridge	-	-
R&L	124	Minor Safety Works	160	170
R	201	Reseals	257	339
	918		1,114	962
		Rural – Unsubsidised		
L	10	Sealing Past Houses	10	-
	10		10	-
		Roading Professional Services		
		Traffic Counter	4	4
			4	4
	1,228	TOTAL	2,649	1,758
		Funded by:		
	8	Fairlie Roding Capital Reserve	51	32
	205	Tekapo Roding Capital Reserve	91	54
	87	Twizel Roding Capital Reserve	1,378	706
	928	Rural Roding Capital Reserve	1,125	962
	-	Roding Prof Services Capital Reserve	4	4
	1,228		2,649	1,758



Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2009/2010 year

Total capital expenditure for the year was \$1,758,000; \$891,000 less than the budget of \$2,649,000. The key variances from budget were:

- No roading assets vested in Council from Tekapo and \$725,000 less vested assets than budgeted from Twizel due to reduced developer activity.
- Subsidised capital expenditure in the rural area was \$152,000 lower than budgeted; this was due to budgeted bridge works not being undertaken during the year. Council are undertaking bridge replacement work in the 2010/2011 year and are currently developing a 10 year bridge replacement programme that will be in place by the end of the 2010/2011 financial year.
- Reseal costs were \$82,000 higher than budget due to higher than anticipated Contractor's tender prices.
- Rural base course unsealed is lower than budget spend due to reprioritisation of maintenance costs during the year.



Roading Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
REVENUE			
1,326	Targeted Rates	1,146	1,146
1,364	Subsidies & Grants	1,307	1,376
57	Financial Upgrade Contributions	-	28
7	Other Income	62	47
16	Interest on Capital Reserves	28	33
128	Internal Income	110	110
2,898		2,653	2,740
DIRECT EXPENDITURE			
95	Employment Expenses	108	103
99	Consultancy Expenses	33	29
5	Administration	4	3
21	Operational & Maintenance Expenses	13	-
1,199	Roading Expenses	1,011	1,084
6	Interest on Capital Reserves	1	1
300	Internal Expenses	278	291
1	Funded Depreciation*	1	1
1,575	Non-Funded Depreciation**	1,619	1,675
3,301		3,070	3,187
(403)	Operating Surplus/(Deficit)	(417)	(447)
109	Vested Assets	1,323	538
(294)	Net Surplus	906	91
Operating Surplus transferred to/ (Operating Deficit funded by):			
(1,575)	Ratepayers' Equity	(1,619)	(1,675)
-	Fairlie Roding Operating Reserve	(14)	-
44	Fairlie Roding Capital Reserve	51	45
178	Tekapo Roding Capital Reserve	91	45
96	Twizel Roding Capital Reserve	1,333	646
949	Rural Roding Capital Reserve	1,064	959
14	Manuka Terrace Roding Capital Reserve	-	12
-	Roding Prof Services Operating Reserve	-	59
(294)		906	91

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

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

Commentary on Roding Financial Summary

Surplus/(Deficit)

The surplus for the year was \$91,000; \$815,000 less than the budgeted surplus of \$906,000.

- The value of roading assets vested in Council for the year was \$785,000 less than budgeted. The level of vested assets is dependent on developer activity during the year.

Revenue

Total revenue for the year was \$2,740,000; \$87,000 more than the budgeted revenue of \$2,653,000.

The key variances from budget were:

- Upgrade contributions of \$28,000 were received during the year, which were not budgeted for. These related to the development of Manuka Terrace and Fox Peak Ski Road.
- Subsidies and grants were more than budgeted by \$69,000 mainly due to an increase in NZTA income due to allocation of Professional Roding Business Unit cost to capital attracting more subsidies.

Direct Expenditure

The total direct expenditure for the year was \$3,187,000; \$117,000 greater than the budgeted direct expenditure of \$3,070,000.

The key variances from budget were:

- Additional rural roading costs took the operational roading expenses over budget by \$73,000 this was due to environmental maintenance and emergency reinstatement from the flooding in May 2009.
- Depreciation is higher than budget by \$55,000 due to higher than anticipated depreciation on rural roading assets brought to account in the 2008/09 year.



Solid Waste

Background

Refuse and recycling collections are available at Fairlie, Lake Tekapo and Twizel. Resource Recovery Parks are available at Fairlie, Lake Tekapo and Twizel. A Vertical Composting Unit (VCU) is installed at the Twizel site, to compost the District's organic material.

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

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

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

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result
To pick up all compliant bags of waste put out for collection at the kerbside.	The number of compliant bags of waste put out for collection at the kerbside.	100% of bags put out for collection will be collected.	Achieved This was achieved as there were no reports of uncollected compliant bags. (Achieved in 2008/2009)
The majority of Mackenzie waste is recycled rather than land filled	The percentage of solid waste from the District Resource Recovery Parks diverted from landfill.	70% diverted with an expectation of 80% by 2019.	Not Achieved In previous years we have compared the waste diverted to quantities prior to 2001 when all landfills were closed in the district. This comparison was with all waste that was received at the RRP's. The actual figure diverted was 64%. Council is undertaking a complete review of its solid waste activities in the 2010/11 year with a view to delivering the service more efficiently. (2008/2009 Achieved)
	The sales of quality compost produced through the VCU using green waste and putrescible waste.	1000m ³ per annum.	Not Achieved There was an error in the LTCCP 2009/19 document which the target should read 100m ³ not 1000m ³ . Council only sold 73.44m ³ during the year. (2008/2009 New Measure)
Waste is handled hygienically	Compliance with resource consent conditions.	100% compliance	Not Achieved Ecan investigated a further complaint of odour at the Twizel Resource Recovery Park beyond the boundary. This odour was caused by the production of compost and now that we have stopped producing compost at the Twizel RRP, there should no more odour issues. (2008/2009 Not Achieved)

Identified Effects on Community Wellbeing

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

Capital Expenditure

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
		Fairlie Resource Recovery Park		
R	-	Baler	6	-
	-		6	-
		Twizel Resource Recovery Park		
R	5	Storage Facility	-	-
	5		-	-
	5	TOTAL	6	-
		Funded by:		
	-	Fairlie RRP Capital Reserve	6	-
	5	Twizel RRP Capital Reserve	-	-
R	-	Organic Waste Capital Reserve	-	-
	5		6	-
	5	TOTAL	6	-

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

Reasons for Undertaking Capital Expenditure Projects

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

- Council did not undertake any capital expenditure for the year 2009-10.

Solid Waste Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
REVENUE			
449	General Rates	468	468
90	Targeted Rates	100	100
276	Other Income	250	281
280	Internal Income	339	320
1,095		1,157	1,169
DIRECT EXPENDITURE			
247	Employment Expenses	260	252
3	Consultancy Expenses	4	6
10	Administration	14	9
358	Operational & Maintenance Expenses	401	473
42	Interest on Capital Reserves	29	32
321	Internal Expenses	381	387
61	Funded Depreciation*	63	61
4	Non-Funded Depreciation**	4	4
1,046		1,158	1,224
49	Operating Surplus/(Deficit)	(1)	(55)
Operating Surplus transferred to/ (Operating Deficit funded by):			
(4)	Ratepayer's Equity	(4)	(4)
6	Fairlie Refuse Operating Reserve	1	7
8	Tekapo Refuse Operating Reserve	1	4
7	Twizel Refuse Operating Reserve	2	2
-	Twizel RRP Operating Reserve	(1)	(30)
-	Fairlie RRP Operating Reserve	-	(30)
-	Tekapo RRP Operating Reserve	-	18
-	Albury RRP Operating Reserve	-	1
-	Recycling Facilities Operating Reserve	-	(14)
-	Disposal Residual Operating Reserve	-	(39)
-	Treatment Organics Operating Reserve	-	12
32	General Reserve		18
49		(1)	(55)

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

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

Commentary on Solid Waste Financial Summary

Surplus/(Deficit)

The deficit for the year was \$55,000; \$54,000 greater than the budgeted deficit of \$1,000.

Revenue

Total revenue for the year was \$1,169,000; \$12,000 greater than the budgeted revenue of \$1,157,000.

The key variances from budget were:

- Tekapo Gate fees were up on budget by \$9,000.

Direct Expenditure

The total direct expenditure for the year was \$1,224,000; \$66,000 more than the budgeted direct expenditure of \$1,158,000.

The key variances from budget were:

- Operational and maintenance expenses were above budget by \$72,000 due to a combination of significantly higher transport and disposal costs at the Redruth landfill.

Building Control

Background:

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

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

Under the Building Act 2004, Council became an accredited building consent authority in July 2008 in order to continue to carry out its building control functions. It was audited in November 2009 and has maintained its accreditation.

Rationale for Council's Involvement:

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

Community Outcomes to which the Activity contributes:

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

Principal Objectives:

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

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result
Building consents are processed in accordance with the prescribed legislation.	<ul style="list-style-type: none"> To process 95% building consents and property information memoranda within the statutory timeframe. 	<ul style="list-style-type: none"> 95% compliance. 	Not Measured The Council may not have met its targets as this cannot be accurately measured at this time. Council is undertaking a review of its process to ensure more accurate date is collected. (2008/2009 Not Measured)
Council is to maintain building consent authority accreditation.	<ul style="list-style-type: none"> Council maintained the audit to occur in November 2009. 	<ul style="list-style-type: none"> Accreditation maintained. 	Achieved The Council maintained accreditation during November 2009. (2008/2009 Not Applicable)

Identified Effects on Community Wellbeing

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



Capital Expenditure:

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
R	3	Building Control		
	3	Computers	-	-
		TOTAL	-	-
		Funded by:		
R	3	Building Control Capital Reserve	-	-
	3	TOTAL	-	-

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

Reasons for Undertaking Capital Expenditure Projects

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



Building Control Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
REVENUE			
66	General Rates	45	45
221	Other Income	223	281
-	Interest on Capital Reserves	-	-
3	Internal Income	3	3
290		271	329
DIRECT EXPENDITURE			
110	Employment Expenses	139	141
11	Consultancy Expenses	9	9
18	Administration	22	28
20	Operational & Maintenance Expenses	18	-
-	Interest on Capital Reserves	-	-
84	Internal Expenses	82	95
1	Funded Depreciation*	1	1
244		271	274
46	Operating Surplus/(Deficit)	-	55
Operating Surplus transferred to/ (Operating Deficit funded by):			
-	Leaky Building Reserve	-	55
(10)	Building Consent Reserve	-	-
56	General Reserve	-	-
46		-	55

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

Commentary on Building Control Financial Summary

Surplus/(Deficit)

The surplus for the year was \$55,000; \$55,000 more than the budgeted breakeven position.

Revenue

Total revenue for the year was \$329,000; \$58,000 greater than the budgeted revenue of \$271,000.

The key variance from budget was:

- Building Consent fees totalling \$263,000 were higher by \$71,000 than the budgeted figure of \$192,000 due to a change in the level of fees and a reduced slowdown in building activity.

Direct Expenditure

The total direct expenditure for the year was \$274,000; \$3,000 more than the budgeted direct expenditure of \$271,000.

- Operational and maintenance budget included internal motor vehicle charges. The current year charge has been treated as an internal charge, and is included in internal expenses.

Resource Management

Background:

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

Rationale for Council's Involvement:

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

Community Outcome to which the Activity contributes:

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



Principal Objectives:

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

Key Levels of Service and Performance Measures

Levels of Service	Performance Measures (2009-2019)	Target	Result
<p>To maintain an up to date District Plan, providing sustainable management of the resources of the District in the face of changing development pressures.</p> <p>Resource consents and land information memoranda processed in accordance with legislation.</p>	<ul style="list-style-type: none"> • Complete the Twizel township plan change during the 2009/10 year. • To prioritise and complete plan changes identified as necessary by Council. • To process non-notified resource consents within the statutory timeframe of 20 working days. • To process land information memoranda within statutory timeframe of 10 working days. 	<ul style="list-style-type: none"> • Twizel township plan changes completed by 30 June 2010. • Other agreed changes processed within agreed timeframes. • 95% compliance. • 100% compliance. 	<p>Not Achieved The level of work required was higher than anticipated which led to a delay in completing public notification of the Plan Change. (2008/2009 Not Applicable)</p> <p>Not Applicable No other plan changes were initiated during the year. Plan Change 13 is an ongoing process and has been appealed and heard by the Environment Court and Council awaits the Court's decision. (2008/2009 Not Achieved)</p> <p>Not Measured The Council may not have met its targets as this cannot be accurately measured at this time. Council is undertaking a process of review to ensure more accurate data is collected. (2008/2009 Not Measured)</p> <p>Not Measured The Council may not have met its targets as this cannot be accurately measured at this time. Council is undertaking a process of review to ensure more accurate data is collected. (2008/2009 Not Measured)</p>



Identified Effects on Community Wellbeing

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

Capital Expenditure:

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
		Resource Management		
R	1	Computers	-	-
L	-	Fence	-	1
G	81	Plan Change 13	30	-
	82	TOTAL	30	1
		Funded by:		
	82	Resource Planning Capital Reserve	30	1
	82		30	1

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

Reasons for Undertaking Capital Expenditure Projects

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

- Costs associated with the District Plan change have been incurred over the period.

Results for the 2009/2010 year

Total capital expenditure for the year was \$1,000; \$29,000 greater than the budget of \$30,000.

The key variance from budget was:

- Significant costs incurred related to hearing and consultancy costs associated with Plan Change 13 were transferred and expensed during the year.



Resource Management Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
REVENUE			
245	General Rates	241	241
30	Reserve Contributions	45	85
85	Other Income	81	86
-	Interest on Capital Reserves	-	-
29	Internal Income	29	29
389		396	441
DIRECT EXPENDITURE			
172	Employment Expenses	180	185
24	Consultancy Expenses	26	195
13	Administration	17	21
7	Operational & Maintenance Exp	9	-
6	Interest on Capital Reserves	9	7
116	Internal Expenses	120	130
1	Funded Depreciation*	6	-
-	Non Funded Depreciation	-	-
-	Assets Written Off	-	173
339		367	711
50	Operating Surplus/(Deficit)	29	(270)
Operating Surplus transferred to/ (Operating Deficit funded by):			
-	Rate Payers Equity	(6)	-
-	Resource Management Capital Reserve	-	(7)
-	Resource Management Operating Reserve	-	(348)
65	General Reserve	-	-
(45)	Real Estate Reserve	(10)	-
30	Land Subdivision Reserve	45	85
50		29	(270)

Commentary on Resource Management Financial Summary

Surplus/(Deficit)

The deficit for the year was \$270,000; \$299,000 less than the budgeted surplus of \$29,000.

Revenue

Total revenue for the year was \$441,000; \$45,000 more than the budgeted revenue of \$396,000. The key variances from the budget were:

- Reserve contributions for the year amounted to \$85,000; \$40,000 more than the anticipated budget due to Sec224 Certificates being issued for subdivisions in Twizel.

Direct Expenditure

The total direct expenditure for the year was \$711,000; \$344,000 more than the budgeted direct expenditure of \$367,000.

The key variances from budget were:

- Employment costs were \$5,000 higher than budgeted, due to higher than anticipated leave taken during the year.
- Operational and maintenance costs budget contained vehicle costs which are now being treated as internal expenses.
- Costs associated with Plan Change 13, and the Fairlie Study were expensed in line with current accounting standards. This added \$175,000 to the cost of consultants.
- Costs intended for capitalisation held in work in progress have been written off and expensed \$173,000).

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



Regulatory Services

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

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

Background:

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

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

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

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

Rationale for Council's Involvement:

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

Community Outcomes to which the Activity contributes:

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



Principal Objectives:

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

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result
All known dogs in the District registered with Council and entered into the national dog database on a regular basis.	<ul style="list-style-type: none"> • All dogs are registered and national dog database is continually kept up to date. 	<ul style="list-style-type: none"> • 100% of dogs are registered by year end. • All registered dogs on the national database. 	<p>Achieved All known dogs were registered by 30 June 2010. (2008/2009 Achieved)</p> <p>Achieved All known dogs were entered on the national database. (2008/2009 Achieved)</p>
To control the nuisance caused by dogs and wandering stock.	<ul style="list-style-type: none"> • Respond to all complaints of wandering dogs and stock within 12 hours. 	<ul style="list-style-type: none"> • Target met. 	<p>Achieved Complaints are responded to within 12 hours by either phone or a site visit. (2008/2009 Achieved)</p>
To provide an effective and efficient response to any civil defence emergency in the District.	<ul style="list-style-type: none"> • To carry out two civil defence training sessions per year with staff and volunteers on familiarisation with Council civil defence arrangements. 	<ul style="list-style-type: none"> • Plan requirements complied with. 	<p>Not Achieved No trainings were held during the 2009/2010 year. (2008/2009 Not Achieved)</p>



Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result
To control fire risks in the rural area and to respond to those rural fires that do occur.	<ul style="list-style-type: none"> To promote and carry out fire control measures in the Mackenzie District in accordance with the combined rural fire authority "Rural Fire Plan". 	<ul style="list-style-type: none"> All volunteer rural fire teams are registered with the NRFA and meet the industry standards. 	Achieved The two registered rural fire teams at Albury and Burkes Pass achieved their training goals for the year. (2008/2009 Achieved)
To regularly inspect food premises to ensure the safety of food prepared for sale and consumption and to control the sale and consumption of liquor within the District.	<ul style="list-style-type: none"> To ensure all premises selling liquor are licensed and all registered food premises are licensed. 	<ul style="list-style-type: none"> No premises lack the appropriate licence. 	Achieved Our contractors, Timaru District Council advise that all premises known to be selling liquor were licensed. One to two inspections were made each month. All licensed premises were inspected during the year, often in conjunction with food premises but also for monitoring purposes (2008/2009 Achieved)

Identified Effects on Community Wellbeing

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

Capital Expenditure:

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
		Civil Defence		
R	1	Plant & Equipment	-	-
	1		-	-
		Animal Control		
R	-	Plant & Equipment	6	-
	-		6	-
		Rural Fire Control		
R	58	Vehicle Replacement	-	-
G	-	Burkes Pass Fire Shed	-	-
R	-	Plant & Equipment	8	8
	58		8	8
	59	TOTAL	14	8
		Funded by:		
	1	Civil Defence Capital Reserve	-	-
	-	Animal Control Capital Reserve	6	-
	58	Rural Fire Control Capital Reserve	8	8
	59		14	8

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2009/2010 year

Total capital expenditure for the year was \$8,000; \$6,000 less than the budget of \$14,000.

The key variance from budget was:

- The new dog pound budgeted for the year has been deferred until 2010/2011.



Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
REVENUE			
61	General Rates	51	51
126	Targeted Rates	122	122
-	Subsidies & Grants	-	2
42	Other Income	72	37
1	Interest on Capital Reserves	1	1
230		246	213
DIRECT EXPENDITURE			
19	Employment Expenses	20	19
1	Consultancy Expenses	-	-
11	Administration	17	22
115	Operational & Maintenance Expenses	145	97
5	Interest on Capital Reserves	4	4
21	Internal Expenses	19	21
32	Funded Depreciation*	37	36
204		242	199
26	Operating Surplus/(Deficit)	4	14
Operating Surplus/(Deficit) transferred to/funded by:			
-	Animal Control Operating Reserve	4	-
26	General Reserve	-	14
-	Rural Works & Services Reserve	-	-
26		4	14

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

Commentary on Regulatory Services Financial Summary

Surplus/(Deficit)

The surplus for the year was \$14,000; \$10,000 greater than the budgeted of \$4,000.

Revenue

Total revenue for the year was \$213,000; \$33,000 less than the budgeted revenue of \$246,000.

The key variance from budget was:

- Income from food premises and publicans was down \$31,000 on budget as the budget was set on the basis that gross revenue generated would be remitted to Council. However Council's contractors, for practical reasons, offset the expenditure incurred in undertaking the activity and remit Council the balance.

Direct Expenditure

The total direct expenditure for the year was \$199,000; \$43,000 less than the budgeted direct expenditure of \$242,000.

The key variances from budget were:

- Health and Liquor Licensing Costs have been offset by the income generated by this activity, whereas the budget was prepared on a grossed-up basis.
- Contributions to the South Canterbury Rural Fire District were lower than budgeted by \$9,000.

Community Services

Background

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

Rationale for Council's Involvement

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

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

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

Community Outcomes to which the Activities Contribute

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

Principal Objectives

- To maintain existing community service buildings and facilities to a standard that ensures they are safe and clean and sustainable for the purposes they are designed.
- To provide clean public toilet facilities in townships and other specified areas.
- To provide well maintained cemeteries in Albury, Fairlie, Burkes Pass and Twizel and to support development proposals for the Tekapo Cemetery.
- To maintain an up to date accurate cemetery records system.



Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Results
Pensioner Housing <ul style="list-style-type: none"> Provision of seven pensioner units in Fairlie and three pensioner units in Twizel Units are well maintained. 	<ul style="list-style-type: none"> Pensioner housing occupancy is maintained greater than 95% No rentals exceed 80% of market value. No annual increases exceed \$5/week. Programmed work is completed. 	<ul style="list-style-type: none"> Housing occupancy rate. Rentals and annual increases do not exceed targets. Compliance with planned maintenance programme. 	<p>Achieved Occupancy for the year has achieved 99%. Similar result to previous year as a result of good units being available. (2008/2009 Achieved)</p> <p>Achieved Rentals were charged in accordance with the policy. Rentals for existing tenants were charged in accordance with the policy and did not exceed \$5 per week. \$5 increase limitation does not apply to new tenants who are charged 80% of Market Value. (2008/2009 Achieved)</p> <p>Achieved No work programmed this year, maintenance inspections were completed. New paint and carpet in one Twizel unit following change of tenants. (2008/2009 Achieved)</p>
Medical Centres <ul style="list-style-type: none"> Provision of Doctor's residences and medical centres in Fairlie and Twizel. 	<ul style="list-style-type: none"> Programmed work is completed. 	<ul style="list-style-type: none"> Buildings provided and maintained in compliance with building maintenance plan. 	<p>Achieved Six monthly inspections were undertaken as per contract and minor repairs undertaken. (2008/2009 Achieved)</p>

Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Results
Public Toilets <ul style="list-style-type: none"> Public toilets are provided in the three main townships and at the Pukaki / Mt Cook lookout. These toilets are open 24 hours per day seven days per week. Main public toilets are generally cleaned daily. If demand requires this is increased to twice per day during periods of high use. Summer toilets are provided and cleaned weekly during the summer months and twice weekly during peak periods at Pines Beach Lake Tekapo, Lake Opuha and Lake Wardell. 	<ul style="list-style-type: none"> Toilets maintained in line with contract specifications as revealed by audit and complaints. 	<ul style="list-style-type: none"> Four clear quarterly audits and less than 12 complaints per annum. 	Achieved There were 4 complaints during the year. These complaints coincided with times of high use. The four quarterly audits were undertaken by the Community Facilities Manager and the observation was the toilets were maintained in line with Contract specifications. (2008/2009 Achieved)
Cemeteries <ul style="list-style-type: none"> Provision of cemetery services and maintenance of cemeteries at Albury, Fairlie, Burkes Pass and Twizel. Provision of RSA sections within Fairlie and Twizel cemeteries. 	<ul style="list-style-type: none"> User charges cover the majority of costs associated with cemeteries. Cemeteries maintained in line with contract specification as revealed by staff audits. 	<ul style="list-style-type: none"> User charges recover 75% of operational cost. As determined by quarterly audits performed by staff. 	Not Achieved User charges recovered 47% of the operational costs. (2008/2009 Achieved) Achieved Periodic inspections undertaken of all cemeteries with no areas of concern emerging. (2008/2009 Achieved)
Grants <ul style="list-style-type: none"> Council makes grants to assist the running of the resource centres in Fairlie and Twizel. Council administers the allocation of grants from the SPARC Rural Travel Fund and the Creative Communities scheme. 	<ul style="list-style-type: none"> All contractual requirements are met That all funds are allocated in line with rules from the granting organisations (Sport & Recreation New Zealand and Creative New Zealand). 	<ul style="list-style-type: none"> No contractual breach. Full compliance. 	Achieved Reports received and reviewed by Fairlie and Twizel Community Boards. All contractual requirements were met. (2008/2009 Achieved) Achieved Grant allocations were completed and distributed during the year and reported to the funding providers. No complaints or issues raised by them.



<ul style="list-style-type: none"> Council makes an annual grant to Sport South Canterbury to support recreation planning and co-ordinators in the District. 	<ul style="list-style-type: none"> Sport South Canterbury fulfils the agreed work programme. 	<ul style="list-style-type: none"> Satisfactory Report. 	(2008/2009 Achieved) Achieved Council has received the report from Sports South Canterbury and consider the results satisfactory. (2008/2009 Achieved)
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Identified Effects on Community Wellbeing

Council believes that its support for the upgrading of the Fairlie Medical Centre enhanced the social wellbeing of the community.

Capital Expenditure

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

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

Results for the 2009/2010 year

Total capital expenditure for the year was \$0; \$60,000 less than the budget of \$60,000.

The key variances from budget were:

- Contribution to the new Tekapo Regional Park toilets have been treated as a grant rather than capital expenditure as ownership rests with Ecan.

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
		Public Toilets		
	-	Tekapo Building Upgrade	60	-
	-		60	-
		Twizel Pensioner Housing		
R	5	Furniture and Fittings	-	-
	5		-	-
		Fairlie Pensioner Housing		
R&L	41	New Buildings	-	-
	46	TOTAL	-	-
		Funded by:		
		Surplus from Operating	-	-
	-	Land Subdivision Reserve	-	-
	-		-	-
		Twizel Pensioner Housing Capital Reserve	-	-
	5		-	-
		Fairlie Pensioner Housing Capital Reserve	-	-
	41		-	-
	46		60	-



Community Services Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
REVENUE			
191	General Rates	205	178
64	Targeted Rates	48	76
18	Subsidies & Grants	19	18
99	Other Income	101	102
-	Interest on Capital Reserves	2	5
372		375	379
DIRECT EXPENDITURE			
-	Employment Expenses	-	-
118	Administration	119	133
189	Operational & Maintenance Expenses	210	248
10	Interest on Capital Reserves	-	2
52	Internal Expenses	51	51
16	Funded Depreciation*	12	12
49	Non-Funded Depreciation**	32	14
434		424	460
(62)	Operating Surplus/(Deficit)	(48)	(81)
Operating Surplus transferred to/ (Operating Deficit funded by):			
-	Land Subdivision Reserve	(5)	(59)
5	General Reserve	-	16
(49)	Ratepayer's Equity	(32)	(14)
(12)	Pensioner Housing Capital Reserve	15	-
(6)	Building Maintenance Reserve	(26)	(24)
(62)		(48)	(81)

Commentary on Community Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$81,000; \$33,000 greater than the budgeted deficit of \$48,000.

Revenue

Total revenue for the year was \$379,000; \$4,000 more than the budgeted revenue of \$375,000.

Direct Expenditure

The total direct expenditure for the year was \$460,000; \$36,000 greater than the budgeted direct expenditure of \$424,000.

The key variances from budget were:

- Administration costs were \$14,000 greater than budgeted due to additional unbudgeted funds being granted for the Twizel Information Centre and Tekapo i-site.
- Operational and maintenance expenses were \$38,000 greater than budgeted due to costs (\$59,000) associated with the Lake Tekapo Regional Park donation towards the new toilet facilities which was budgeted as capital but should be treated as a grant. This was partly offset by a lower than anticipated electricity costs of \$4,000 and contractor costs \$6,000.

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

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



Recreational Facilities

Background

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

Rationale for Council's Involvement

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

Community outcomes to which the Activity Contributes

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

Principal Objectives

- To maintain existing recreational facilities to a standard that ensures they are safe, clean and sustainable;

- To enable a range of activities to take place within these facilities in order to maximise usage;
- To develop and enhance facilities as guided by community planning exercises; and
- To employ and train staff to standards appropriate for the management of these facilities



Key Levels of Service and Performance Measures

Levels of Service	Performance Measures	Targets/Objectives (2009-2019)	Results
Swimming Pools <ul style="list-style-type: none"> The Swimming Pools at Fairlie and Twizel are operated between November to March each year and are open to the public from 3pm to 5pm week days during school terms and from 1pm to 5pm during weekends, public and school holidays. Public lane swimming sessions are held week day mornings and evenings. Pools are safe for swimming. The pools are available for private sessions outside of these times. 	<ul style="list-style-type: none"> Pools available for use during programmed opening times. Pool water quality meets New Zealand Standard (NZS 5826: 2000). Increase usage outside public hours by an average of two hours per week of opening. 	<ul style="list-style-type: none"> No programmed opening hours lost. No breach of standard. Two hours of extra use per week of opening. 	<p>Not Achieved 2 days were lost in Twizel due to equipment failure. (2008/2009 Not Achieved)</p> <p>Achieved Both pools were tested on a monthly basis and were fully compliant with the standard. (2008/2009 Achieved)</p> <p>Achieved Extra sessions were used in Fairlie during the year. (2008/2009 Achieved)</p>
Halls and Community Centres <ul style="list-style-type: none"> The community centres are available seven days per week and usage is only restricted by other bookings. Fees and charges are reviewed annually for the Twizel Events Centre, Mackenzie Community Hall and Lake Tekapo Community Hall. Buildings are adequately maintained. Sherwood and Albury halls are run by their local community committees. Council involvement with these facilities is limited to administration and 	<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>Achieved Halls available for booking 365 days per year, clean and ready for use (2008/2009 Achieved)</p> <p>Achieved Fees and charges published on the Council's website and in the long-term council community plan (2008/2009 Achieved)</p> <p>Achieved Building inspections are completed on a six monthly basis by Whitestone. No work programmed in this period. Upgrade undertaken at Twizel Events Centre. (2008/2009 Not Achieved)</p>



Levels of Service	Performance Measures	Targets/Objectives (2009-2019)	Results
some contribution to major repairs and maintenance.			
Parks, Reserves and Amenity Areas <ul style="list-style-type: none"> Council maintains a range of parks and reserves across the District ranging from sports grounds, passive reserve areas, public street gardens, play areas, Twizel greenways, lakeside reserves, walkways and undeveloped sites. The service levels for the majority of these sites are specified in the township maintenance contracts and detail items like grass heights, litter collection frequency, shrub bed and annual bed maintenance. Within these reserve areas there are areas that are maintained by community groups and these include passive parks and walkways. 	<ul style="list-style-type: none"> Walkways are adequately maintained in line with the national Standard. All new or upgraded playgrounds meet appropriate safety standards. Contact specifications as determined by regular audits. 	<ul style="list-style-type: none"> Standards met. Full compliance with New Zealand Standard 5828:2004. No significant breaches identified. 	<p>Achieved All walkways were maintained in line with the National Standard. (2008/2009 Achieved)</p> <p>Not Measured There were no new playgrounds in the District in 2009/10. (2008/2009 Not Measured)</p> <p>Not Achieved The contractor's performance was gauged by regular inspections of sites, generally in conjunction with other work. There was a significant issue with garden maintenance in Tekapo, however, other areas complied with the specifications. (2008/2009 Not Achieved)</p>
Libraries <ul style="list-style-type: none"> The libraries are run as "Community Libraries" catering for a cross section of educational and recreational reading requirements. They also offer other services such as photocopying, Internet access etc The libraries are open to the public 39 hours per week over six days. 	<ul style="list-style-type: none"> Use of library is maintained as measured by ratio of issues per ratepayer. Agreed opening hours are met 	<ul style="list-style-type: none"> 12.66 issues per ratepayer. No departure from agreed opening hours. 	<p>Not Achieved 49,521 issues were made during the year for 4,085 rateable properties; a ratio of 12.12 issues per ratepayer. This was an improvement on last year which was 10.6 issues per ratepayer. (2008/2009 Not Achieved)</p> <p>Achieved Target has been met by opening hours being maintained throughout the year. (2008/2009 Achieved)</p>



Identified Effects on Community Wellbeing

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

Capital Expenditure

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

Reasons for Undertaking Capital Expenditure Projects

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

- The Village Green upgrade for Fairlie was scheduled after a planning exercise for the township was to be undertaken.
- Initial work for a new recreation centre for Lake Tekapo was budgeted for to meet the requirements of the community as a result of the planning exercise undertaken in 2002.

Results for the 2009/2010 year

Total capital expenditure for the year was \$70,000; equalling the budget of \$70,000.

The key variances from budget were:

- Only \$32,000 was spent in Lake Tekapo with regards to a new recreation centre due to further investigations being required to confirm the site and development.
- Unbudgeted expenditure of \$20,000 was undertaken at the Twizel Community Centre to improve the service delivery of information for the Mackenzie Tourism and Development Trust.

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
R	11	District General	-	-
	11	Aerial Photos	-	-
R	3	Mackenzie Community Centre	-	-
	3	Furniture & Fittings	-	-
R	1	Twizel Community Centre	-	-
	1	Plant	-	-
R	-	Fairlie Township	20	36
	-	Village Green Upgrade	20	36
G&L	34	Twizel Township	-	20
	29	Implementation of Development Plan	-	-
	63	Plant	-	20
G&L	8	Tekapo Community Hall	-	-
	-	Upgrade of Recreation Area	50	32
	8	Planning New Community Centre	50	32
	86	TOTAL CAPITAL EXPENDITURE	70	88
		Funded by:		
	11	District General Capital Reserve	-	-
	8	Land Subdivision Reserve	50	-
	3	Mackenzie Community Centre Capital Reserve	-	-
R	-	Fairlie Township Capital Reserve	20	36
R	-	Tekapo Community Hall Capital Reserve	-	32
	63	Twizel Township Capital Reserve	-	20
	1	Twizel Events Centre Capital Reserve	-	-
	86		70	88

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



Recreational Facilities Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
	REVENUE		
250	General Rates	294	336
1,086	Targeted Rates	1,103	1,075
10	Financial Contributions	-	-
223	Other Income	138	347
5	Interest on Capital Reserves	11	9
1,574		1,547	1,767
	DIRECT EXPENDITURE		
63	Employment Expenses	62	65
12	Consultancy Expenses	-	10
104	Administration	123	96
706	Operational & Maintenance Expenses	812	775
66	Interest on Capital Reserves	53	58
188	Internal Expenses	189	189
31	Funded Depreciation*	13	18
217	Non-Funded Depreciation**	225	225
1,387		1,478	1,436
187	Operating Surplus/(Deficit)	69	331
	Operating Surplus tfr'd to/(funded by)		
(213)	Ratepayer's Equity	(225)	(225)
7	Building Maintenance Reserve	10	24
44	General Reserve	80	130
11	Fairlie Works & Services Reserve	-	23
35	Tekapo Works & Services Reserve	-	(33)
(4)	Twizel Works & Services Reserve	-	118
61	Rural Works & Services Reserve	-	39
-	Tekapo Township Capital Reserve	100	55
99	Tekapo Community Hall Capital Reserve	-	70
-	Mackenzie Community Centre Operating Res	5	9
-	Strathconan Swimming Pool Operating Res	6	-
-	Tekapo Domain Operating Reserve	13	-
-	Other Reserve Operating Reserve	-	115
118	Twizel Township Capital Reserve	73	-
15	Twizel Events Centre Capital Reserve	6	1
14	Sherwood Downs Capital Reserve	1	3
-	Albury Hall Operating Reserve	-	2
187		69	331

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

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

Commentary on Recreational Facilities Financial Summary

Surplus/(Deficit)

The surplus for the year was \$331,000; \$262,000 greater than the budgeted surplus of \$69,000.

Revenue

Total revenue for the year was \$1,767,000; \$220,000 greater than the budgeted revenue of \$1,547,000.

The key variances from budget were:

- Other income increased by \$209,000, the 2009/10 year has two years lease income received from the Lake Alexandrina hut holders, due to the timing of lease receipts caused by delays in signing of the relevant leases and backdating the first years lease income after June 2009 balance date and higher than anticipated lease income from both the Fairlie and Tekapo camping grounds.

Direct Expenditure

The total direct expenditure for the year was \$1,436,000; \$42,000 less than the budgeted direct expenditure of \$1,478,000.

The key variances from budget were:

- Consultancy expenses of \$10,000 were incurred in relation to the Lake Alexandrina hut rental agreements.
- Operational and maintenance expenses were \$37,000 lower than budget due to township maintenance projects not going ahead.

Commercial Activities

Background

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

Rationale for Council's Involvement

Investments

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

Mackenzie Forestry Board

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

Real Estate

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

Rental Properties

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

Mackenzie Tourism and Economic Development Trust

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

Pukaki Airport Board

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

Community outcomes to which the Activities Contribute

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

Principal Objectives

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

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result
Investments The Community expects the investments of the Council to be managed wisely.	<ul style="list-style-type: none"> Investments outperform benchmark portfolio. Reviews undertaken. 	<ul style="list-style-type: none"> Council's cash investment portfolio independently reviewed each quarter. Council will review the annual report and statement of intent for its investments in Alpine Energy Limited on an annual basis. 	<p>Achieved The Council's Investment Portfolio outperformed the benchmark for all four quarters ranging between 0.41% to 1.03% in absolute terms. (2008/2009 Not Achieved)</p> <p>Achieved Council reviewed the Annual Report for the year ended 31 March 2010 for Alpine Energy Limited on 6 August 2010 and reviewed the 2009-2012 Statement of Intent for Alpine Energy Limited on 7 May 2010. (2008/2009 Achieved)</p>
Mackenzie Forestry Board The Board is required to operate and administer the Mackenzie District Council's forestry estate as a successful business.	<ul style="list-style-type: none"> Approval of the statement of intent is made prior 30 June in each year. 100% of all new planting should be demonstrated by project analysis to be able to achieve a minimum internal rate of return of 7% pre-tax. To complete the final stage of planting at Fox Peak Plantation. 	<ul style="list-style-type: none"> Council will approve the statement of intent for the Mackenzie Forestry Board. To ensure that all new planting should achieve the minimum internal rate of return. To achieve the strategic direction for the Council's forestry estate to have 900 planted hectares. 	<p>Not Achieved A separate Statement of Intent was not prepared for the current year. Council relied on the 10 year forecast prepared in 2008/09) (2008/2009 Achieved)</p> <p>Not Applicable No new plantings were undertaken during the year. (2008/2009 Achieved)</p> <p>Not Achieved Council will review whether planting at Fox peak is economical. (2008/2009 Not Achieved)</p>



Levels of Service	Measure of Service	Target	Result
Real Estate The community expects the Council to achieve the best economic return for any land that the Council deems appropriate to place on the market.	<ul style="list-style-type: none"> Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy. 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. 	<p>Not Achieved Council has established a Sub-Committee to assist with this. (2008/2009 Not Achieved)</p> <p>Not Achieved The land rationalisation process was deferred. Council will review to undertake a full rationalisation review for incorporation in the next LTCCP. (2008/2009 Not Achieved)</p>
Rental Properties It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.	<ul style="list-style-type: none"> All lease agreements are reviewed on a regular basis. 	<ul style="list-style-type: none"> Council will ensure that the terms of each commercial lease agreement are adhered to. 	<p>Achieved Terms of all commercial leases were adhered to. Review of these agreements coincides well with rent review periods. (2008/2009 Achieved)</p>
Pukaki Airport Board Operation of the Pukaki Airfield as a public facility	<ul style="list-style-type: none"> The board will report to Council on regular basis on its activities and progress towards meeting its goals. 	<ul style="list-style-type: none"> The board achieves the goals set in its Statement of Intent. 	<p>Achieved Council reviewed the Statement of Intent for Pukaki Airport Board for 2010-13 on 7 May 2010. (2008/2009 Achieved)</p>

Identified Effects on Community Wellbeing

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

Capital Expenditure

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
	-	Real Estate		
	-	Land Transactions	-	-
	-		-	-
	-	Tourism & Economic Development		
	-	Computers	-	-
	-	Motor Vehicle	-	-
	-		-	-
	-	Pukaki Airport Board		
G	1,277	Airport Development	-	206
	1,277		-	206
	1,277	TOTAL	-	
		Funded by:		
	1,277	Pukaki Airport Board Capital Reserve	-	206
	-	Real Estate Reserve	-	-
	-	Tourism Operating Reserve	-	-
	1,277		-	206

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

Reasons for Undertaking Capital Expenditure Projects

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

- Stages five and six of the Pukaki Airport subdivision were completed during the year, and additional Airport facilities (fuel facility) were added with the payment of Sewer Financial Contributions.

Results for the 2009/2010 year

Total capital expenditure for the year was \$206,000; \$206,000 greater than the budget of break even.

The key variance from budget was:

- Spending on the Pukaki Airport development was significantly higher than budgeted due to the addition of a fuel facility on site. This was specifically approved by Council as an unbudgeted item costing \$144,000 additional cost in relation to completion of building work at the entrance to the facility costing \$38,000 and resealing the runway costing \$52,000.
- Financial Contributions for connection to the Twizel Sewerage Scheme totalling \$46,000 were paid to complete Stages 5 & 6 of the Airport Subdivision.



Commercial Activities Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
	REVENUE		
204	Rates	213	213
683	Gross Real Estate Sales	485	1,047
164	Other Income	195	174
-	Financial Contributions	-	46
492	Other Gains/Losses	-	625
480	Dividend	378	388
498	External Interest	347	497
-	Vested Carbon Emission Reduction Units	-	352
161	Internal Interest	95	90
2,682		1,713	3,432
(1,088)	Less used to offset Rates	(780)	(780)
1,594		933	2,652
	DIRECT EXPENDITURE		
40	Members Expenses	31	33
143	Consultancy Expenses	56	131
439	Cost of Sales – Real Estate	166	350
89	Administration	59	86
504	Operational & Maintenance Expenses	261	266
-	Interest on Capital Reserves	2	3
136	Internal Expenses	123	124
-	Asset Impairment	-	131
-	Assets Written Off	-	73
-	Funded Depreciation	2	-
13	Non-Funded Depreciation*	10	13
1,364		710	1,210
230	Operating Surplus/(Deficit)	223	1,442

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(166)	Real Estate Reserve	56	(41)
156	Forestry Capital Reserve	5	245
(13)	Ratepayer's Equity	(10)	(13)
4	Fairlie Township Operating Reserve	-	10
35	Rural Works & Services Operating Reserve	-	141
8	Tekapo Township Operating Reserve	-	27
10	Twizel Township Operating Reserve	-	29
17	Pukaki Airport Board Operating Reserve	173	485
(11)	Tourism Operating Reserve	-	(18)
-	Forestry Revaluation Reserve	-	475
190	Investment Revaluation Reserve	-	150
-	General Reserve	(1)	(48)
230		223	1,442

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

Commentary on Commercial Activities Financial Summary

Surplus/(Deficit)

The surplus for the year was \$1,442,000; \$1,219,000 more than the budgeted surplus of \$223,000.

Revenue

Total revenue for the year was \$3,432,000; \$1,719,000 greater than the budgeted revenue of \$1,713,000. The key variances from budget were:

- External interest was up on budget by \$150,000 due to higher real estate sales available for reinvestment.
- Dividend income ended the year \$10,000 greater than budgeted due to a special dividend paid out by Alpine Energy Limited.
- Real estate sales were higher than budgeted as Pukaki Airport development sections settled during the year.
- Other Gains/losses resulted from the write up of the forestry investment of \$475,000 and the investment portfolio of \$150,000. These were unbudgeted.
- Additional income was generated from receipt of Carbon Emission Reduction Units totalling \$352,000.



Direct Expenditure

The total direct expenditure for the year was \$1,210,000; \$500,000 greater than the budgeted direct expenditure of \$710,000.

The key variances from budget were:

- Consultancy expenses were up on budget by \$75,000 due to significant consultancy costs required at Pukaki Airport amounting to \$65,000
- Administration costs were \$27,000 over budget mainly due to an increase in costs incurred by the Pukaki Airport Board.
- Value of Carbon Emission Reduction Units were written down by \$104,000 from opening value.
- Assets written off of \$73,000 related to Capital work in progress from 2008/2009. Off these costs were incurred in small subdivisions in Tekapo, which have subsequently been completed.
- Cost of real estate sales included significant subdivisional costs which were budgeted to be brought to account in the 2008-09 year but occurred in the 2009/10 year.



Corporate Services

Background

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

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

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

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result
The service levels are internally agreed between the Corporate Services and the area of the organisation that it provides services to. The key organisation wide function is compliance with the Local Government Act 2002.	<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. 	<p>Achieved Council's Annual Report for the year ended 30 June 2009 was adopted on 28 October 2009. (2008/2009 Achieved)</p> <p>Not Applicable (2008/2009 Achieved)</p> <p>Achieved Council's Annual Plan for 30 June 2010 was adopted by Council on 25 June 2010. (2008/2009 Achieved)</p>



Principal Objective

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

Identified Effects on Community Wellbeing

None identified.

Capital Expenditure

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2009/2010 year

Total capital expenditure for the year was \$38,000; \$16,000 less than the budget of \$53,000.

The key variances from budget were:

- Budgeted plant replacements in the administration department were not required.
- Budgeted heat pump for the Twizel Service Centre was not undertaken.

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

Requirement for Work	Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
		Administration		
R	2	Computers	-	-
R	-	Plant & Equipment	3	1
	2		3	1
		Information Technology Department		
	-	Computers	20	20
R	3	Communications Equipment	-	-
R	-	Printers, Copiers & Scanners	17	17
R	2	Network Infrastructure	1	1
R	-	Software	2	-
R	49	Virtual Server	-	-
R	3	Plant & Equipment	-	-
	57		40	38
		Community Facilities Department		
R	1	Computers	-	-
	1		-	-
		Council Building Twizel		
R	-	Heat Pumps	10	-
	-		10	-
		Plant Account		
R	107	Vehicle Replacement	-	-
	107		-	-
	167	TOTAL	53	39
		Funded by:		
	2	Administration Capital Reserve	3	1
	57	IT Department Capital Reserve	40	38
	1	Comm Fac Dep Capital Reserve	-	-
	107	Plant Account		
	-	Twizel Council Office Operating Res	10	-
	167	TOTAL	53	39

Corporate Services Financial Summary

Actual 2008/09 (\$000)		Budget 2009/10 (\$000)	Actual 2009/10 (\$000)
80	REVENUE	94	114
1	Other Income	1	3
-	Interest on Capital Reserves	-	3
1,765	Gain on sale of assets	1,826	1,777
1,846	Internal Income	1,921	1,897
	DIRECT EXPENDITURE		
938	Employment Expenses	926	904
112	Consultancy Expenses	106	166
286	Administration	253	216
105	Operational & Maintenance	203	121
10	Interest on Capital Reserves	7	9
302	Internal Expenses	328	357
95	Funded Depreciation*	87	98
45	Non-Funded Depreciation**	36	34
1,893		1,946	1,905
(47)	Operating Surplus/(Deficit)	(25)	(8)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
-	Administration Operating Reserve	-	-
-	Plant Capital Reserve	1	26
-	Twizel Office Operating Reserve	10	-
1	Plant Operating Reserve	-	-
(45)	Ratepayer's Equity	(36)	(34)
(3)	Building Maintenance Reserve	-	-
(47)		25	8

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

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

Commentary on Corporate Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$8,000; \$17,000 less than the budgeted deficit of \$25,000.

Revenue

Total revenue for the year was \$1,897,000; \$24,000 less than the budgeted revenue of \$1,921,000.

The key variance from budget was:

- Cost savings made in the Corporate Services area has meant that internal income is reduced by \$49,000.

Direct Expenditure

The total direct expenditure for the year was \$1,905,000; \$41,000 less than the budgeted direct expenditure of \$1,946,000.

The key variances from budget were:

- Administration costs were lower than budget by \$37,000 due to cost savings made in this area.
- Operational and maintenance expenses are lower than budget as the budget includes the operations of the plant account which has been accounted for as internal expenditure at activity level.
- Consultancy expenses are higher than budget by \$60,000 partly due to a tax review undertaken by Council's tax advisors on Council activities.
- Employee expenses are lower than budget by \$22,000 due to reallocation of workload as employee numbers drop and new staff taken on at appropriate salary ranges.



Council Controlled Organisations

- Mackenzie Holdings Limited
- Mackenzie Tourism & Development Trust

Council Controlled Organisations

Mackenzie Holdings Limited

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

Mackenzie Holdings Limited is now a dormant company from the Inland Revenue Department and Companies Office perspectives. Council also resolved on October 6th 2009 to exempt the Company under Sec 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Holdings Ltd status as a Council Controlled Organisation.

Mackenzie Tourism and Development Trust

As a result of feedback the Council received to its amendment to the LTCCP to change its rating structure to provide targeted rates for the tourism sector, the Mackenzie Tourism and Development Board undertook a review of its activities and structure.

Trustees

The following were Trustees of the Mackenzie Tourism & Development Trust for 2007-2010:

- Lesley O'Hara (Chair)
- Denis Callesen
- Peter Foote
- Kieran Walsh
- Graeme Murray
- John O'Neill (Mayor)
- Leon O'Sullivan (Councillor)

Structure

The Trust was unsuccessful in obtaining charitable status. It operates as a Council Controlled Trading Organisation.

Trust's Vision

The vision of the organisation is to provide economic and social benefit to the Mackenzie District through effective promotion of tourism and business development.

Trust's Objectives

The objectives of the Trust are as follows:

- Efficient Business Management
- Increase Visitors and Dollar Spend
- Effective Marketing and Promotion

- Regional and National relationships
- Enhance Business Practice and Develop a Learning Culture
- Grow and Develop Income Opportunities
- Catalyst for Development

Performance Measures

Council has, through the Trust's Statement of Intent, established the following performance measures:

- The Trust will be responsible for delivering the annual budget as approved by Council.
- The Trust shall show through the reporting schedule that it has achieved Annual Plan objectives as detailed in Clause 3 of the Statement of Intent.
- To manage the business of the MTDT effectively by developing and maintaining clear and accountable business objectives and administration systems.
- Increase the number of visitors and dollar spend per visitor to the district, commensurate with total arrivals to New Zealand. Ensure we maintain and grow our market share.
- To effectively market the district, through the development of professional promotional material and innovative marketing.
- Further establish co-operative and effective working relationships with regional and inter-regional visitor attractions and promotions bodies. Provide opportunities for joint venture marketing activity for Mackenzie Tourism Operators.
- Through the facilitation and organisation of training opportunities, enhance tourism industry business practice and skills, to ensure long-term industry growth, opportunity and prosperity.
- Increase and expand current income sources and develop new ones that are consistent with the strategic direction established by the Council and the Trust.
- Act as a catalyst and advisor for tourism and business development for the Mackenzie District.

Māori Capacity to Contribute to Decision-making Processes

Local Government Act 2002

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

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

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

Te Runaka O Arowhenua

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

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

The Council has also consulted with Te Runanga o Ngai Tahu with regards Plan Change 13 relating to development in the Mackenzie Basin.

Result for the year

To ensure that there was capacity for Māori to contribute to the decision-making processes of Council, it provided Te Runaka O Arowhenua with copies of its 2009-2010 annual plan and encouraged comment.

During the 2009/2010 year, the Council did not formally meet with the Runanga.

Statement of Accounting Policies

Statement of Accounting Policies

Reporting Entity

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

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

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

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

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

The financial statements of Mackenzie District Council are for the year ended 30 June 2010. The financial statements were authorised by Council on 21st December 2010.

Measurement Base

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

Subsidiaries

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

Basis of Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenditure on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

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

Joint Venture

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

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year. The Council and group has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The Council and group has elected to disclose comparative information.
- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 related Party Disclosures (issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Council and group has elected to early adopt the revised standard and its effect has been to disclose further information about commitments between related parties.

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

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

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced



through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. Council has not yet assessed the effect of the new standard and expects it will not be early adopted.

Summary of Accounting Policies

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

Critical accounting estimates and assumptions

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

Landfill closure costs:

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

Infrastructural assets:

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

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

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

Fair Value of Carbon Credits

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

1 Goods and Services Tax (GST)

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

2 Revenue Recognition

Revenue is measured at the fair value of consideration received.

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



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

3 Equity

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

The components of equity are:

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

Operating Reserves

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

Capital Reserves

Pursuant to the policy for funding of capital expenditure adopted by the Council as part of the long-term council community plan, a Capital Reserve has been created for all activities of Council that involve assets. The movements within the capital reserves

involve all capital income received for the activity and any capital expenditure incurred within that activity.

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

Asset Revaluation Reserve

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

Other Reserves & Special Funds Reserves

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

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

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

Accumulated General Funds

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



4 Trade and Other Receivables

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

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

5 Inventories

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

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

6 Investments

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

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

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

At subsequent reporting dates, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the Statement of Financial Performance when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

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

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

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

7 Property, Plant and Equipment and Depreciation

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

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

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

Revaluation

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

The revalued amounts are their fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.



Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date.

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

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

Disposals

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

Subsequent costs

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

Infrastructural Assets

These are fixed utility systems, which are available for open and unrestricted use by the community. They provide a continuing service to the community and are not regarded as tradable. Infrastructural assets include sewerage, stormwater, water supply, bridges and roading systems. Council's infrastructural assets, except rural water races, village projects and resource consents, have been included in this document at their 1 July 2007 valuations, plus additions at cost, less associated depreciation. The valuation of the infrastructural assets, conducted on a three yearly basis, was conducted by a registered valuer, Maunsell, and these assets have been valued at depreciated replacement cost as at 1 July 2007. Subsequent additions have been valued at cost and depreciated. Rural water races, landfills and village projects are stated at their cost or deemed cost less depreciation. Costs incurred in obtaining any resource consents are capitalised and depreciated over the life of the resource consent. If a resource consent application is declined then all capitalised costs are written off.

Vested Assets

In addition, infrastructural assets will be vested to Council from developers as the relevant developments have been completed. The Council will record the cost of those vested assets at the current cost when received and the assets will be revalued in line with the Council's other infrastructural assets. These assets will also be subject to depreciation.

Land Under Roads

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

Land & Buildings

All land has been revalued at 1 July 2006, determined by Valuation New Zealand. Buildings have been revalued as at 1 July 2007 by Quotable Value. Future valuations will be carried out on a three yearly basis. Buildings have been valued using market values where a market exists for that asset, or at depreciated replacement cost. Each building has also been componentised into: structure; services and internal fitout. Additions since that date have been valued at cost less depreciation for buildings, and at cost for land.

Plant & Machinery

Plant & machinery comprises of the Vertical Composting Unit. The Vertical Composting Unit has been revalued as at 1 July 2007 by registered valuer, Maunsell, using depreciated replacement cost. Subsequent additions have been valued at cost and depreciated.

Heritage Assets

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

Other Assets

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

Depreciation

Land

Land is not depreciated.

Motor Vehicles

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

Infrastructural Assets and Buildings



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

Roading/Bridge Network

▪ Land under roads	Not depreciated
▪ Formation	Not depreciated
▪ Sub base	Not depreciated
▪ Base Course	75 - 100 years
▪ Surfacing	0 - 17 years
▪ Kerb & Channelling	10 - 100 years
▪ Street Signs	13 years
▪ Street Lighting	20 - 40 years
▪ Bridges	80 years

Water Network

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

Sewerage Network

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

Stormwater Network

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

Buildings

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

Other Assets

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

▪ Light Plant & Machinery	5-10 years
▪ Plant & Machinery	5-10 years
▪ Office Equipment	2-10 years
▪ Furniture & Fittings	5-10 years
▪ Computer Equipment	3-5 years
▪ Computer Network Cabling	10 years
▪ Heritage Assets	60-150 years
▪ Village Projects	5-80 years
▪ Landfills	33-50 years
▪ Resource Recovery Parks:	
○ Formation/Site Development	35 years
○ Surfacing/Metalling	15 years
○ Signage, Plant & Equipment	5-10 years



8 Forestry

Forests were valued as at 30 June 2010, by Terry O'Neill (Bachelor of Forestry Science) Forester, Ashburton District Council in accordance with NZ IAS 41. All forests have been valued at 'fair value' less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Council has a policy to revalue its forests annually. Any increase or decrease in the valuation is reflected in the Statement of Financial Performance.

9 Intangible Assets

Software

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

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

Amortisation

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

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

- Computer Software 3 years

Carbon Credits

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

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

10 Impairment

At each balance date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, and for indefinite life

intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

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

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

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

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

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

11 Employee Entitlements

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

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



12 Borrowings

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

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

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

13 Trade and other Payables

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

14 Leases

Finance Leases

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

Operating Leases

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

15 Financial Instruments

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

Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the

Statement of Financial Performance, at their fair value when the Council becomes a party to the contractual provisions of the instrument.

16 Statement of Cash Flows

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

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

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

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

17 Cost of Service Statements

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

18 Cost Allocation

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

Cost Allocation Policy

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

Criteria for Direct and Indirect Costs

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

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

Cost Drivers for Allocation of Indirect Costs

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



19 Cash and Cash Equivalents

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

20 Grant Expenditure

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

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

21 Income Tax

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

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

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

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

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

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

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



Financial Statements

Statement of Financial Performance

Statement of Changes in Equity

Statement of Financial Position

Statement of Cashflows

Statement of Commitments and Contingencies

Notes to the Accounts

Statement of Financial Performance

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Note	Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		REVENUE				
1,915	1,915	General Rates		2,030	1,951	1,951
3,107	3,107	Targeted Rates	2	3,274	3,374	3,374
1,382	1,382	Subsidies & Grants	3	1,326	1,421	1,532
986	987	Investment Income	4	726	884	885
1,328	1,527	Other	5	1,368	1,922	2,740
683	683	Real Estate Sales		485	1,047	1,047
1,040	1,040	Financial/Upgrade Contributions		169	251	251
30	30	Reserve Contributions		45	85	85
492	492	Other – Gains/(losses)	6	-	625	625
10,963	11,163	Total Revenue		9,423	11,560	12,490
		OPERATING EXPENSES				
1,730	1,930	Employment Expenses		1,777	1,735	2,124
233	233	Member Expenses		212	231	231
426	426	Consultancy Expenses		238	557	557
717	791	Administration		692	680	714
2,538	2,454	Operational & Maintenance Expenses		2,493	2,434	3,000
1,199	1,199	Roading Expenses		1,011	1,084	1,084
2,674	2,676	Depreciation		2,743	2,739	2,745
439	439	Cost of Sales real Estate		167	350	350
22	22	Loss on Sale and Assets Written Off		-	243	243
-	-	Asset Impairment		-	191	164
9,978	10,170	Total Expenditure	7	9,333	10,244	11,212
985	993	OPERATING SURPLUS (DEFICIT)		90	1,316	1,278
325	325	VESTED ASSETS		2,569	2,141	2,141
1,310	1,318	OPERATING SURPLUS (DEFICIT) BEFORE TAXATION		2,658	3,457	3,419
-	-	Provision For Taxation	16	-	-	-
1,310	1,318	OPERATING SURPLUS (DEFICIT) AFTER TAXATION		2,658	3,457	3,419

The accompanying notes form part of these financial statements.

Statement of Comprehensive Income

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
1,310	1,318	Net Surplus/(Deficit)	2,658	3,457	3,419
(70)	-	Transfer to Mackenzie Tourism & Development Trust	-	-	-
12	12	Increase/(Decrease) in Revaluation Reserves	-	492	492
1,252	1,330	Net Comprehensive Income	2,658	3,949	3,911

Statement of Changes in Equity

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Note	Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
169,459	169,405	Equity at the Start of the Period		169,413	171,227	171,251
516	516	Effect on Accumulated General Funds of restatement	32	-	-	-
169,975	169,921	Equity at the Start of the Period as restated		169,413	171,227	171,251
1,252	1,330	Net comprehensive income		2,658	3,949	3,911
171,227	171,251	Total Equity at the End of the Period as restated.		172,071	175,176	175,162

The accompanying notes form part of these financial statements.

Statement of Financial Position

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Note	Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
92,408	92,432	Accumulated General Funds	22	92,317	93,700	93,686
(2,376)	(2,376)	Capital Reserves	12	(826)	(882)	(882)
844	844	Operational Reserves	13	-	1,640	1,640
6,384	6,384	Special Funds	10	6,419	6,333	6,333
46	46	Other Reserves	11	-	48	48
73,921	73,921	Asset Revaluation Reserve	9	74,161	74,337	74,337
171,227	171,251	PUBLIC EQUITY		172,071	175,176	175,162
-	-	NON CURRENT LIABILITIES				
61	61	Housing New Zealand	25	516	-	-
61	61	Accrued Landfill Closure Costs		58	61	61
		Total Non Current Liabilities		574	61	61
		CURRENT LIABILITIES				
1,135	1,167	Trade & other payables	26	1,858	1,342	1,512
129	141	Employee Entitlements		129	145	176
-	-	Other Liabilities		-	-	30
1,264	1,308	Total Current Liabilities		1,987	1,487	1,718
172,552	172,620	TOTAL PUBLIC EQUITY & LIABILITIES		174,632	176,724	176,941
		NON CURRENT ASSETS				
144,632	144,632	Property, Plant & Equipment	18	146,787	144,695	144,734
21	25	Intangible Assets	19	-	258	259
1,831	1,831	Forestry	20	1,529	2,306	2,306
-	-	Non-Current Portion Property Intended for Resale	34	-	3,301	3,301
11,234	11,234	Investments	17	10,443	11,028	11,027
157,718	157,722	Total Non Current Assets		158,759	161,588	161,627
		CURRENT ASSETS				
1,439	1,429	Trade & other receivables	15	1,718	1,400	1,518
90	107	Inventories		-	61	90
2,242	2,299	Cash and Cash Equivalents	14	3,158	3,280	3,311
11,063	11,063	Current Portion Properties Identified for Disposal		10,998	9,238	9,238
-	-	Current portion of Investments	17	-	1,157	1,157
14,834	14,898	Total Current Assets		15,873	15,136	15,314
172,552	172,620	TOTAL ASSETS		174,632	176,724	176,941

The accompanying notes form part of these financial statements.



Statement of Cashflows

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		OPERATING ACTIVITIES			
		Cash was Provided From			
5,022	5,022	Rates	5,304	5,325	5,325
3,692	4,035	Other Income	3,393	4,631	5,463
548	549	Interest Received	347	489	490
452	452	Dividends Received	379	385	385
19	19	Goods and services tax (net)	-	(23)	(23)
9,733	10,077		9,422	10,807	11,640
		Cash was Applied To:			
6,861	7,217	Payment to Suppliers and Employees	6,423	6,829	7,672
-	-	Interest Paid	-	-	-
2,872	2,860	Net Cashflow from Operating Activities	2,998	3,978	3,968
		INVESTING ACTIVITIES			
		Cash was Provided From			
398	398	Sale of Assets	-	-	-
1,127	1,127	Sale of Investments	-	-	-
-	-	Mackenzie Holdings Ltd	-	-	-
1525	1525		-	-	-
		Applied to: Purchase assets	3,077	2,000	2,016
3,735	3,736	Purchasing of Investments	-	940	940
1,718	1,718	Mackenzie Tourism and Development Trust	-	-	-
70	-		-	-	-
(3,998)	(3,929)	Net Cashflow from Investing Activities	(3,077)	(2,940)	(2,956)
		FINANCING ACTIVITIES			
-	-	Provided from: Debt borrowed	-	-	-
-	-	Applied to: Debt repayment	3	-	-
-	-	Net cashflow from Financing Activities	(3)	-	-
		SUMMARY OF NET CASHFLOWS			
2,872	2,860	Net cashflow from Operating Account	2,998	3,978	3,968
(3,998)	(3,929)	Net cashflow from Investing Account	(3,077)	(2,940)	(2,956)
-	-	Net cashflow from Financing Account	(3)	-	-
(1,126)	(1,069)	Net increase/(decrease) in cash & cash equivalents	(81)	1,038	1,012
3,368	3,368	Cash & cash equivalents at beginning of period (1 July)	3,239	2,242	2,299
2,242	2,299	Cash & cash equivalents at end of period (30 June)	3,158	3,280	3,311

The accompanying notes form part of these financial statements.

Statement of Cashflows

RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
1,310	1,318	Net Surplus/(Deficit)	2,658	3,457	3,419
		Add (subtract) non cash items			
(325)	(325)	Vested assets	(2,141)	(2,141)	(2,141)
2,685	2,687	Depreciation and amortisation	2,743	2,750	2,756
-	-	Movements in Current assets (other than cash)	166	-	-
(302)	(302)	Forestry valuation	-	(475)	(475)
-	-	Recognition of carbon credits	-	(352)	(352)
-	-	Impairment of assets	-	191	164
22	22	(Gain)/loss on sale and assets written off	-	243	243
(190)	(190)	Investment valuation	-	(150)	(150)
3,200	3,210		2,998	3,523	3,464
		Movements in Working Capital Items			
(693)	(665)	Creditors	-	207	345
(30)	(18)	Employee entitlements	-	16	35
94	54	Debtors	-	39	(89)
(10)	(27)	Inventories	-	29	17
85	85	Properties intended for disposal	-	(1,476)	(1,476)
2,646	2,639		2,998	2,338	2,296
		Other Movements			
(128)	(133)	Capital Creditors	-	59	63
354	354	Transfer of land to property intended for disposal	-	1,609	1,609
-	-	Equity issued in MTDT	-	(28)	-
2,872	2,860	Net Cashflow from Operating Activities	2,998	3,978	3,968

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

The accompanying notes form part of these financial statements.

Statement of Commitments and Contingencies

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

This statement indicates the total funds that the Council is committed to spending in the future on projects in excess of \$5,000. The items listed cover all activities of the Council including its social and trading activities.

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		Community Services		
52	52	Contribution to Twizel Library	54	54
55	55	Contribution to Mackenzie Community Library	56	56
5	5	Heritage Museum	5	5
112	112		115	115

Other Non-Cancellable Contracts

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

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
1,910	1,910	Not later than one year	1,662	1,662
40	40	Later than one years & not later than five years	3,248	3,248
40	40	Later than five years	-	-
-	-	Capital Projects approved and contracted not later than one year	412	412
1,990	1,990		5,322	5,322

Non-Cancellable Leases

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

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
109	109	No later than one year	104	104
436	436	Later than one year but no later than five years	416	416
71	71	Later than five years (per year)	104	104
616	616		624	624

No contingent rents have been recognised in the statement of financial performance during the year.

Contingencies

Council has recognised as a contingent liability for the amount Housing New Zealand contributed to the construction of the Pensioner Housing units in Fairlie. This is a departure from the previous accounting treatment recognising a liability. Council will be required to pay the loan back to Housing New Zealand if Council ceases to supply pensioner housing. The amount of the contingency is \$516,000 at 30 June 2010 (2009: \$516,000).



Notes to the Accounts



Notes to the Accounts

Note 1 Summary of cost of services

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		INCOME			
750	750	Governance	726	726	726
1,268	1,268	Water supplies	1408	1,710	1,710
1,181	1,181	Sewerage	1056	1,508	1,508
168	168	Stormwater	414	99	99
3,007	3,007	Roading	3976	3,278	3,278
1,095	1,095	Solid waste	1157	1,169	1,169
290	290	Building control	271	329	329
389	389	Resource management	397	441	441
230	230	Regulatory services	246	213	213
372	372	Community services	376	379	379
1,574	1,574	Recreational facilities	1547	1,767	1,767
1,594	1,794	Commercial activities	933	2,652	3,582
1,846	1,846	Corporate services	1921	1,897	1,897
13,764 (271)	13,964 (271)	Less Interest on Capital Reserves	14,428 (208)	16,168 (228)	17,098 (228)
(325)	(325)	Less Vested Assets	(2,569)	(2,141)	(2,141)
(2,205)	(2,205)	Less internal income	(2,232)	(2,239)	(2,239)
10,963	11,163	TOTAL INCOME	9,419	11,560	12,490
		EXPENDITURE			
758	758	Governance	726	665	665
917	917	Water supplies	832	897	897
469	469	Sewerage	449	449	449
98	98	Stormwater	97	93	93
3,301	3,301	Roading	3070	3,187	3,187
1,046	1,046	Solid waste	1158	1,224	1,224
244	244	Building control	271	274	274
339	339	Resource management	367	711	711
204	204	Regulatory services	242	199	199
434	434	Community services	424	460	460
1,387	1,387	Recreational facilities	1,478	1,436	1,436
1,364	1,556	Commercial activities	710	1,210	2,178
1,893	1,893	Corporate services	1,947	1,906	1,906
12,454 (271)	12,646 (271)	Less Interest on Capital Reserves	11,771 (208)	12,711 (228)	13,679 (228)
(2,205)	(2,205)	Less internal expenditure	(2232)	(2,239)	(2,239)
9,978	10,170	TOTAL EXPENDITURE	9,333	10,244	11,212

Note 2 – Targeted Rates Income

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

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

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		Targeted Rates Required			
78	78	Governance	76	76	76
669	669	Water Supplies	782	789	789
476	476	Sewerage	453	453	453
57	57	Stormwater	85	85	85
1,326	1,326	Roading	1146	1,146	1,146
90	90	Solid Waste	100	100	100
-	-	Building Control	-	-	-
-	-	Resource Management	-	-	-
126	126	Regulatory Services	122	122	122
64	64	Community Services	48	76	76
1,086	1,086	Recreational Facilities	1103	1,075	1,075
204	204	Commercial Activities	120	213	213
-	-	Corporate Services	-	-	-
4,176	4,176	Total Targeted Rates Required	4,035	4,135	4,135
		Less Distribution of Investment Income			
(1,069)	(1,069)	Budgeted Contribution to Rates from Commercial Activities	(761)	(761)	(761)
3,107	3,107	Targeted Rates Struck	3274	3,374	3,374

Notes to the Accounts cont...

Note 3–Subsidies and Grants

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
19	19	Grants	-	19	130
1,274	1,274	NZTA Subsidies	1,242	1,311	1,311
60	60	Petroleum Tax	49	65	65
29	29	State Highway Contribution (NZTA)	35	26	26
1,382	1,382	Total Subsidies and Grants	1,326	1,421	1,532

Note 4–Investment Income

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
506	507	External Interest	347	497	498
161	161	Internal Interest	207	349	349
480	480	Dividend	379	387	387
1,147	1,148		933	1,233	1,234
(161)	(161)	Less Internal Interest	(207)	(349)	(349)
986	987	Total Investment Income	726	884	885

Note 5 –Other Income

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
4	4	Contributions towards projects	-	-	-
243	243	Rental Income	84	388	388
1,037	1,037	User Fees & Donations	1,204	884	884
44	243	Other Sales	80	650	1,468
1,328	1,527	Total Other Income	1368	1,922	2,740

Note 6–Other – Gains/(losses)

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		Gain on changes in fair value of forestry assets	475	475
302	302	Change in value of Investment portfolio	150	150
190	190			
492	492	Total Other Gains/(losses)	625	625

Note 7–Expenditure

Included in the Statement of Financial Performance for Council are the following items of expenditure:

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
1,730	1,930	Salaries and Wages	1,777	1,735	2,124
		Audit Fees			
84	84	Fees paid to principal auditor – Annual Report	70	63	68
47	47	Fees paid to principal auditor - Long Term Council Community Plan	18	9	9
131	131	Total Audit Fees for the year	88	72	77
		Impaired Assets			
-	-	Investment – Aorangi Securities	-	60	60
-	-	Carbon Credits	-	104	104
-	-	Mackenzie Tourism & Development Trust	-	27	27
-	-	Total Impairment for the year	-	191	191

Notes to the Accounts cont...

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		Depreciation		
263	263	Building	242	242
80	80	Plant & Machinery	79	81
53	53	Motor Vehicles	50	52
4	4	Office Equipment	3	3
12	12	Furniture & Fittings	11	11
52	54	Computer Equipment	41	44
11	11	Resource Recovery Parks	11	11
1	1	Heritage Assets	-	-
3	3	Resource Consents	3	3
204	204	Sewerage Schemes	204	204
53	53	Stormwater Schemes	53	53
291	291	Rural and Urban Water Supplies	293	293
4	4	Landfills	4	3
67	67	Village Projects	70	70
1,576	1,576	Roading	1,675	1,675
2,674	2,676	Total Depreciation for the year	2,739	2,745

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		Elected Member Fees		
15	15	Leon O'Sullivan	17	17
16	16	Graham Smith	17	17
18	18	Simon McDermott	18	18
17	17	Dave Pullen	17	17
15	15	Evan Williams	17	17
16	16	Graeme Page	17	17
54	54	John O'Neill	54	54
9	9	Fairlie Community Board Members	9	9
8	8	Tekapo Community Board Members	9	9
9	9	Twizel Community Board Members	9	9
177	177	Total Councillors Fees for the year	184	184
106	106	Insurance	100	100
37	37	Subscriptions	38	38
90	90	Donations & Grants	168	168
22	22	Loss on Sale of Assets and Assets Written Off	243	243
11	11	Amortisation of Intangible Assets	11	11

Notes to the Accounts cont...

Note 8 –Reconciliation of Internal Income & Internal Expenses

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

Internal Expenses

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

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Budget 2009/10 \$000's	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		Internal Income			
128	128	Roading	110	110	110
280	280	Solid Waste	339	320	320
3	3	Building Control	3	3	3
29	29	Resource Management	29	29	29
1,765	1,765	Corporate Services	1,826	1,777	1,777
2,205	2,205	Total Internal Income	2,307	2,239	2,239
		Internal Expenses			
444	444	Governance	423	356	356
125	125	Water Supplies	124	125	125
92	92	Sewerage	90	90	90
24	24	Stormwater	23	24	24
300	300	Roading	278	291	291
321	321	Solid Waste	381	387	387
84	84	Building Control	82	95	95
116	116	Resource Management	120	130	130
21	21	Regulatory Services	19	21	21
52	52	Community Services	51	51	51
188	188	Recreational Services	189	189	189
136	136	Commercial	123	124	124
302	302	Corporate Services	328	357	357
2,205	2,205	Total Internal Expenses	2,231	2,239	2,239

Note 9 –Revaluation Reserve

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
2,449	2,449	Share Revaluation Reserve	2,941	2,941
		Infrastructural Assets Revaluation Reserves		
30,852	30,852	- Land	30,776	30,776
6,600	6,600	- Water Supplies	6,600	6,600
3,580	3,580	- Wastewater Schemes	3,580	3,580
1,697	1,697	- Stormwater Schemes	1,697	1,697
23,707	23,707	- Roading	23,707	23,707
213	213	- Plant	213	213
4,823	4,823	- Buildings	4,823	4,823
73,921	73,921	Total Revaluation Reserves	74,337	74,337

Note 10 –Special Fund Reserve

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
40	40	Albury Water Fund	40	40
(40)	(40)	Ashwick/Opuha Water Fund	(40)	(40)
16	16	Building Maintenance	-	-
-	-	Building Consent Reserve	-	-
7	7	Housing Replacement	7	7
200	200	Insurance Reserve	200	200
696	696	Land Subdivision	605	605
2	2	Pensioner Housing Amenities	2	2
-	-	Watertight Building Reserve	57	57
5,461	5,461	Real Estate Investment	5,461	5,461
2	2	Strathconan Pool Capital	1	1
6,384	6,384	Total Special Fund Reserves	6,333	6,333

Notes to the Accounts cont...

Note 11 – Other Reserves

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
5	5	Albury War Memorial	6	6
3	3	Ashwick/Allandale War Memorial	3	3
1	1	Davidson Bequest	1	1
1	1	Gillingham Bequest	1	1
1	1	Gould Bequest	1	1
10	10	Paterson Ponds	10	10
25	25	Enid Hutt Fairlie Beautifying Fund	26	26
46	46	Total Other Reserves	48	48

Note 12 –Capital Reserve

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
64	64	Administration	(24)	(24)
(662)	(662)	Allandale Water	(584)	(584)
-	-	Animal Control	-	-
25	25	Ashwick/Opuha Water	28	28
(19)	(19)	Asset Management	5	5
(7)	(7)	Burkes Pass Sewer	(9)	(9)
-	-	Burkes Pass Water	(2)	(2)
(11)	(11)	CEO Department	-	-
16	16	Civil Defence	21	21
(1)	(1)	Community Facilities	1	1
(5)	(5)	District Council	(6)	(6)
11	11	District General	28	28
-	-	Downlands Water	79	79
-	-	Eversley Sewer	(1)	(1)
(469)	(469)	Fairlie Pensioner Housing	57	57
(5)	(5)	Fairlie Roding	8	8
(85)	(85)	Fairlie RRP	(81)	(81)
(93)	(93)	Fairlie Sewer	(62)	(62)
(8)	(8)	Fairlie Stormwater	9	9
-	-	Fairlie Township	(18)	(18)

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
(447)	(447)	Fairlie Water	(324)	(324)
(9)	(9)	Forestry	220	220
(4)	(4)	Hardfill Sites	(3)	(3)
1	1	Inspectorate	-	-
(99)	(99)	IT Department	18	18
8	8	Kimbell Water	9	9
99	99	Lake Tekapo Community Hall	176	176
29	29	Lake Tekapo Roding	21	21
(127)	(127)	Lake Tekapo RRP	(123)	(123)
(707)	(707)	Lake Tekapo Sewer	(619)	(619)
52	52	Lake Tekapo Stormwater	68	68
40	40	Lake Tekapo Township	90	90
262	262	Lake Tekapo Water	365	365
-	-	Manuka Terrace Water	-	-
(68)	(68)	Planning	(251)	(251)
(71)	(71)	Plant Account	(132)	(132)
(1,069)	(1,069)	Pukaki Airport Board	(1,275)	(1,275)
4	4	Roding Professional Business Unit	1	1
(92)	(92)	Rural Fire Control	(69)	(69)
912	912	Rural Roding	921	921
(12)	(12)	School Road Water	(6)	(6)
21	21	Sherwood Downs Hall	23	23
32	32	Sherwood Downs Recreation Reserve	33	33
(127)	(127)	Spur Road Water	(94)	(94)
(260)	(260)	Treatment of Organic Waste	(216)	(216)
(6)	(6)	Twizel Events Centre	-	-
3	3	Twizel Pensioner Housing	8	8
92	92	Twizel Roding	32	32
(145)	(145)	Twizel RRP	(138)	(138)
590	590	Twizel Sewer	718	718
187	187	Twizel Stormwater	212	212
(1,069)	(1,069)	Twizel Township	(996)	(996)
857	857	Twizel Water	1,000	1,000
(4)	(4)	Waste Management	-	-
(2,376)	(2,376)	Total Capital Reserves	(882)	(882)



Notes to the Accounts cont...

Note 13 – Operating Reserve

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
2	2	Albury Hall	3	3
-	-	Albury Community Refuse Collection	2	2
-	-	Albury Resource Recovery Park	1	1
56	56	Albury Water Supply	(2)	(2)
-	-	Disposal of Residual Waste	(39)	(39)
(372)	(372)	District – General	(160)	(160)
11	11	Downlands Water Supply	13	13
(1)	(1)	Eversley/Punaroa Water Races	(1)	(1)
11	11	Fairlie Community Refuse Collection	18	18
-	-	Fairlie Resource Recovery Park	(30)	(30)
23	23	Fairlie Works & Services	65	65
191	191	Investment Revaluation	341	341
-	-	Manuka Terrace Water	1	1
50	50	Other Reserves	166	166
465	465	Pukaki Airport Board	953	953
(10)	(10)	Plant Account	(34)	(34)
(109)	(109)	Roading Professional Services Business Unit	(49)	(49)
386	386	Real Estate	402	402
-	-	Recycling Facilities	(15)	(15)
31	31	Rural Works & Services	180	180
(12)	(12)	Tourism & Development	(25)	(25)
20	20	Tekapo Community Refuse Collection	25	25
-	-	Tekapo Resource Recovery Park	18	18
125	125	Tekapo Works & Services	152	152
-	-	Treatment of Organic Waste	12	12
11	11	Twizel Community Refuse Collection	14	14
-	-	Twizel Resource Recovery Park	(30)	(30)
-	-	Resource Management	(348)	(348)
(34)	(34)	Twizel Works & Services	7	7
844	844	Total Operating Reserves	1,640	1,640

Note 14 – Cash and Cash Equivalents

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
-	7	Cash on Hand	-	2
33	36	National Bank Current Account	257	279
53	100	Westpac Banking Corporation	184	191
73	73	Aorangi Securities Ltd	-	-
2,083	2,083	Funds on Call	2,839	2,839
2,242	2,299	Total Cash Resources	3,280	3,311

The carrying value of short term deposits with maturity dates of three months or less approximate fair value.

The total value of cash that can only be used for a specified purpose as outlined in the relevant trust deeds is \$25,000 (2009: \$25,000).

Note 15 – Trade & other receivables

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
119	119	Rates	119	119
163	163	Accrued dividend	165	165
79	79	Accrued Interest	87	87
1,049	1,038	Sundry Receivables	995	1,113
44	45	Prepayments	47	47
(15)	(15)	Provision for doubtful debts	(13)	(13)
1,439	1,429	Total Accounts Receivable	1,400	1,518

The carrying value of trade and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

Notes to the Accounts cont...

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

As at 30 June 2010 and 2009, all overdue receivables, except rates receivables, have been assessed for impairment. No impairment has been indicated. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Note 16 –Taxation

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
1,310	1,318	Surplus (Deficit) From Operations	3,457	3,419
393	434	Prima Facie Taxation @30% (2008/09 33%)	1,037	1,026
(187)	(228)	Taxation Effect of Permanent Differences	(871)	(860)
(206)	(206)	Imputation Credit Adjustment	(166)	(166)
-	-		-	-
		The Taxation Charge is Represented By:		
-	-	Prior Years over Provision	-	-
-	-	Current Taxation	-	-
-	-	Deferred Taxation	-	-
-	-		-	-

The Council has unrecognised tax losses \$114,948 (2009: \$117,166), with the tax effect \$34,484 (2009: \$35,652) available for carry forward in offsetting assessable income in future years.

Note 17 –Investments

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
3,122	3,122	<i>Held for trading</i>		
977	977	Other Registered Banks	3,217	3,217
514	514	Strongly Rated Corporates	1,804	1,804
		Local Government Stock	510	510
		<i>Fair value through equity</i>		
665	665	Downlands Water Scheme	93	93
		<i>Loans & receivables</i>		
60	60	Mortgages	90	90
33	33	Term Deposits	116	115
-	-	<i>Equity investment held in other company</i>		
5,863	5,863	Shares – Alpine Energy Limited	6,355	6,355
-	-	Mackenzie Tourism & Development Trust	28	-
-	-	Less Impairment Investment	(28)	-
11,234	11,234		12,185	12,184
-	-	Less Current Portion of Investments	(1,157)	(1,157)
11,234	11,234		11,028	11,027

Fair Value Hierarchy Disclosures

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

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

Notes to the Accounts cont...

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

	Total \$000	Valuation Technique		
		Quoted Market Price \$000	Observable Inputs \$000	Significant non- observable inputs \$000
30 June 2010				
Financial Assets				
Held for trading				
Registered Banks	3,217	-	3,217	-
Strongly rated corporates	1,804	-	1,804	-
Local government stock	510	-	510	-
Equity investment held in another company				
Shares – Alpine Energy Ltd	6,355		-	6,355
30 June 2009				
Financial Assets				
Held for trading				
Registered Banks	3,122	-	3,122	-
Strongly rated corporates	977	-	977	-
Local government stock	514	-	514	-
Equity investment held in another company				
Shares – Alpine Energy Ltd	5,863		-	5,863

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's	Reconciliation Significant Non Observable Inputs	Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
5,863	5,863	Opening Balance	5,863	5,863
-	-	Plus Revaluation	492	492
5,863	5,863	Closing Balance	6,355	6,355

Interest Rates

The weighted average effective interest rates on investments were:

2008/09		2009/10
2.5%	Call accounts	2.51%
5.95%	Local authority stock	6.49%
7.37%	State owned enterprises and strongly rated corporates	6.87%
7.75%	Trading bank stock	8.6%

Downlands Water Supply

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

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

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

Council Actual 2008/09 (\$000)	Group Actual 2008/09 \$000's		Council Actual 2009/10 (\$000)	Group Actual 2009/10 \$000's
-	-	Current Assets	90	90
-	-	Non-current Assets	572	572
-	-	Current Liabilities	9	9
-	-	Non-current Liabilities	-	-
-	-	Income	44	44
-	-	Expenses	43	43



Notes to the Accounts cont...

Investment in Alpine Energy limited

Council's investment in Alpine Energy Limited is regarded as an equity investment held in another company. Each year Council's shareholding is revalued in accordance with Council's accounting policies.

No	Value
2,049,870	\$3.10 per share (2009 - \$2.86 per share)

Notes to the Accounts cont...

Note 18 –Property, plant & equipment

	Net Book Value 30 June 2009 \$000's	Current year Additions/ \$000's	Current Year Disposals \$000's	Transfers \$000's	COUNCIL Current Year Depreciation \$000's	Total Assets Valued at Cost or Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2010 \$000's	GROUP Net Book Value 30 June 2010 \$000's
Operational Assets									
Land	20,624	-	-	(1,554)	-	19,070	-	19,070	19,070
Buildings	10,035	20	-	-	(242)	10,594	(781)	9,813	9,813
Plant & Machinery	685	15	-	-	(79)	1147	(526)	621	621
Motor Vehicles	252	-	-	-	(50)	511	(310)	201	227
Office Equipment	16	-	-	-	(3)	170	(158)	12	12
Furniture & Fittings	52	5	-	-	(11)	430	(383)	47	60
Computer Equipment	66	40	-	-	(41)	528	(463)	65	65
Resource Recovery Parks	170	-	-	-	(11)	244	(85)	159	159
Heritage Assets	20	-	-	-	-	29	(10)	19	19
	31,920	80	-	(1,554)	(437)	32,723	(2,716)	30,007	30,046
Restricted Assets									
Land	3,899	-	-	-	-	3,899	-	3,899	3,899
Total Operational & Restricted Assets	35,819	80	-	(1,554)	(437)	36,622	(2,716)	33,906	33,945
Infrastructural Assets									
Sewerage Schemes	10,679	1,385	-	-	(204)	12,474	(614)	11,860	11,860
Stormwater Schemes	3,261	168	-	-	(53)	3,535	(158)	3,377	3,377
Rural & Urban Water Supplies	13,691	1,055	-	-	(293)	15,339	(886)	14,453	14,453
Landfills	99	-	-	-	(4)	136	(41)	95	95
Village Projects	1,336	157	-	-	(70)	1,807	(384)	1,423	1,423
Land Under Roads	5,901	-	-	-	-	5,901	-	5,901	5,901
Roading	70,934	3,051	-	-	(1,675)	77,071	(4,761)	72,310	72,310
Resource Consents	91	-	-	-	(3)	103	(15)	88	88
Total Infrastructural Assets	105,992	5,816	-	-	(2,302)	116,366	(6,859)	109,507	109,507
Capital Work In Progress									
Capital Work in Progress	2,821	766	(2,877)	-	-	710	-	710	710
Total Capital Work in Progress	2,821	766	(2,877)	-	-	710	-	710	710
Joint Venture Assets				572		572	-	572	572
Total Property, Plant & equipment	144,632	6,662	(2,877)	(982)	(2,739)	154,270	(9,575)	144,695	144,734



Notes to the Accounts cont...

Note 18 –Property, plant & equipment

	Net Book Value 30 June 2008 \$000's	Current year Additions/ \$000's	Current Year Disposals \$000's	Revaluation \$000's	COUNCIL Current Year Depreciation \$000's	Total Assets Valued at Cost or Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2009 \$000's	GROUP Net Book Value 30 June 2009 \$000's
Operational Assets									
Land	20,756	90	(222)	-	-	20,624	-	20,624	20,624
Buildings	9,423	1,023	(148)	-	(263)	10,574	(539)	10,035	10,035
Plant & Machinery	709	56	-	-	(80)	1,132	(447)	685	685
Motor Vehicles	175	180	(50)	-	(53)	511	(259)	252	252
Office Equipment	16	4	-	-	(4)	170	(154)	16	16
Furniture & Fittings	56	8	-	-	(12)	424	(372)	52	52
Computer Equipment	57	50	-	-	(41)	494	(428)	66	66
Resource Recovery Parks	182	-	-	-	(12)	244	(74)	170	170
Heritage Assets	20	-	-	-	(-)	30	(10)	20	20
	31,394	1,411	(420)	-	(465)	34,203	(2,283)	31,920	31,920
Restricted Assets									
Land	3,899	-	-	-	-	3,899	-	3,899	3,899
Total Operational & Restricted Assets	35,293	1,411	(420)	-	(465)	38,102	(2,283)	35,819	35,819
Infrastructural Assets									
Sewerage Schemes	10,784	99	-	-	(204)	11,089	(410)	10,679	10,679
Stormwater Schemes	3,216	98	-	-	(53)	3,367	(106)	3,261	3,261
Rural and Urban Water Supplies	13,719	263	-	-	(291)	14,282	(590)	13,691	13,691
Landfills	103	-	-	-	(4)	136	(37)	99	99
Village Projects	1,355	48	-	-	(67)	1,650	(314)	1,336	1,336
Land Under Roads	5,872	29	-	-	-	5,901	-	5,901	5,901
Roading	71,367	1,142	-	-	(1,575)	74,020	(3,086)	70,934	70,934
Resource Consents	94	-	-	-	(3)	103	(12)	91	91
Total Infrastructural Assets	106,510	1,679	-	-	(2,197)	110,548	(4,555)	105,992	105,992
Capital Work In Progress									
Operational & Infrastructural	2,088	2,281	(1,548)	-	-	2,821	-	2,821	2,821
Total Capital Work in Progress	2,088	2,281	(1,548)	-	-	2,821	-	2,821	2,821
Total Property, Plant & equipment	143,891	5,371	(1,968)	-	(2,662)	151,471	(6,838)	144,632	144,632



Notes to the Accounts cont...

Note 19 – Intangible assets

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
97	97	Software	120	123
24	24	Additions from acquisitions	1	2
(100)	(100)	Accumulated Amortisation	(110)	(114)
		Carbon Emission Reduction Units		
-	-	Value recorded upon allocation 16/2/10	352	352
-	-	Less impairment 30/6/10	(104)	(104)
21	21	Balance as at 30 June	258	259

Note 20 – Forestry

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
1,529	1,529	Balance as at 1 July	1,831	1,831
302	302	Gains/ (losses) arising from changes in fair value less estimated point of sale costs.	475	475
1,831	1,831	Balance as at 30 June	2,306	2,306

Financial risk management strategies:

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

Note 21 – Financial Instruments

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

Market risk

Price Risk

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

Currency Risk

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

Interest rate risk

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

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

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

Credit Risk

Credit Risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council invests in approved financial assets, which excludes dealing in shares. Council invests in the following instruments:

- Government investments
- Registered bank investments
- Local Authority investments
- State Owned Enterprises (SOE) investments
- Corporate investments
- District Health Board Investments

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

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

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

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		FINANCIAL ASSETS		
		Loans and receivables		
2,242	2,299	Cash and Cash Equivalents	3,280	3,311
1,439	1,429	Debtors and other receivables	1,400	1,518
3,681	3,728	Total loans and receivables	4,794	4,829
		Held for Trading		
		Other financial assets:		
4,613	4,613	- Investments	5,531	5,531
33	33	- Term Deposits	116	115
725	725	- Debentures and other stock	183	183
5,371	5,371	Total held to maturity	5,830	5,829
		Fair value through equity		
		Other financial assets:		
5,863	5,863	- unlisted shares	6,355	6,355
5,863	5,863	Total fair value through equity	6,355	6,355
		FINANCIAL LIABILITIES		
		Financial liabilities at amortised cost		
1,135	1,167	Creditors and other payables	1,342	1,512
1,135	1,167	Total financial liabilities at amortised cost	1,342	1,512

Notes to the Accounts cont...

Maximum exposure to credit risk

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

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
2,242	2,299	Cash at bank and term deposits	3,280	3,311
1,439	1,429	Debtors and other receivables	1,400	1,518
11,234	11,234	Investments, Shares and Debentures	12,185	12,185
14,915	14,962	Total credit risk	16,865	17,014

Credit quality of financial assets

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

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
		COUNTERPARTIES WITH CREDIT RATINGS		
		Cash at bank and term deposits:		
2,169	2,169	AA	3,280	3,311
-	-	BBB-	-	-
2,169	2,169	Total cash at bank and term deposits	3,280	3,311
		Investments:		
2,665	2,665	AA	2,306	2,305
741	741	AA-	263	263
693	693	A+	1,280	1,280
-	-	A	1,287	1,287
33	33	BBB+	-	-
		BB+	-	-
		Unrated	-	-
4,132	4,132	Total investments	5,136	5,135
		COUNTERPARTIES WITHOUT CREDIT RATINGS		
73	73	Term Deposits	-	-
514	514	Unlisted shares and debentures	511	511
6,588	6,588	Existing counterparty with no defaults in the past	6,382	6,382
7,175	7,175	Total shares and debentures	6,893	6,893

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

Notes to the Accounts cont...

Liquidity Risk

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

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

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2009: \$500,000). Despite having this facility, it is rarely utilised.

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

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

	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 year \$000
Council 2010			
Creditors and other payables	1,342	1,342	1,342
Group 2010			
Creditors and other payables	1,512	1,512	1,512
Council 2009			
Creditors and other payables	1,135	1,135	1,135
Group 2009			
Creditors and other payables	1,167	1,167	1,167

Sensitivity Analysis

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Mackenzie District Council's financial instrument exposures at balance date.

Interest Rate Risk	2010 \$000	2010 \$000	2009 \$000	2009 \$000
	-100bps Profit Equity	+100bps Profit Equity	-100bps Profit Equity	+100bps Profit Equity
Financial assets				
Cash and Cash equivalents (a)	(34)	34	(21)	21
Other financial assets:				
- Shares (b)	(635)	635	(586)	586

(a) Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$3,427,699 (2009 \$2,082,780) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$20,828 (2009 \$32,455)

(b) Unlisted Shares

Mackenzie District Council holds unlisted shares in Alpine Energy Ltd, these are not publicly traded. If there was a movement of plus or minus 10% in the share price the effect would have an increase in the fair value through equity reserve of \$635,000 (2009 \$586,000).



Notes to the Accounts cont...

Note 22 – Components of Equity – Council Only

	Total \$000's	Ratepayers \$000's	Revaluation \$000's	Operating \$000's	Special \$000's	Other \$000's	Capital \$000's
Equity at the Start of the Period 1/07/09	171,227	92,408	73,921	844	6,384	46	(2,376)
Net Surplus (Deficit)	3,457	3,457	-	-	-	-	-
Increase/(Decrease) In Revaluation Reserves	492	-	492	-	-	-	-
Recognised Revenue & Expenditure	3,949	3,457	492	-	-	-	-
Reserve Transfers							
Appropriation of Net Surplus	-	(3,457)	-	3,457	-	-	-
Transfers between Reserves	-	1,292	(76)	(2,661)	(51)	2	1,494
Equity at the End of the Period 30/06/10	175,176	93,700	74,337	1,640	6,333	48	(882)

	Total \$000's	Ratepayers \$000's	Revaluation \$000's	Operating \$000's	Special \$000's	Other \$000's	Capital \$000's
Equity at the Start of the Period 1/07/08	169,459	90,436	74,161	586	6,419	45	(2,188)
Effect on Accumulated General Funds of Restatement	516	516	-	-	-	-	-
Equity at Start of Period Restated	169,975	90,952	74,161	586	6,419	45	(2,188)
Net Surplus (Deficit)	1,310	1,310	-	-	-	-	-
Transfer to Mackenzie Tourism & Development Trust	(70)	-	-	(70)	-	-	-
Revaluation on sale of Land and Buildings	252	252	-	-	-	-	-
Increase/(Decrease) In Revaluation Reserves	(240)	-	(240)	-	-	-	-
Recognised Revenue & Expenditure	1,252	1,562	(240)	(70)	-	-	-
Reserve Transfers							
Appropriation of Net Surplus	-	(1,310)	-	1,310	-	-	-
Transfers between Reserves	-	1,204	-	(982)	(35)	1	(188)
Equity at the End of the Period 30/06/09	171,227	92,408	73,921	844	6,384	46	(2,376)

Note 23 –Related Party Transactions

Council is the ultimate parent of the group and controls Mackenzie Holdings Limited and the Mackenzie Tourism and Development Trust. As at 30 June 2010 there are no balances outstanding between Council and Mackenzie Holdings Limited. No debts have been forgiven during the year ended 30 June 2010. The following transactions were carried out with related parties:

Council Actual 2008/09 \$000's		Council Actual 2009/10 \$000's
27	Mackenzie Tourism & Development Trust	-
27	Loans payable to Council	-
-	Mackenzie Holdings Limited	-
-	Loans payable to Council	-
-	Interest paid to Council	-
-	High Country Health Ltd	-
87	Loans payable to Council	90
4	Interest Charged by Council	3
-	Mackenzie Medical Trust	-
-	Donations Made	7
114	Total	97

Revenue paid to Mackenzie Tourism & Development Trust was \$259,014 (\$207,568: 2009).

Revenue received from Mackenzie Tourism & Development Trust was \$21,500 (\$16,500: 2009).

During the year, Council settled the Mackenzie Tourism & Development Trust for \$27,000. This was done by transferring the 2009 receivable.

Cr David Pullen is a Director of High Country Health Ltd which owes Council \$90,000 (2009: \$87,000) secured by way of Debenture over the assets of High Country Health Ltd. There were no other transactions recorded during the year with High Country Health Limited.

Cr Graham Smith is a Trustee appointed by Council of the Mackenzie Medical Trust. Council donated \$6,790 towards the construction of the Fairlie Medical Centre (2009: NIL).

Key Management and Members of the Council

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

Key management personnel compensation

Council Actual 2008/09 \$000's		Council Actual 2009/10 \$000's
653	Salaries and other short term employee benefits	665
653		665

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel. Key management personnel compensation in the 2008/09 year only included cash remuneration. Total remuneration in the 2008/09 year was \$686,000.

Note 24 –Chief Executive Officer's Remuneration

As at 30 June 2010, the Chief Executive Officer of the Mackenzie District Council receives a salary of \$138,242 (2009 \$138,247).

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

Council Actual 2008/09 \$000's		Council Actual 2009/10 \$000's
5	Super Subsidy	6
14	Vehicle	14
19	Total Additional Benefits	20

The total cost, including benefits and gratuities, to the Mackenzie District Council is calculated at \$157,442 (2009: \$157,444).

Note 25 –Accrued landfill closure costs

Group Actual 2008/09 \$000's	Council Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
6	6	Current Portion of Debt		
		Accrued Landfill Closure Costs	6	6
6	6		6	6
61	61	Non-Current Portion of Debt		
		Accrued Landfill Closure Costs	61	61
61	61		61	61

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



Notes to the Accounts cont...

Note 26 –Trade & other payables

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
1,235	1,267	Creditors	1,191	1,357
34	34	Rates in Advance	30	30
(140)	(140)	Income in Advance	115	119
6	6	Current Portion of accrued landfill closure costs	6	6
1,135	1,167		1,342	1,512

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

Note 27 –Remission of Rates

Revenue is shown net of rates remissions and non-rateable land. Under the Local Government (Rating) Act 2002 a number of properties cannot be rated for general rates. In addition, under Council's Rate Remissions Policies which provide for rates to be remitted for sporting and community organisations, the Council committed itself at the start of the year to certain remissions which at year end totalled \$3,500 (2009; \$5,360), and during the year decided not to provide any further remissions.

Note 28 – Disclosure of Severance Payments

For the year ended 30 June 2010 Mackenzie District Council made no (2009: nil) severance payments to employees (2009: Nil).

Note 29 - Capital Management

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

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of

managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

Mackenzie District Council has the following Council created reserves:

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

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

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

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



Notes to the Accounts cont...

Note 30 – Explanation of Major Variances against Budget

Explanations for major variances from Mackenzie District Council's estimated figures in the 2009/10 Annual Plan are as follows:

Statement of financial performance

The operating surplus was up on budget by \$799,000 this was due to the following

Income from vested assets was less than budgeted by \$428,000 because subdivisions which were anticipated would vest with the Council during the 2009/10 year did not.

Nett Real estate sales were higher than anticipated by \$306,000 mainly due to land being sold at Pukaki Airport. This however, includes \$73,000 of prior years costs of work in progress being brought forward to account in the 2010 year.

Council expensed \$174,000 of current year's costs relating to plan change 13. This along with an additional \$81,000 of costs held in work in progress meant \$255,000 was brought forward to account in relation to the plan change.

Council also expensed \$93,000 of costs from work in progress that related to studies done on Fairlie \$58,000 and natural value \$35,000.

Council's investment portfolio outperformed budget by \$150,000 due mainly to the timing of the receipt of Pukaki Airport land sales which was invested in the bond market. Rental returns from leases were \$16,000 higher than anticipated due to better than expected performance of lessees business.

Revenue from subsidies increased by \$69,000 due to New Zealand Transport Authority providing additional subsidy on capital projects.

Building control revenue was up on budget by \$58,000 due to a change in fee levels coupled with a lower than anticipated slow down in building activity during the period.

Timing of lease payment from the Lake Alexandrina Hut holders meant two years of income has been recorded in the 2010 year. This has amounted to an additional \$66,000 in income being received.

- Forestry and investment valuations produced increases in value this year of \$475,000, and \$150,000 respectively. This was coupled with the allocation of carbon credits which increased revenue by an additional \$352,000.

Council incurred \$191,000 in impairments (reduction in value) due to the write-down of the Albury Water Supply investment in Aorangi Securities and movement in value of carbon credits.

Note 31– Events after Balance Date

There were no significant events after balance date.

Note 32 – Correction of Prior Period Accountancy Treatment

During 2010 Council was advised that the previous treatment of suspensory loans made by Housing New Zealand to Council for the construction of pensioner flats in Fairlie was incorrect. The loan essentially is only required to be repaid should Council sell the units in question before 2028. Council considers these assets to be strategic and therefore considers it unlikely that it will divest itself of these assets. The financial statements for 2009 which are presented as comparable information in the 30 June 2010 financial statements have been restated to correct this change.

The effect of this restatement on those financial statements is summarised below:

	Council Effect on 2009	Group Effect on 2009
Decrease in non-current liabilities	516	516
Increase in accumulated General Funds	516	516

Note 33 – Mackenzie District Council did not complete its Annual Accounts within the statutory deadline of 31 October 2010. The Report was completed on 21 December 2010.

Note 34 –Property Intended for Disposal

Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's		Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's
11,148	11,148	Land Opening Balance	11,063	11,063
354	354	Plus Transfer from Operational Land	1,570	1,570
-	-		12,633	12,633
439	439	Less Disposals	350	350
11,063	11,063	Closing Balance Land	12,283	12,283
-	-	Investment Eversley Sewerage Scheme		
-	-	Opening Balance	-	-
-	-	Additions	256	256
-	-	Closing Balance Eversley Sewerage Scheme	256	256
11,063	11,063		12,539	12,539
-	-	Less Current portion		
11,063	11,063	Property intended for Disposal	9,238	9,238
-	-		3,301	3,301



Council Structure

Council Structure

Division of Responsibility between Council and Management

Community Board Structure

Organisational Chart

Council Structure

Governance, Management and Employees

Role of the Council

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

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

Structure of the Council

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

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

- Cr McDermott – Chair of Finance Committee
- Cr Pullen – Chair of Operations Committee
- Mayor O'Neill – Chair of Planning Committee.

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

Council Operations

The Council has appointed a Chief Executive Officer to be in charge of Council operations and delegated certain powers of management to him as required under Section 119c(1)(a) of the Local Government Act 1974. The Chief Executive has in turn appointed senior managers and support staff to manage each of the Council's significant activities.

Appointed Boards of Council

At 30 June 2010 there were two Boards of Council; the Forestry Board and the Pukaki Airport Board.

The Mackenzie Forestry Board is made up of the Mayor and three Councillors.

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

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

Community Boards

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

Division of Responsibility between Council and Management

Governance Framework

Independent Election

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

Communication/Reporting;

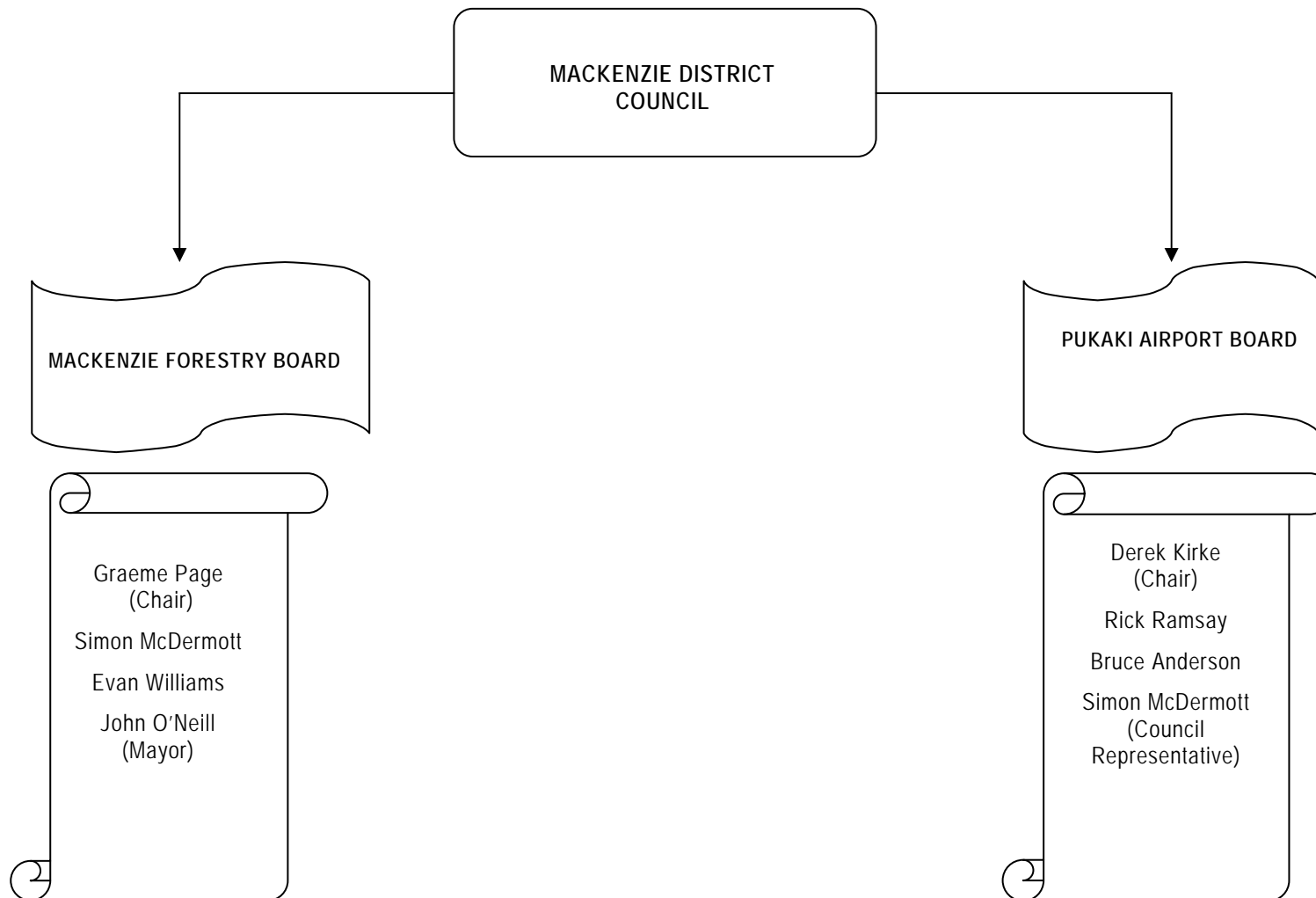
Council holds regular meetings to ensure that the affairs of the authority are being conducted in accordance with its legislative mandate and Council objectives. The Council also monitors through its Chief Executive Officer, whether staff adhere to the principles of “good citizenship” and high standards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

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

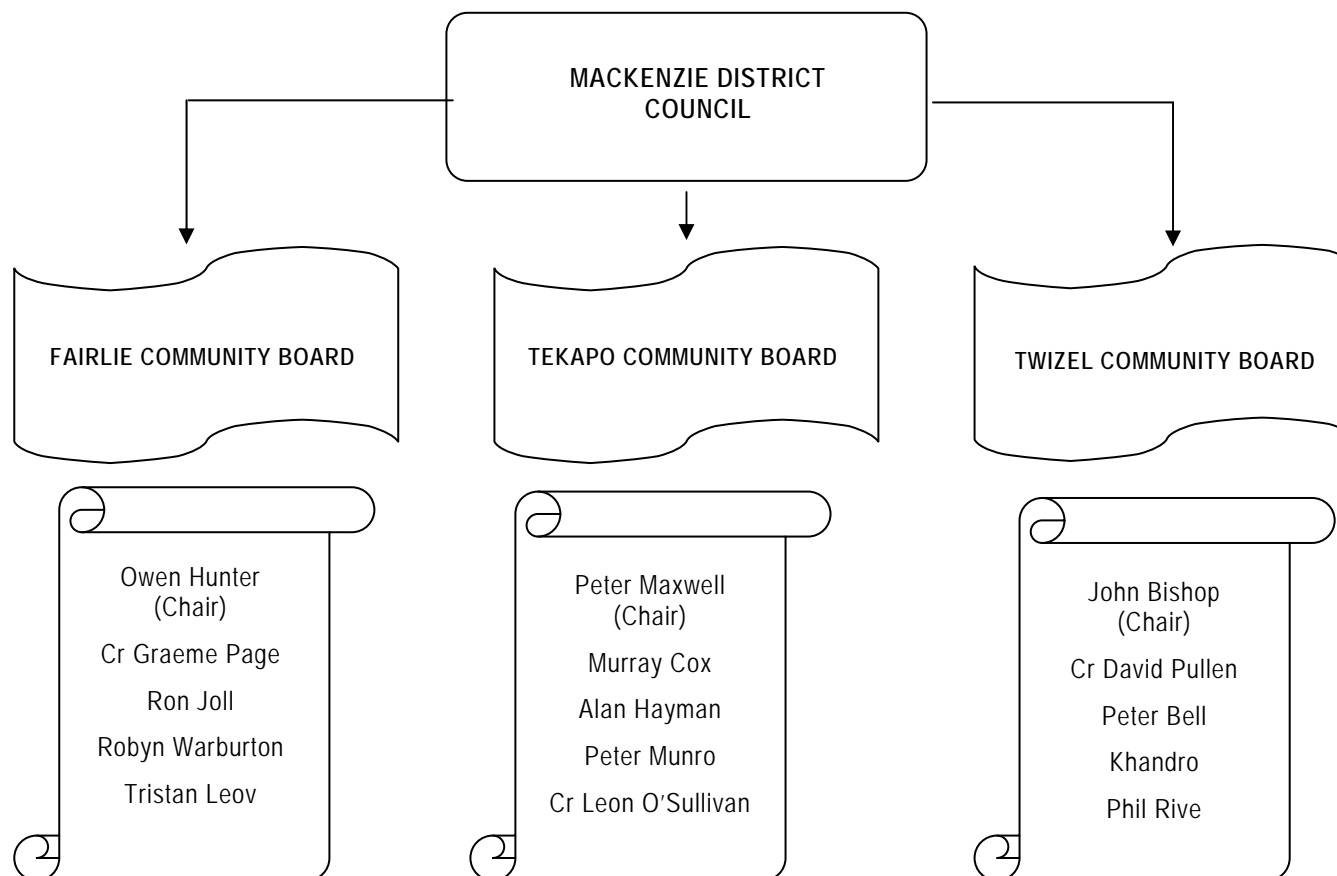
Legislative Compliance

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

Council Committee Structure (as at June 2010)



Community Board Structure (as at June 2010)



Organisational Chart (as at June 2010)

