



Photo: Fairlie scene (G Innes)

Mackenzie District Council

Annual Plan

2014 – 2015

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On behalf of the Controller and Auditor General

BANKER

Westpac New Zealand



Photo: Walk to Mt Cook (G Innes)

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Introduction from the Mayor & CEO

Welcome to the Annual Plan 2014 – 2015.

It gives us great pleasure to introduce the Mackenzie District Council Annual Plan for 2014/15. This Plan reflects the diverse challenges and opportunities our district will face in the coming year and describes the objectives we have set. One of the fundamental tasks of council is to determine funding so we can meet our obligations and progress community aspirations in a balanced and responsible manner. The Annual Plan process provides a framework for discussion between council and the community and we welcome your submissions. This draft plan is informative and accessible, as well as meeting legislative requirements. The information provides a full explanation of council's goals and the actions we will take to achieve them.

There are a number of areas in this plan that will strengthen our community. These initiatives include upgrading the Twizel water supply, an increase in support for the Canterbury Water Management Strategy and economic development support for local businesses.

The Twizel township inherited its infrastructure free of charge from the original Ministry of Works project and has enjoyed very good service from these assets at very low rating levels. Unfortunately assets do not last forever. The water supply and treatment plant are the first of the major Twizel assets to need replacement. This Annual Plan makes provision to spend \$2.65 million on the water upgrade, which will ensure the township is able to enjoy a safe and reliable water supply for many years to come. This level of spending will have a significant impact on the Twizel water rate. While the overall rate level at Twizel remains below what is paid in other townships, the increase will be a shock to some ratepayers.

The Canterbury Water Allocation Plan is part of Environment Canterbury's responsibility, but our council has taken an active role recognising the critical position that water management holds for our community. The Canterbury Water Zone Committees are joint committees of the regional council and the relevant district councils. Two of these committees represent our district. There are many environmental and economic gains to come from the Water Zone Committee work and we need to improve at letting people know about these. We also need to clearly explain any additional responsibilities that may be faced and how these will ensure we all improve at water management. This plan includes funding to undertake more liaison in this area.

Our council is actively promoting tourism development in the district through our support contract with Christchurch and Canterbury Tourism and our involvement with the development of the Alps2Ocean Cycle Trail. Both these activities are achieving positive results with impressive growth statistics being recorded in most tourism sectors.

Last year council recognised the need to provide development assistance to some of our business operators and instigated a business support contract with the Aoraki Development Business & Tourism (ADBT). This agreement provides an avenue for businesses in our district to access a wide range of training, advice and mentoring services. Our feedback shows the companies and individuals who have already received assistance from ADBT have made significant improvements to their businesses. Council recognises the benefit that thriving businesses make to our district and has supported the continuation of the ADBT contract for the full year in 2014/15.

Another area of focus for our council is to strengthen our communication, collaboration and administration capability. We continue to search for better ways to provide relevant information to people as concisely as possible. Council now has a Facebook page to provide better information during emergency events and we are using workshops to communicate directly with communities on initiatives such as the Tekapo Lakefront Development. We will collaborate with neighbouring councils to develop shared solutions where this is most efficient. Our joint approach to the implementation of the new Liquor Licencing Act with Waimate and Timaru District Councils is a good example of this. There are also a number of work areas reflected in this plan that are not of council's choosing. The Environment Court and High Court actions relating to District Plan Change 13 have required significant staff time and resources to date. The total cost to council has already passed one million dollars. It is unclear how much further work will be required to resolve this issue, so the amounts included in the Plan are provisional to some extent. A second High Court appeal has now been lodged and may indicate that there is some way to go before a settlement is finalised.

The Resource Management Act requires council to review all sections of our District Plan that are ten years old. This captures the majority of our existing plan as it became operative in 2004. The review is a significant body of work. The new Plan is scheduled for adoption by council in 2016. Whilst the District Plan review is a challenging task it is very important for our community. It sets out regulatory standards that we must meet, but also reflects the community's values and provides a framework for us to manage land use and building activities within the district. Keeping it current and relevant is important for us all.

It is recognised that it would be inappropriate to use rates to fund the total cost of Plan Change 13 and the District Plan review in a single year. Provision has been made to hold these costs as deficit reserves in the current plan. Provision for addressing these reserves will be included in the next Long Term Council Community Plan which will be formulated over the next year.

Council undertook its 3 yearly asset revaluation in the 2014 year. This resulted in an increase in depreciation of \$149,000 which has translated into a 2.2% increase in overall rates for the period of the Plan.

Overall we are satisfied that this Annual Plan provides appropriate support for the growth of our district while still controlling the costs we pass on to our ratepayers.

We would like to extend a big thank you to staff and elected members for their efforts and contribution in compiling this plan. We look forward to delivering the objectives that the plan sets out.



Mayor Claire Barlow

A handwritten signature in blue ink, appearing to read 'C Barlow'.

CEO Wayne Barnett

A handwritten signature in blue ink, appearing to read 'W Barnett'.

Photo: G Innes

Have Your Say

If you would like to discuss issues in the Annual Plan please contact your local Councillor or Council staff. You are welcome to phone the Council on 03 685 9010 or Freephone 0800 685 8514 for contact information, or email the Council at council@mackenzie.govt.nz.

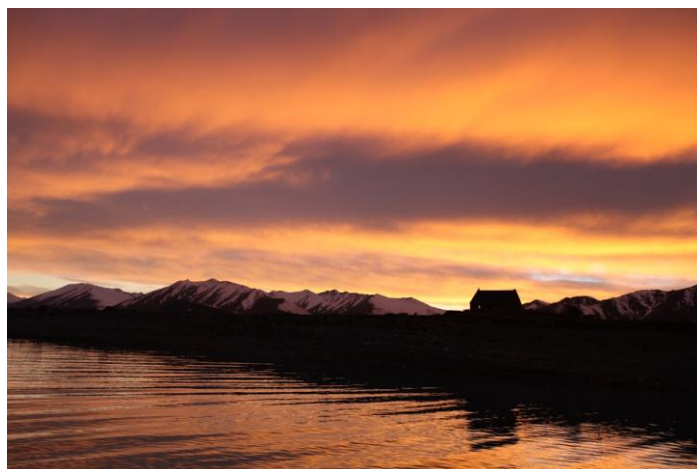
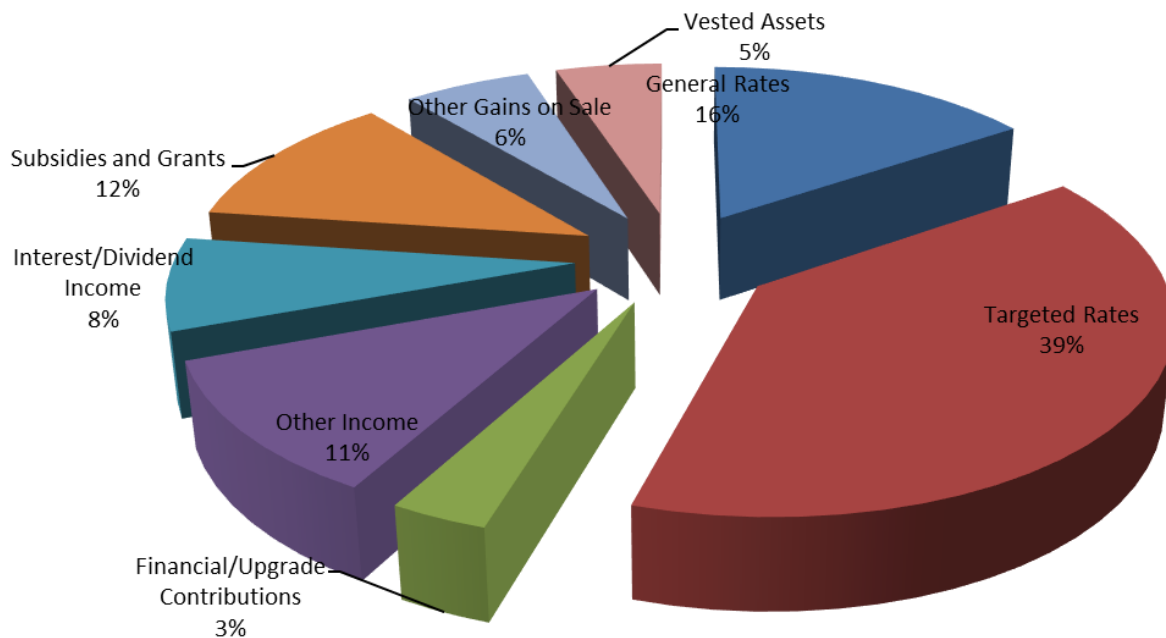


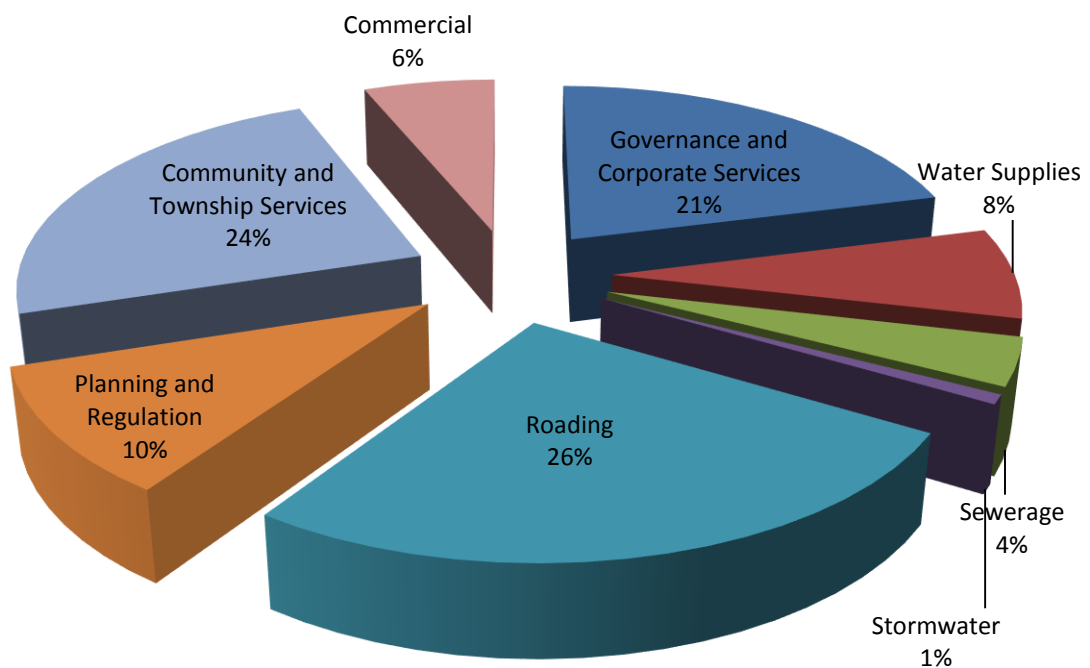
Photo: G Empson

How Your Rates Are Spent

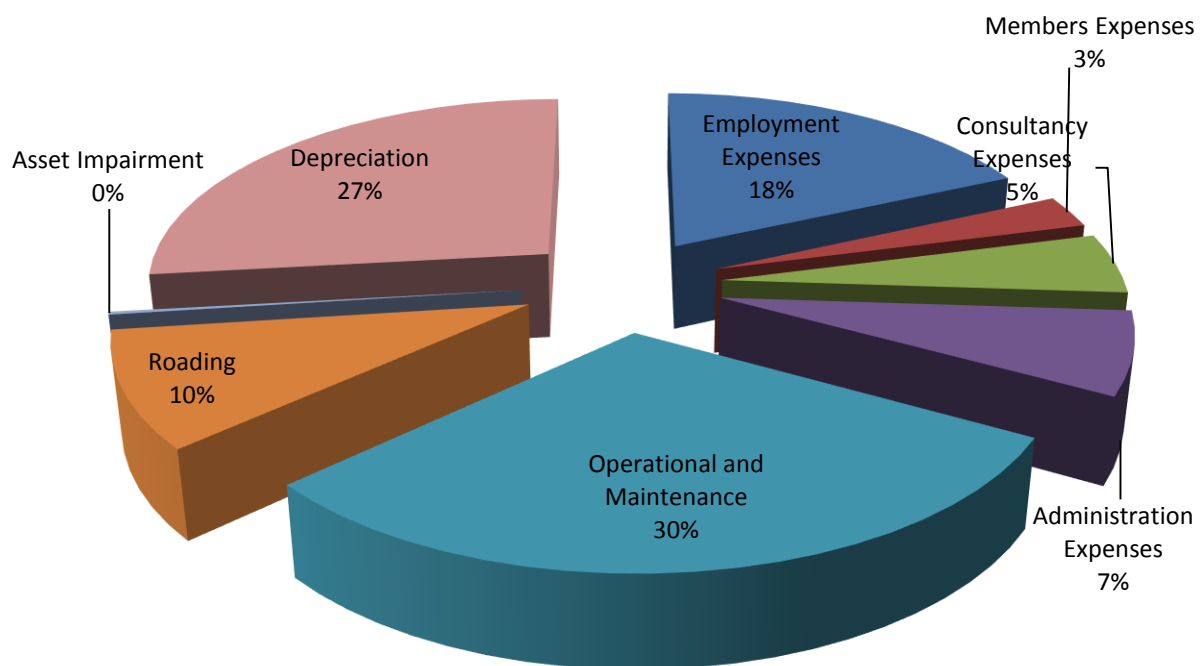
Operating Income for the 2014/15 year (\$13.03 million)



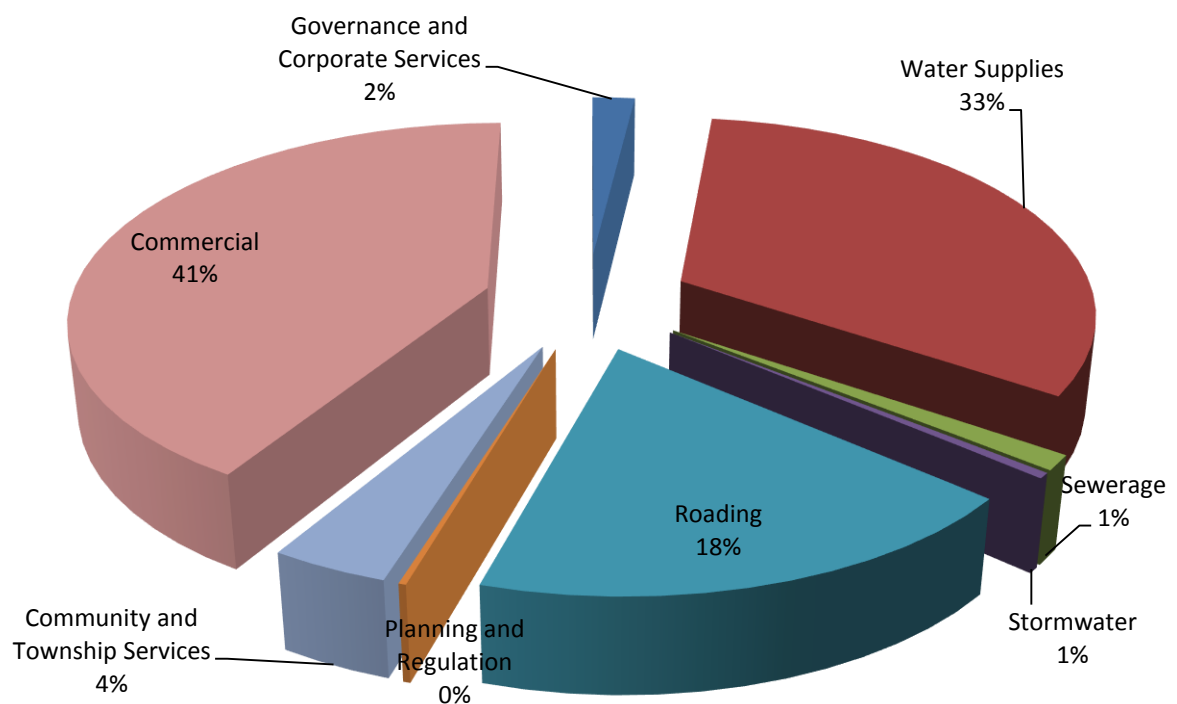
Operating Expenditure by Activity for the 2014/15 year (\$12.24 million)



Operating Expenditure by Cost Type for the 2014/15 year (\$12.24 million)



Capital Expenditure for the 2014/15 year (\$8.95 million)



Key Projects for 2014/15

Twizel Water Supply

A major project for Mackenzie District Council in the 2014/15 year will be the upgrade of the Twizel water supply. The existing supply equipment has become unreliable and expensive to maintain. In addition, we are required by law to take all practicable steps to provide adequate supplies of drinking water that meet the requirements of the Drinking Water Standards of New Zealand. Council proposes to spend significant sums of money on the Twizel water supply, to meet these legislative obligations and provide a safe and secure water supply now and in the future.

In 2013, Council completed the investigations on Ben Ohau Station for a possible new water source. Unfortunately those investigations were unsuccessful, so Council reviewed all the available options and decided that the best option was to upgrade the existing water supply which has bores adjacent to Fraser Stream near Glen Lyon Road pumping through the open reservoir and then through the old pump set that provides pressure to the town.

Having confirmed the future source the project has now the certainty to proceed. \$2.65m has been budgeted in this financial year to start the upgrade. The original pumping equipment is no longer reliable with spare parts being difficult, if not impossible to obtain. Work will include the replacement of two aging well pumps, upgrading wells that supply water to the reservoir and replacement of the supply pumps in the existing pump shed. This will ensure the reliability of the supply and also install modern treatment that will allow Twizel's water supply to meet the Drinking Water Standards of New Zealand.

Property Development

The Council has commenced the development of the Tekapo Lake Frontage. Subdivision consent has been granted and work is expected to commence in earnest in the period covered by this plan. To ensure the project is of a top quality offering Council retains rights of approval of building style and quality.

The Council is committed to ensuring the development is funded through contracts with purchasers rather than through rates. Currently this course has proven successful with the first stage being funded in this manner.

Council will also need to decide whether it sees its role in the Tekapo development as being that of a facilitator or a more active ownership role. This can be done via Council developing a mixed-use building for either short-term build, tenant and sell option or longer term investment returns. The former allows Council to draw together many smaller operators, who on their own would not have the capital to enter the market. However, this approach has its risks and Council needs to understand these risks before proceeding further.

District Planning

Under the Resource Management Act, Council is charged with ensuring the sustainable management of the natural and physical resources of the district, and it does this through its District Plan. Many of the provisions in the Plan are almost 10 years old, and these provisions are required to be formally reviewed under the Act. The Council has made provision for progressing this review in the 2014/15 Plan.

Plan reviews are a significant body of work and cost for Councils, and staff have developed a series of programmes for the work over the next 3 to 4 year period. The Council intends to undertake extensive and meaningful consultation with stakeholders and the community, as provisions are

drafted and prepared. The 2014/15 Annual Plan provides for information gathering, technical studies, and initial stages of consultation with those stakeholders and the community.

Plan Change 13 has incurred significant costs to date in the District Planning area. Following the recent decision of the High Court, the Council will continue to be involved in progressing Plan Change 13 through the Environment Court.

Plan Change 13 has incurred significant costs to date in the District Planning area. Following the recent decision of the High Court, the Council will continue to be involved in progressing Plan Change 13 through the Environment Court. Funding provisions for both the ongoing District Plan Review and the Historical Plan Change 13 costs will be addressed in the next Long-Term Plan.

Alps 2 Ocean Cycle Trail Ltd

The Council recognises the recreational and economic development potential of the Alps 2 Ocean Cycle Trail, and are supporting the trail through the provision of funding for its ongoing maintenance and promotion, in this Annual Plan.

Tourism & Economic Development

Council is committed to growing the district. It has a contract with Christchurch & Canterbury Tourism (CCT) for provision of tourism related services. It is proposing to further strengthen economic development related service through its contract with Aoraki Development Business & Tourism (ADBT).



Photo: J Hadfield



Our Community Outcomes



Photo: B Haar

Our Community Outcomes

This Annual Plan has been developed to build on the objectives set in Council's 2012-2022 Long-Term Community Plan. The legislative basis for Council's plan process comes from the Local Government Act 2002. The Act was amended in December 2012 which created a new 'purpose for local government.

The primary change was that the core objectives of promoting social, economic, environmental and cultural wellbeing have been removed from the purpose statement. The new purpose requires Council to:

- Enable democratic local decision-making and action by and on behalf of communities; and
- Meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Council has reviewed all of the activities we undertake to ensure that they fall within the scope of the Act's amendment. The community outcomes identified during the Long-Term Plan are still appropriate. They represent the Council and Community's overall vision for the District, and they guide Council as it makes its plans and delivers its services.

Following consultation in 2006, Council endorsed the following six outcomes as representing the aspirations of the community.

The people of the Mackenzie 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.

These outcomes largely reflect work this Council had undertaken as part of its strategic plan some ten years earlier. In 2012, Council reconfirmed that these remain appropriate.

AN ATTRACTIVE AND HIGHLY VALUED NATURAL ENVIRONMENT

The outstanding natural features of the District need to be preserved, enhanced, accessible and promoted.

Anyone who has lived in the Mackenzie or who has visited understands that this is our greatest asset. This was reflected in our 2011 community survey whereby respondents listed this as being one of the most important things that they valued about living in this District.

Council's role in supporting this outcome is as regulator through its District Plan. That document provides a detailed framework for managing the natural and physical resources of the District. Council also provides and funds local reserves and acts as an advocate for environmental issues.

A THRIVING ECONOMY

We need to have a well balanced economy, providing employment and investment opportunities for all ages, and sustaining a full range of support services. Our prosperity is based on farming, hydro electric power generation and tourism.

Council's role in economic development is to provide a regulatory environment that facilitates growth. Council has a contractual arrangement with Christchurch & Canterbury Tourism to market the District and its attractions to both overseas visitors and New Zealanders, and Aoraki Development Business and Tourism (ADBT) to provide economic development opportunities for local businesses.

A DEMOCRACY THAT UPHOLDS THE RIGHTS OF THE INDIVIDUAL

We need a Council which represents its community and which champions the rights of the individual.

The Mackenzie with an estimated population of 4,050 is represented by 19 elected representatives who continue a long tradition of championing a vigorous local democracy.

Council's role is to represent its local community, make decisions on its behalf and advocate on behalf of the District or groups within it when required.

Council wants to communicate better with its residents and ratepayers and wants more opportunities for them to provide feedback and participate in Council affairs. Council has created a facebook page to facilitate this and is providing regular updates and media releases to engage with its ratepayers.

A FIT AND HEALTHY COMMUNITY

We need a variety of sporting, recreational, cultural, spiritual, health, welfare and education resources available to help sustain and enrich our lives.

Council is one of the major providers of recreational and community facilities, and it works alongside local clubs and volunteers to help promote a fit and healthy community. It also supports the provision of medical and other social services and will act as an advocate where required on behalf of the community.

SAFE, EFFECTIVE AND SUSTAINABLE INFRASTRUCTURE

This has always been a key role of local councils and Mackenzie is no exception. Providing roads, water supplies, sewage treatment, stormwater disposal, refuse collection and recycling is very much the Council's "bread and butter".

Council is the prime provider and funder of these essential services.

A SUPPORTIVE AND CONTRIBUTING COMMUNITY

The supportive nature of the Mackenzie community is one of its unique advantages, which is recognised and valued by those who live here.

This outcome seeks to foster this and to encourage people to continue to use their skills for the benefit of the wider community.

Council plays mainly a supporting role in this area, advocating on behalf of community groups when required and facilitating local initiatives.



Introduction

Governance and Corporate Services

Water Supplies

Sewerage

Stormwater

Roading

Planning and Regulation



Photo: G Innes

Council Activities - Introduction

This section is about what Council plans to do over the 2014-2015 year, to implement the direction set in the Long Term Plan. “Activity” is the term given to the services and functions that Council is involved in, from public toilets, to roads, to libraries etc.

Council activities are grouped into eight broad categories:

- Corporate and Governance
- Water Supplies
- Sewerage
- Stormwater
- Roding
- Planning and Regulation
- Community And Township Services (includes Solid Waste)
- Commercial Activities

The following pages set out what is proposed for each category and its associated activities. The format for each is similar although some information is relevant for some activities and not for others. For each activity, you will be able to find out:

- Council’s overall aim in relation to the activity
- Background to the activity and why Council is involved
- The community outcomes that are addressed by the activity
- What Council’s plans are in relation to the activity
- Any variances to the Long Term Plan
- How the activity is funded
- How we measure or monitor our progress
- Financial forecasts
- Major capital projects



Photo: G Empson

Governance and Corporate Services

Our Aim:

To provide leadership to the Mackenzie community, to encourage its participation in local government, to speak up on its behalf at a national level, and to also the mechanisms to carry out directions and policies made by Council on behalf of the Mackenzie community.

Why is the Council involved?

Corporate and Governance consist of the following activities:

- Governance
- Corporate Services

The Mackenzie District Council (MDC) is one of 78 local authorities throughout New Zealand the roles of which are defined by law. New Zealand has a statutory requirement for the interests of the people to be represented by way of a democratically elected Council. The Local Government Act 2002 and other statutes define each Council's role, set out its obligations and its democratic process.

MDC's corporate services support that role by providing managerial and administrative support for all activities it undertakes. The corporate services activity includes the following key functions:

- Chief Executive Officer
- Executive management
- Administration Staff and field operations

Community Outcomes this activity contributes to:

- A democracy which upholds the rights of the individual.
- A supportive and contributing community.

Plans for the Year

It is business as usual in terms of governance and corporate services activity.

Variances from the Long-Term plan 2012-2022

There are no significant variances from the program of work contemplated in the Long-Term Plan.



Photo: J Hadfield

Statement of Service Provision;

Levels of Service	Measure of Service	Target
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	Council and its committees generally meet every six weeks. Meetings comply with the Local Government (Official Information and Meetings) Act 1987.	At least nine 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 1987.
Effective consultation held on Long Term Plan, Annual Plan and other significant issues.	A summary of the Long Term Plan, Annual Plan and Annual Report is sent to all ratepayers within statutory time frames.	There are no breaches of statutory time frames for distribution of summary documents or consultation.
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.	Each community board meets eight times during the year. Recommendations including budget submissions are forwarded to Council for approval.



Photo: S McLellan

Governance and Corporate Services Activity

Forecast Financial Summary

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
Income			
General Rates	2,221	2,029	2,219
Targeted Rates	30	31	26
Other Income	121	109	170
Internal Income	128	115	130
Internal Interest Income	-	-	-
Total Income	2,500	2,284	2,545
Expenses			
Employment Expenses	1,212	1,110	1,374
Members Expenses	293	293	315
Consultancy Expenses	156	121	123
Administration Expenses	286	309	364
Operational and Maintenance	203	275	273
Internal interest Expense	19	18	14
Depreciation	108	104	123
Internal Charges	77	51	72
Total Expenses	2,354	2,281	2,658
Operating Surplus (Deficit)	145	3	(113)



Photo: Leo Crampton

Water Supplies

Our Aim:

To meet the current and future needs of our communities for good quality local water infrastructure in a way that is most cost-effective for households and businesses.

Why is the Council involved?

The Mackenzie District Council administers water supplies in order to provide for the health and safety of our people. Council has a duty under the Health Act 1956 to improve, promote and protect public health within the District, and this implies that it will provide a potable water supply for its consumers where possible. This requirement is further enhanced with the Health (Drinking Water) Amendment Act 2007 which requires Council to take appropriate practical steps to ensure that drinking water complies with the (previously voluntary) Drinking Water Standards.

There are presently five public piped water supplies managed by the Mackenzie District Council. They are the urban schemes at Fairlie, Lake Tekapo, Twizel and Burkes Pass and the rural scheme of Allandale. Management of the Albury water supply is undertaken by the Albury Rural Water Supply Society Inc under a formal agreement with the Mackenzie District Council. Management of a small piped stock water scheme, Kimbell Rural, for which Council holds resource consent to take water, is carried out by the consumers.

Many homes in the rural areas obtain their water from small private community schemes, individual private bores and surface water takes. There are three public stock water race systems in the District. They are Ashwick Opuha, School Road and Puneroa Eversley.

Community Outcomes this activity contributes to:

- Safe, effective and sustainable infrastructure.
- A thriving economy.
- An attractive and highly valued natural environment.
- A fit and healthy community.

Plans for the Year

- On-going design and upgrade of the existing source and treatment infrastructure at Twizel.
- Ongoing replacement of ageing pipes in Fairlie.
- Planning for an upgrade to the treatment of Fairlie's water supply. This involves long term monitoring of the spring on the Waters property west of the existing source.

Twizel Water Supply

In 2013, Council completed the investigations on Ben Ohau Station for a possible new water source. Unfortunately those investigations were unsuccessful, so Council reviewed all the available options and determined that the best option was to upgrade the existing water supply which has bores adjacent to Fraser Stream near Glen Lyon Road pumping through the open reservoir and then through the old pump set that provides pressure to the town.

Having confirmed the future source the project now has the certainty to proceed. \$2.65m has been budgeted in this financial year to start the upgrade. Work programmed is the replace most of the two aging well pumps, upgrading of the wells if required and rebuilding of the pump equipment complete with modern controls in the existing pump shed.

Council has recently obtained resource consent from Environment Canterbury for the existing supply. The term of that consent is 35 years. By confirming the upgrade of the existing supply, Council has avoided the need for additional consents.

Fairlie Water Supply

The Fairlie Water Supply pipework is old, with much of it built in the 1940s. The Council will continue the progressive replacement of the pipework during the period of this plan. We will also continue with investigations and planning for a future upgrade of the Fairlie water supply. Investigations will involve monitoring the turbidity of a spring on the Waters property west of the existing site. It is hoped that this spring is not effected by high and turbid flows in the Opihi River. If this proves to be the case, the cost of treatment to meet Drinking Water Standards will be significantly reduced.

Variances from the Long Term Plan 2012-2022

The planned new water supply for Manuka Terrace will have to be re-assessed in light of the decision to upgrade the existing Twizel water supply. The anticipated option to use the same treated water from a new reservoir on Ben Ohau is now no longer available.

Plans to replace the pipeline from the Treatment Plant to Kimbell and on the Fairlie water supply have been delayed whilst the condition of the pipe is reassessed and more at-risk pipes are replaced in Fairlie.

Plans for a review of the Puneroa supply, signalled in the Long Term Plan for the 2014/15 year have been deferred pending resolution of Resource Consent matters.

Council expects to have \$77,000 of water supply assets vested with it.

Statement of Service Provision

Levels of Service	Measure of Service	Target
Water supplies are available and reliable	Time for reinstatement of service for on-demand supplies from notification to contractor: <ul style="list-style-type: none"> - During working hours - 6 hours. - Outside working hours – 9 hours. For restricted supplies: <ul style="list-style-type: none"> - 24 hours. 	90% 90% 90%
Water is safe to drink	No detectible E Coli in water leaving water treatment plants or in the distribution network as identified during scheduled monitoring. Response to any E Coli identified in drinking water leaving the treatment plant (transgression): <ol style="list-style-type: none"> 1. Take remedial action. 2. Issue “Boil Water” notice if transgression is likely to exceed 24 hours to rectify. 	100% 100% 100%
Water quality is maintained or improved	Time to respond to water demands including low pressure and flow from notification to contractor: <ul style="list-style-type: none"> - During working hours-6 hours - Outside working hours-9 hours % of ratepayers satisfied with the water supply service. Upgrading the treatment of the following water supplies to comply with the health requirements of the Drinking Water Standards for New Zealand 2008 in accordance with the Health (Drinking Water) Amendment Act 2007 to provide for growth and ensure continuity of supply Target Upgrade Tekapo water supply by June 2013 Target Upgrade Twizel water supply by June 2016 Target Upgrade Fairlie water supply by 1 June 2017	100% 100% 80% Complete. Complete. Complete.

Water Supplies Activity

Forecast Financial Summary

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
Income			
Targeted Rates	840	1103	965
Other Income	66	87	86
Financial Contributions	0	79	159
Internal Income	3	3	3
Internal Interest Income	38	69	26
Vested Assets	118	83	77
Total Income	1065	1424	1316
Expenses			
Consultancy Expenses	30	13	14
Administration Expenses	11	13	12
Operational and Maintenance	433	469	435
Internal interest Expense	75	365	165
Depreciation	383	429	472
Internal Charges	3	3	3
Total Expenses	936	1292	1100
Operating Surplus (Deficit)	130	132	216

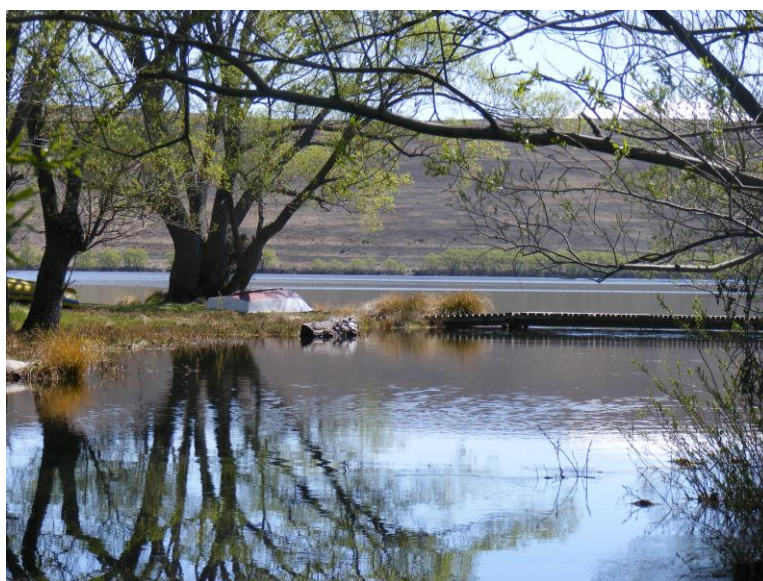


Photo: Nick Froude

Sewerage

Our Aim:

To meet the current and future needs of our communities for good quality local sewerage infrastructure in a way that is most cost-effective for households and businesses.

Why is the Council involved?

Council has a duty under the Health Act 1956 to improve, promote and protect public health within the District. This implies that it has an obligation, where possible, to provide a sewage collection and disposal system.

Community Outcomes this activity contributes to:

- Safe, effective and sustainable infrastructure.
- A fit and healthy community.
- A thriving economy.

Plans for the Year

It is a 'business as usual' approach in this activity.

Planned work will continue on the expansion of treatment facilities at Twizel. In terms of the Twizel pond upgrades, the focus for the next year will be acquiring additional land at Twizel, which will also provide sufficient room for an eventual expansion of the treatment facilities as the population grows.

Safety grills are being placed over the sewer pump stations in Tekapo and Twizel to protect operators from fall injuries.

Variances from the Long Term Plan 2012-2022

Council expects to have \$160,000 of foul sewer assets vested with it.
There are no other significant variations from the Long-Term Plan.

Statement of Service Provision:

Levels of Service	Measure of Service	Target
Sewage is managed without risk to public health.	Number of sewage overflows from pump stations.	Nil
	Number of annual blockages per 10km of sewer.	Less than six
	% of ratepayers satisfied with the sewage treatment and disposal service.	85%
Sewage is able to be disposed of without significant disruption.	% of temporary or permanent repairs completed within 6 hours (during working hours) or 12 hours (outside working hours).	100%
	Normal disruption should not exceed 8 hours. Apart from earthquake or flood, no single disruption should exceed 24 hours.	100%
Safe discharge of wastewater	% of notices of non-compliance, issued by Environment Canterbury, for Council's discharge consents actioned within 20 working days.	100%

Sewer Activity

Forecast Financial Summary

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
Income			
Targeted Rates	424	374	461
Financial Contributions	0	57	133
Internal Interest Income	39	62	37
Vested Assets	183	124	160
Total Income	645	617	792
Expenses			
Consultancy Expenses	11	12	11
Administration Expenses	9	11	10
Operational and Maintenance	156	164	158
Internal interest Expense	23	16	13
Depreciation	253	252	297
Total Expenses	453	455	489
Operating Surplus (Deficit)	193	162	303



Stormwater

Our Aim:

To meet the current and future needs of our communities for good quality local stormwater infrastructure in a way that is most cost-effective for households and businesses.

Why is the Council involved?

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

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

Community Outcomes this activity contributes to:

- Safe, effective and sustainable infrastructure.
- An attractive and highly valued natural environment.

Plans for the Year

‘Business as usual’ with no major or unusual expenditure expected or planned.

Variances to the Long Term Plan 2012-2022

Council has allocated \$40,000 to improve drainage in Beauchamp Place in Tekapo in 2014/15.

Statement of Service Provision;

Levels of Service	Measure of Service	Target
Council provides a reliable stormwater system which prevents houses from flooding.	Number of reported house flooding incidents in a 1 in 5 year event.	Nil
Council will respond promptly to reports of flooding and customer requests	% of localised flooding events responded to within 1 hour of notification. % of blockages causing minor disruption responded to within 6 hours of notification during working hours or 12 hours outside working hours.	100% 100%



Stormwater Activity

Forecast Financial Summary

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u>	<u>LTP Budget</u> <u>Year 3</u>	<u>Budget</u> <u>2014/2015</u>
Income			
Targeted Rates	72	53	82
Financial Contributions	0	20	21
Internal Interest Income	16	27	14
Vested Assets	0	0	132
Total Income	89	100	248
Expenses			
Consultancy Expenses	6	0	0
Administration Expenses	3	4	3
Operational and Maintenance	20	18	30
Depreciation	60	60	62
Total Expenses	89	82	95
Operating Surplus (Deficit)	0	18	153



Photo: G Innes

Roading

Our Aim:

To meet the current and future needs of our communities for good quality local road infrastructure in a way that is most cost-effective for households and businesses.

Why is the Council involved?

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 this activity contributes to:

- An attractive and highly valued natural environment.
- A thriving economy.
- A fit and healthy community.
- Safe, effective and sustainable infrastructure.

Plans for the Year

‘Business as usual’ based on our New Zealand Transport Agency approved programme.

The following bridges are programmed for replacement.

No	Name	Span	Width	Replacement Date (as per the LTP)	Estimated Cost
7	Long Gully	8.1	5	2012	\$132,000
19	Pioneer Park	8.2	5	2013	\$135,000
28	Oldfields Rd	6.9	5	2014	\$112,000

Variances to the Long Term Plan 2012-2022

The Long Gully, Pioneer Park and Oldfields Road bridges are now programmed for replacement this year.

These three bridge replacements were due for construction in 2012/14 but were delayed due to new and more enabling rules being allowed for in the Land and Water Regional Plan, provided certain conditions are met. This avoids the need for consents for removal and reconstruction of the new bridges.

Statement of Service Provision

Levels of Service	Measure of Service	Target
Council provides safe, smooth, quality sealed roads in order to reduce travel times and vehicle wear.	<p>Smoothness of urban and rural sealed roads as compared with rest of New Zealand.</p> <p>The average roughness of urban roads as measured by NAASRA counts.</p> <p>The average roughness of rural roads as measured by NAASRA counts.</p> <p>% of road users are satisfied with the roading network.</p>	<p>Smoothness higher than national average.</p> <p>Average <100 counts with less than 10% exceeding 150 counts.</p> <p>Average <80 counts with less than 10% exceeding 110 counts.</p> <p>85%</p>
Council provides a safe and efficient roading network.	<p>Minor improvements to the network identified that will benefit the road user and programmed for completion.</p> <p>Number of fatal accidents due solely to road factors.</p>	<p>Two projects completed each year.</p> <p>Nil.</p>
Ready access is provided around the District except in extreme weather conditions.	The roading network is trafficable and contracted emergency response times are met – on site within 1.5 hours to begin reinstatement.	100%.
Footpaths are maintained in good condition and are fit for purpose	<p>% of footpaths defects made safe within 48 hours.</p> <p>% of road users satisfied with the condition of Council footpaths.</p>	<p>95%</p> <p>70% with improving trend</p>



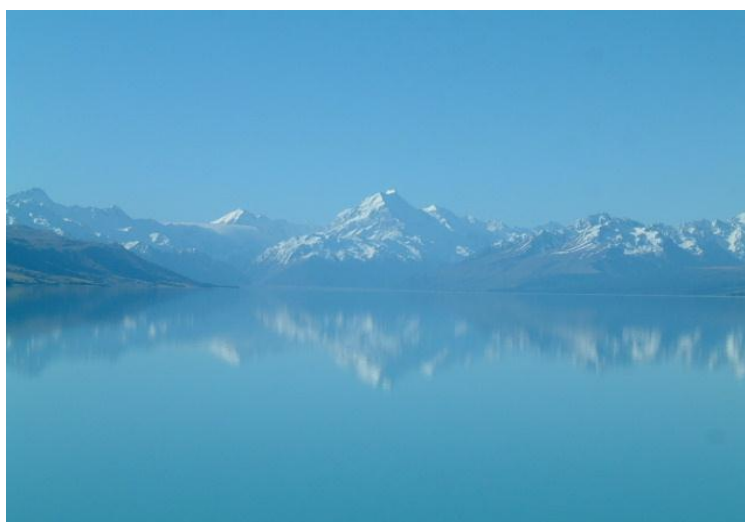
Photo: G Empson

Roading Activity Funding

Forecast Financial Summary

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
Income			
General Rates	0	0	0
Targeted Rates	1309	1387	1319
Subsidies and Grants	1541	1478	1505
Other Income	29	29	37
Internal Income	87	72	66
Internal Interest Income	10	0	0
Vested Assets	115	81	290
Total Income	3090	3046	3218
Expenses			
Internal income	0	0	0
Employment Expenses	88	112	107
Consultancy Expenses	95	25	21
Administration Expenses	5	6	6
Internal interest Expense	0	0	1
Roading	1143	1171	1183
Depreciation	1642	1666	1887
Internal Charges	101	85	151
Total Expenses	3072	3064	3355
Operating Surplus (Deficit)	18	-17	-137



Planning and Regulation

Our Aim:

To meet the current and future needs of our communities for good quality performance of regulatory functions in a way that is most cost-effective for households and businesses.

Why is the Council involved?

Council has various statutory functions it is required to undertake under the present legislative framework:

- Resource Management – Resource Management Act 1991
- Building Control – Building Act 2004
- Animal Control – Dog Control Act 1996 and Impounding Act 1955
- Civil Defence – Civil Defence and Emergency Management Act 2002
- Rural Fire – Forest and Rural Fires Act 1977
- Health – Health Act 1956, Litter Act 1979, Food Act 1981
- Liquor Licensing – Sale of Liquor Act 1989/ Sale and Supply of Alcohol Act 2012

Planning and Regulation covers six activities:

Activity 1:	Resource Management
Activity 2:	Building Control
Activity 3:	Animal Control
Activity 4:	Civil Defence
Activity 5:	Rural Fire
Activity 6:	Public Health & Liquor Licensing

The budgets associated with the above activities are in accordance with the LTP unless described below.

Community Outcomes this activity contributes to:

- A thriving economy.
- Safe, effective and sustainable infrastructure.
- An attractive and highly valued natural environment.
- An attractive and highly valued natural environment.
- A fit and healthy community.

Plans for the Year

Resource Management

The major planning work for the year will involve the continuation of Plan Change 13 (relating to the Mackenzie Basin) which is currently before the Environment Court. Further work will be undertaken on the review of the District Plan, including work to identify significant natural areas (SNAs) within the District. The budget provides for an additional staff member in an education/facilitation role to set up and run the SNA programme, including working closely with the Orari-Opihi-Pareora and Upper Waitaki zone committees.

Building Control

Building Activity is at record levels. This activity now has a dedicated full-time administration position, and the budget provides for the employment of an additional building control officer on a two year fixed term contract. Over the past two years, the Council has invested a considerable

amount of time and money into improving its building control authority functions, as a result of recent IANZ audits.

Rural Fire

The Council owns all capital items that are based in the district, such as rural fire tankers, buildings, and other firefighting equipment. The Council proposes to purchase a second hand 4x4 utility to be available for the Deputy Principal Fire Officer to use.

Civil Defence

There are no changes to this activity compared to the LTP.

Public Health & Liquor Licensing

The Sale and Supply of Alcohol Act 2012 is now in force. The new Act has required the development of a local alcohol policy, of which Mackenzie has a joint local alcohol policy with Timaru and Waimate district councils. The Council continues to have a contract with Timaru District Council to provide health and liquor services, however, the change in legislative requirements has resulted in an increase in the contract price. Management of the sale of liquor is undergoing legislative change at present. The legislation has resulted in an increase in the prescribed liquor fees which it is anticipated will cover the increase in the contract price.

Animal Control

There are no changes to this activity compared to the LTP.

Variances to the Long Term Plan 2012 - 2022

Resource Management

\$360,000 is proposed in employment expenses, compared to \$226,000 in the LTP. An additional \$50,000 of this provides for the employment of an additional person in the Significant Natural Area Management (SNA) program. \$130,000 is associated with the District Plan Review that was not allowed for in the LTP.

\$285,000 is proposed in consultancy expenses, compared to \$90,500 in the LTP. The increase is partially a result of the Environment Court process for PC13 being deferred by over 12 months as a result of an appeal to the High Court, deferring previously budgeted expenditure. The budget also provides for \$90,000 on the District Plan review programme, an increase of \$36,500 from the LTP budget. This is also a result of the programme being deferred, and is under budget in the previous year.

Building Control

\$261,500 is proposed in employment expenses, compared to \$150,500 in the LTP. The increase reflects two new positions in Building Control since the LTP was developed. The first is the provision of a dedicated administrative position which is fully funded from this cost centre. Previously Building Control was supported by a part-time administrative position funded from the Corporate Services cost centre. The second position is the employment of an additional Building Control Officer to enable the Council to keep pace with the increase in building activity. This position is a two year fixed term contract.

\$45,000 is proposed in consultancy expenses, compared to 16,000 in the LTP. The increase relates to an additional IANZ audit in relation to the Council's accreditation as a Building Consent Authority.

This will be the third annual audit in what is ordinarily a biennial audit. The Council's systems are now much improved, but ongoing work is required for the Council to maintain its accreditation. An additional \$20,000 is also proposed to fund any legal costs associated with illegal building work and the associated Notices to Fix, as well as improving monitoring of compliance schedules in commercial buildings.

Rural Fire

\$20,000 is proposed in capital expenditure, compared to \$0 in the LTP. This is to purchase the 4x4 utility described above in the Plans for the Year section.

Public Health and Liquor Licensing

\$64,000 is proposed in operational and maintenance, compared to \$8,500 in the LTP. The contract with Timaru District Council has increased from \$36,000 to \$50,000. There is also an increase in mileage costs of \$5,000 and an additional \$5,000 provided for "out of contract" work required from Timaru District Council. However, the LTP does not show the contract amount, resulting in a \$40,000 difference in the proposed budget from the LTP.

Animal Control

\$27,500 is proposed in operational and maintenance, compared to \$45,000 in the LTP. This reflects a \$17,500 reduction in budgeted contractor costs.

Capital Expenditure

Capital expenditure planned is:

- \$54,000 in Rural Fire for the replacement of the Albury rural fire tanker, and some other smaller capital items such as hoses.
- \$23,000 in Civil Defence for the replacement and housing of the Twizel office generator. As described above this work has been carried forward 12 months.

Statement of Service Provision

Level of Service	Measure of Service	Target
To maintain an up to date District Plan that enables a vibrant community while sustainably managing the District's resources.	To have initiated a review of the District Plan and publicly notified proposed changes by 30 April 2014. 80% positive feedback to a customer survey.	To have initiated a review of the District Plan and publicly notified proposed changes by 30 April 2014. 80% positive feedback to a customer survey.
To provide a technically sound but customer focused service when processing resource consents while achieving our obligations under the Resource Management Act.	100% compliance 80% positive feedback to a customer survey.	100% compliance 80% positive feedback to a customer survey.
To provide a customer focussed building control service that is efficient and cost effective while achieving our obligations under the Building Act 2004.	100% compliance 100% compliance 80% positive feedback to a customer survey.	100% compliance 100% compliance 80% positive feedback to a customer survey.
To provide a safe environment for dogs and the public to co-exist.	Maintain a record of all dogs in the District by ensuring that they are registered. Respond to all complaints relating to dogs with 12 hours.	100% registration for all recorded dogs. 100%

	80% or greater of those surveyed believe the Council is adequately managing dog control issues in the District.	80% positive feedback to a customer survey.
For the Council and the community to be prepared to respond to a civil defence emergency.	<p>Council staff and volunteers are familiar with their roles and are adequately trained.</p> <p>80% or greater of the community surveyed has faith in the Council's preparedness and individual community members understand how they should prepare themselves and their family for the events of a civil defence emergency.</p>	<p>Training is attended as required, and the Council will participate in one training exercise per year.</p> <p>80% favourable response from a customer survey.</p>
To manage a fire risk and to be able to provide a ready and capable response to rural fires.	<p>For Council to remain as an active member of an enlarged rural fire district with other partner councils and agencies.</p> <p>Council has a capable and well equipped rural fire response teams across the Mackenzie District.</p>	<p>Attend all South Canterbury Rural Fire meetings.</p> <p>All volunteer rural fire teams are trained to industry standards.</p> <p>A capital replacement programme for tankers and other equipment is implemented.</p>



Photo: G Innes

Planning and Regulation Activity

Forecast Financial Summary

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
Income			
General Rates	251	404	276
Targeted Rates	148	152	155
Other Income	419	405	532
Reserve Contributions	40	21	120
Internal Interest Income	0	1	1
Total Income	858	984	1,083
Expenses			
Employment Expenses	520	402	635
Consultancy Expenses	322	107	332
Administration Expenses	111	110	86
Operational and Maintenance	157	197	189
Internal interest Expense	5	4	6
Depreciation	39	44	45
Internal Charges	38	39	47
Total Expenses	1,191	903	1,340
Operating Surplus (Deficit)	(332)	81	(257)

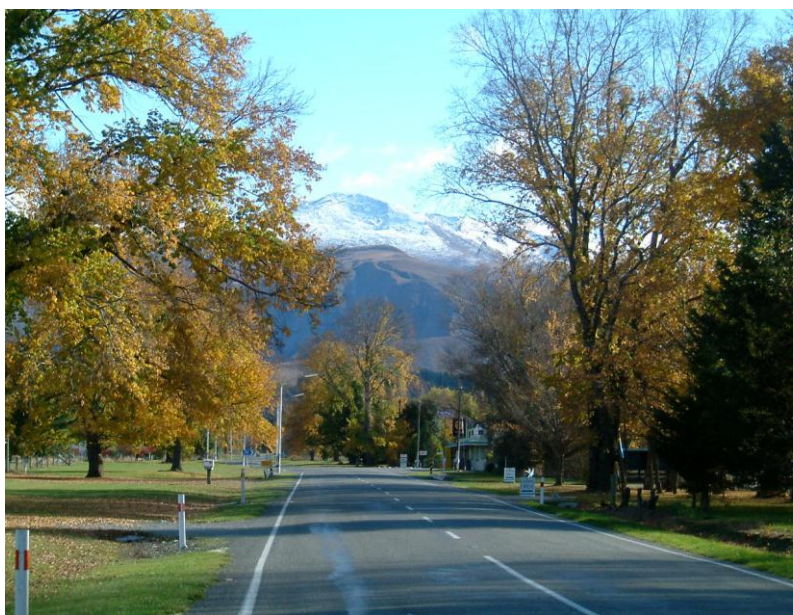


Photo: Leo Crampton

Community and Township Services

Community and Township Services covers ten activities.

Activity 1:	Pensioner Housing
Activity 2:	Medical Centres
Activity 3:	Public Toilets
Activity 4:	Cemeteries
Activity 5:	Grants
Activity 6:	Swimming Pools
Activity 7:	Halls and Community Centres
Activity 8:	Parks, Reserves and Amenity Areas
Activity 9:	Libraries
Activity 10:	Solid Waste

Our Aim:

To meet the current and future needs of our communities for good quality local community infrastructure in a way that is most cost-effective for households and businesses.

We also aim to maximise the amount of waste that is reused and recycled and to minimise the residual amount that has to be disposed of to landfill.

Why is the Council involved?

Community and townships services provide the township amenity areas and recreational facilities including the District's pools, parks, reserves, libraries, community centres and halls. The wide range of community facilities and services provided in the Mackenzie District are key to helping our townships and district thrive. The quality and accessibility of these can make a substantial difference to the perception visitors have of the area and to the quality of life enjoyed by the locals.

The Council also provides a range of services which include pensioner housing, cemeteries, doctors rooms, 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. This wide range of community services is supported by Council to improve their viability. The provision of public toilets meets public and community expectations for such services, and for public health and safety reasons.

Council has a responsibility under the Waste Minimisation Act 2008 to promote effective and efficient waste management and minimisation. Council also has obligations under the Local Government Act 2002, the Litter Act 1979 and the Public Health Act 1956. There is also a statutory requirement for councils to provide cemeteries.

Council has historically provided solid waste collection services and operated landfills (now closed). Collection services are now contracted out to Envirowaste Services Limited (ESL).

Community Outcomes this activity contributes to:

- A thriving economy.
- Safe efficient and sustainable infrastructure.
- A fit and healthy community.
- A supportive and contributing community.
- An attractive and highly valued natural environment.

Plans for the Year

TWIZEL

Toilets

The Twizel Toilets project is expected to be completed early in the new financial year having been let in April 2014. The costs were originally estimated at \$200,000 in the LTP. It became apparent during the design process that this figure would not be sufficient for the standard of toilets the community needed. An appropriate design was finalised and a construction tender of \$360,000 has been accepted. The existing toilet building will be surplus to requirements and is likely to be demolished to make way for future development.

Market Place

Following the demolition of the old toilet, there will be the opportunity to consider next steps in completion of the Market place upgrade. Focus this year will be on the redevelopment on the old toilet site and the entrance to Market place by the Council office.

Reserves

Continuation of development of Lake Ruataniwha reserve. Completion of walkway and track projects will occur this year. This work will be the continuation of Greenway work, removal of hazardous paths and reinstatement to grass, funded from the township projects area.

LAKE TEKAPO

The Lake Tekapo Community has recently reviewed the future options for community facilities in Tekapo. There are a number of projects underway and these include the footbridge, sundial, play area and upgrade of the Community Centre. The Tekapo Community Board has pledged on-going support for these projects.

Toilets

A provisional amount of \$320,000 has been allocated for the new toilets. The final design of the facility will be completed in conjunction with the commercial development. The budget provision may need to be revised to ensure the toilets meet the community requirements.

Community Centre

Further improvements to the Community Hall site may include further landscape works and provision of car parking.

Tekapo Domain and Play Area Reserves

The public play equipment in Tekapo is worn and due for replacement. A community group has been undertaking some work in this area and have recently gained funding through grants to progress this. The equipment in the vicinity of the camping ground should either be replaced with modern equipment or removed when the new equipment is installed toward the Town Centre.

The Community Board has become involved in the future management of the perimeter sections of the Tekapo Forest and will assist in the development of a management plan for the area. This will provide for a greater level of amenity planting and recreation.

FAIRLIE

Cemetery

Earlier forecasts indicated that Council needed to purchase land for expansion of the Fairlie Cemetery by 2013, but this prediction did not take into account pre-purchased plots and double depth burials. There are no plans for an expansion or investigation into a new site for Fairlie Cemetery, in the 2014/15 year.

SH 79 Entrance to Fairlie

The Community Board commenced work on the tidying up of the SH 79 entrance to Fairlie and this work is programmed to continue. The Community Board's proposal will aim to enhance this area with a higher level of maintenance, regular grass cutting and new planting extending from the camping ground out to the base of the hill. The work will include enhancement of the old sawmill site and entry to the Fairlie-Kimbell walkway.

Walkways

Over time various volunteer groups have helped to establish walkways around the town and of particular note, the Fairlie to Kimbell walkway was recently established by the Fairlie Lions Club. The walkways are a valuable asset to the town and require an appropriate level of maintenance. Council regularly maintains one of these and plans to progressively raise the standard of the other walkways by increasing the resource into these areas.

Variances from the Long-Term plan 2012-2022

There are no significant variances from the Long-Term Plan.

Statement of Service Provision

Levels of Service	Measure of Service	Target
Township Services and Facilities are provided and maintained to an acceptable level	Maintain or improve average customer user satisfaction rating.	84% or above
	Residents regularly use at least two community facilities.	100%
A reliable weekly kerbside recycling and rubbish collection service is provided.	% of waste bins collected within 48 hours of a genuine missed collection being reported.	100%
	% of users satisfied with the waste collection and recycling service	75% with an upward trend
Solid waste is collected and disposed of without causing any environmental harm.	The percentage of solid waste from the District resource recovery parks diverted from landfills.	70% diverted with an expectation of 80% by 2019.

Community and Township Services Activity

Forecast Financial Summary

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
Income			
General Rates	563	639	604
Targeted Rates	1,581	1,727	1,876
Subsidies and Grants	32	30	22
Other Income	398	432	456
Internal Interest Income	18	44	10
Total Income	2,592	2,872	2,967
Expenses			
Employment Expenses	97	133	117
Consultancy Expenses	19	19	31
Administration Expenses	291	290	285
Operational and Maintenance	1,930	1,994	2,166
Internal interest Expense	36	80	90
Depreciation	296	274	303
Internal Charges	11	11	11
Total Expenses	2,680	2,801	3,005
Operating Surplus (Deficit)	(88)	71	(38)



Photo: G Empson

Commercial Activities

Our Aim:

To assist with the cost-effective provision of good quality local infrastructure, local public services and performance of regulatory functions by professional and wise management of Councils commercial activities and investments.

Why is the Council involved?

Commercial Activities covers six activities:

- Activity 1: Investments
- Activity 2: Forestry
- Activity 3: Rental properties
- Activity 4: Pukaki Airport
- Activity 5: Real estate
- Activity 6: Mackenzie Tourism and Development funding

Council is involved in these to ensure maximum commercial returns are generated for the benefit of Mackenzie's ratepayers and residents. These returns are used to minimise rates and to provide a catalyst for growth and economic development.

Community Outcomes this activity contributes to:

- A thriving economy.

Plans for the Year

Investments

The Council operates an investment portfolio for its cash investments. It also holds equity investments in Alpine Energy Limited. The financial returns from investments are used to offset rates.

We have a proud tradition of resourcefulness and self-reliance which has served the community well. This Council endeavours to make the most of its community assets and has maintained a comparatively low rate structure, enabled in part by revenue gained from Council's investment portfolio being used to offset the general rate.

Forestry

The Council has 1,040 hectares of planted forests and these are seen as an important long term investment. The Emissions Trading Scheme had provided a welcome and unanticipated boost to our revenue streams. However, this source of revenue has fallen away with the decrease in the value of carbon credits. Therefore we have removed these from this plan.

Rental properties

These will be retained by Council with no changes in this Annual Plan period.

Pukaki Airport

The economy is also likely to affect the operation of the Pukaki airport, where little movement is anticipated in the sale of the 48 already subdivided sections reserved for aviation use.

Real Estate & Property Development

During the term of this Plan, Council will be working with a commercial partner to facilitate new development on Council owned land in the Lake Tekapo Village Centre. There are three agreements

currently in place and the sale of these properties will enable further development of the lakefront with no added burden to the ratepayer.

Other land has also been identified as surplus to requirements but no further disposals have been budgeted for.

Tourism Marketing & Economic Development Funding

Currently, MDC contracts Christchurch & Canterbury Tourism (CCT) to provide international marketing and business operator support on its behalf. This method of service delivery is working well with positive feedback from the operators and healthy visitor numbers to the region. We plan to continue this relationship with CCT once the current contract expires in June 2014.

Council is planning to increase its funding commitment to economic development (including the Alps 2 Ocean Cycleway) by \$62,000 (GST incl.) We propose to fund this by an increase in the current UAC from \$35 to \$37, which will raise an anticipated \$9,000 (GST incl.), with the balance being funded by an increase on the targeted Accommodation Provider and Commercial Business rate.

Variances from the Long-Term Plan 2012-2022

There is additional income from Council's development at the Tekapo Lakefront which was not anticipated in the Long Term Plan. This was included in the previous Annual Plan but has been delayed due to the timing of resource consent applications and construction seasons.

In the forestry activity area, Council has impaired its carbon credits by \$30,000. This was not anticipated in the Long-Term Plan.

Statement of Service Provision

Levels of Service	Measure of Service	Target
Investments The Community expects the investments of the Council to be managed wisely.	Council's cash investment portfolio independently reviewed each quarter.	Investments out-perform the Bancorp Ltd benchmark portfolio.
Mackenzie Forestry Board The Board is required to operate and administer the Council's forestry estate as a successful business.	Council approves the Statement of Intent for the Forestry Board annually.	Approval obtained prior to 30 June each year.
Rental Properties It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.	All lease agreements are reviewed on a regular basis.	Council will ensure that the terms of each commercial lease agreement are adhered to.
Pukaki Airport Board Operation of the Pukaki Airfield as a public facility.	The Board will report to Council on a regular basis on its activities and progress towards meeting its goals.	The Board achieves the goals set in its statement of intent.
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.	Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy.	Council will progress the disposal of the areas of land identified for sale. Council will progress a land rationalisation process to identify further areas of land deemed surplus to its requirements.

Forecast Commercial Activity Financial Summary

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
Income			
General Rates	(815)	(1,083)	(1,071)
Targeted Rates	88	118	224
Investment Income	965	1,157	1,017
Other Income	86	172	195
Other Gains and Losses	994	859	789
Internal Income	-	-	1,109
Internal Interest Income	172	319	267
Total Income	1,490	1,542	2,529
Expenses			
Members Expenses	26	28	20
Consultancy Expenses	152	54	87
Administration Expenses	111	115	78
Operational and Maintenance	353	394	464
Internal Interest Expense	137	266	81
Asset Impairment	-	-	30
Depreciation	52	55	89
Total Expenses	831	912	850
Operating Surplus (Deficit)	659	630	1,679



Photo: B Haar

Council Controlled Organisation

The Mackenzie District Council has financial interest in the following Council Controlled Organisation:

- Mackenzie Holdings Ltd
- Mackenzie Tourism & Development Trust

MACKENZIE HOLDINGS LIMITED

The Mackenzie District Council holds 100% ownership of Mackenzie Holdings Ltd. This company was established in October 2004, primarily to operate the Pukaki airport.

Council reviewed the structure of the operation of Pukaki Airport in October 2006 and for a number of reasons, including taxation and financing, it reverted back to the Pukaki Airport Board, which is a committee of Council.

The assets and liabilities of Mackenzie Holdings Ltd were assumed by Council as of 1 July 2007 and the company has ceased trading. Council's operation of the Pukaki Airport has been transferred to the Pukaki Airport Board. Council has exempted it from the normal reporting requirements of such bodies, due to its small size and inactive status. Mackenzie Holdings Ltd will be wound up at some time in the future, but this is not anticipated during this Plan.

MACKENZIE TOURISM & DEVELOPMENT TRUST

The Mackenzie District Council has a 100% interest in the Mackenzie Tourism & Development Trust. This organisation was established to further Tourism and Economic Development activities within the District.

Council ceased funding the Trust on 31 July 2012 and as the Trust is now a dormant entity, has exempted it from the normal reporting requirements of such bodies due to its small size and inactive status. It is anticipated that the Trust will be wound up.



Photo: S McLellan



Forecast Statement of Comprehensive Income

Forecast Statement of Changes in Equity

Forecast Statement of Financial Position

Forecast Statement of Cash Flows

Forecast Summary of Capital Expenditure

Forecast Summary of Depreciation

Forecast Summary of Reserve Movements



Photo: G Innes

Forecast Statement of Comprehensive Income

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Income			
General Rates	2,190	1,977	2,028
Targeted Rates	4,492	4,953	5,100
Subsidies and Grants	1,573	1,510	1,528
Investment Income	922	1,136	1,017
Other Income	1,191	1,267	1,475
Financial Contributions	-	156	312
Reserve Contributions	40	21	120
Other Gains and Losses	994	859	789
Vested Assets	416	288	659
Total Income	11,818	12,168	13,028
Expenses			
Employment Expenses	1,917	1,757	2,233
Members Expenses	320	321	335
Consultancy Expenses	779	351	619
Administration Expenses	902	816	845
Operational and Maintenance	3,192	3,554	3,714
Roading	1,143	1,172	1,183
Finance Costs	-	207	-
Asset Impairment	-	-	30
Depreciation	2,832	2,898	3,278
Total Expenses	11,085	11,076	12,237
Net Surplus/(Deficit) before tax	733	1,092	791
Tax expense	-	-	-
Net Surplus/(Deficit) after tax	733	1,092	791
Other Comprehensive Revenue and Expenses	5,214	-	-
Total Comprehensive Revenue and Expense	5,947	1,092	791



Photo: C Scannell

Forecast Statement of Movement in Equity

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Forecast Equity at Start of Period	177,602	189,833	197,415
Net Comprehensive Income	5,947	1,092	791
Total Equity at End of Period	183,549	190,925	198,206



Photo: G Empson

Forecast Statement of Financial Position

As at 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	6,009	6,135	2,494
Trade and Other Receivables	2,763	2,763	2,763
Inventories	1,279	7,888	1,279
Current Portion Investments	1,000	-	1,000
Total Current Assets	11,051	16,786	7,536
Non-Current Assets			
Investments	9,716	13,462	3,200
Forestry	2,388	2,387	2,388
Property Plant and Equipment	162,001	163,267	186,689
Total Non-Current Assets	174,105	179,116	192,277
TOTAL ASSETS	185,156	195,902	199,812
LIABILITIES			
Current Liabilities			
Trade and Other Payables	1,511	1,458	1,511
Employee Entitlements	63	63	63
Total Current Liabilities	1,574	1,521	1,574
Non Current Liabilities			
Accrued Landfill Costs	33	33	33
Debt	-	3,423	-
Total Non Current Liabilities	33	3,456	33
TOTAL LIABILITIES	1,607	4,977	1,607
NET ASSETS	183,549	190,925	198,206
PUBLIC EQUITY			
Accumulated General Funds	92,079	93,179	87,039
Capital Reserves	(1,042)	(815)	(2,373)
Operating Reserves	(1,276)	(330)	(1,482)
Special Funds	7,606	9,635	7,831
Other Reserves	50	50	37
Asset Revaluation Reserves	86,132	89,206	107,154
TOTAL PUBLIC EQUITY	183,549	190,925	198,206

Forecast Statement of Projected Cash Flows

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Rates	6,682	6,930	7,128
Subsidies and Grants	1,573	1,510	1,528
Other Income	1,231	1,444	1,908
Property Sales	2,464	1,330	789
Interest/Dividend income	922	1,136	1,017
	12,872	12,350	12,369
<i>Cash is to be applied to:</i>			
Payment to suppliers and employees	8,250	7,970	8,929
Interest paid	-	207	-
	8,250	8,177	8,929
Net cashflow from Operating Activities	4,622	4,173	3,440
INVESTING ACTIVITIES			
<i>Cash is to be provided from:</i>			
Sale of assets	-	-	-
Redemption of investments	13	1,011	-
	13	1,011	-
<i>Cash is to be applied to:</i>			
Purchase of Investments	-	1,000	-
Purchase of Assets	2,428	4,180	8,946
	2,428	5,180	8,946
Net cashflows from Investing Activities	(2,415)	(4,169)	(8,946)
FINANCING ACTIVITIES			
<i>Cash is to be provided from:</i>			
Debt borrowed	-	-	-
<i>Cash is to be applied to</i>			
Debt repayments	-	64	-
Net Cashflow from Financing Activities	-	(64)	-
Net Cashflows from operating activities	4,622	4,173	3,440
Net Cashflows from Investing Activities	(2,415)	(4,169)	(8,946)
Net Cashflows from Financing Activities	-	(64)	-
Net Increase/(Decrease) in Cash	2,207	(60)	(5,506)
Cash at Beginning of Period	3,802	6,195	8,000
Cash at End of Period	6,009	6,135	2,494

Forecast Statement of Cash Flows - continued

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
Net Comprehensive Income	5,947	1,092	791
<i>Add/(Subtract) Non Cash Items</i>			
Depreciation	2,832	2,898	3,278
Property Plant and Equipment Disposed\Written Off or Impaired	-	-	30
Movement Cost of Sales	1,470	471	-
Movement Revaluation Reserves	(5,214)	-	-
Income from Vested Assets	(416)	(288)	(659)
	(1,328)	3,081	2,649
Net Cashflows from Operating Activities	4,619	4,173	3,440

Forecast Summary of Capital Expenditure

For the Year Ending 30 June 2015

	Annual Plan 2013-2014 \$000	LTP 2014-2015 \$000	Annual Plan 2014-2015 \$000
Governance and Corporate Services			
Governance	0	0	0
Corporate Services	182	31	173
	182	31	173
Less Vested Assets	0	0	0
	182	31	173
Broken down into:			
Growth Related Capital Expenditure	0	0	0
Capital Expenditure to Achieve Improved Levels of Service	22	0	0
Renewals of Existing Assets	160	31	173
	182	31	173
Water Supplies			
Rural Water	116	5	5
Urban Water	2,458	2,223	2,985
	2,574	2,228	2,990
Less Vested Assets	118	83	77
	2,456	2,145	2,913
Broken down into:			
Growth Related Capital Expenditure	366	0	0
Capital Expenditure to Achieve Improved Levels of Service	1,855	1,888	735
Renewals of Existing Assets	235	257	2,178
	2,456	2,145	2,913
Sewerage			
Burkes Pass Sewer	0	0	0
Fairlie Sewer	0	124	0
Tekapo Sewer	106	125	166
Twizel Sewer	127	0	103
	233	249	269
Less Vested Assets	183	124	160
	50	125	109
Broken down into:			
Growth Related Capital Expenditure	0	0	0
Capital Expenditure to Achieve Improved Levels of Service	50	0	9
Renewals of Existing Assets	0	125	100
	50	125	109

Forecast Summary of Capital Expenditure - Continued

For the Year Ending 30 June 2015

	Annual Plan 2013-2014 \$000	LTP 2014-2015 \$000	Annual Plan 2014-2015 \$000
Stormwater			
Fairlie Stormwater	0	0	0
Tekapo Stormwater	0	0	172
Twizel Stormwater	0	0	0
	0	0	172
Less Vested Assets	0	0	132
	0	0	40
Broken down into:			
Growth Related Capital Expenditure	0	0	0
Capital Expenditure to Achieve Improved Levels of Service	0	0	40
Renewals of Existing Assets	0	0	0
	0	0	40
Roading			
Roading Professional Services	10	11	26
Roading	2,075	1,920	1,910
	2,085	1,931	1,936
Less Vested Assets	115	81	290
	1,970	1,850	1,646
Broken down into:			
Growth Related Capital Expenditure	115	0	0
Capital Expenditure to Achieve Improved Levels of Service	431	0	80
Renewals of Existing Assets	1,424	1,850	1,566
	1,970	1,850	1,646
Planning and Regulation			
Planning	0	0	0
Regulatory	86	0	22
	86	0	22
Less Vested Assets	0	0	0
	86	0	22
Broken down into:			
Growth Related Capital Expenditure	0	0	0
Capital Expenditure to Achieve Improved Levels of Service	5	0	20
Renewals of Existing Assets	81	0	2
	86	0	22

Forecast Summary of Capital Expenditure - Continued

For the Year Ending 30 June 2015

	Annual Plan 2013-2014 \$000	LTP 2014-2015 \$000	Annual Plan 2014-2015 \$000
Community and Township Services			
Solid Waste			
Community Facilities	301	317	318
Recreational Facilities	91	0	25
	392	317	343
Less Vested Assets	0	0	0
	392	317	343
Broken down into:			
Growth Related Capital Expenditure	0	0	0
Capital Expenditure to Achieve Improved Levels of Service	377	0	0
Renewals of Existing Assets	15	317	343
	392	317	343
Commercial			
Forestry	0	0	0
Investments	0	0	0
Pukaki Airport	0	0	0
Real Estate	0	0	3,700
Rental	0	0	0
Tourism	0	0	0
	0	0	3,700
Less Vested Assets	0	0	0
	0	0	3,700
Broken down into:			
Growth Related Capital Expenditure	0	0	3,700
Capital Expenditure to Achieve Improved Levels of Service	0	0	0
Renewals of Existing Assets	0	0	0
	0	0	3,700
	5,552	4,756	9,605
TOTAL CAPITAL EXPENDITURE			
Governance and Corporate Services	182	31	173
Water Supplies	2,456	2,145	2,913
Sewerage	50	125	109
Stormwater	0	0	40
Roading	1,970	1,850	1,646
Planning and Regulation	86	0	22
Community and Township Services	392	317	343
Commercial	0	0	3,700
	5,136	4,468	8,946
Broken down into:			
Growth Related Capital Expenditure	481	0	3,700
Capital Expenditure to Achieve Improved Levels of Service	2,740	1,888	884
Renewals of Existing Assets	1,915	2,580	4,362
	5,136	4,468	8,946

Forecast Summary of Depreciation

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000)</u>
Governance and Corporate Services	108	104	123
Water	383	429	472
Sewer	253	252	297
Stormwater	60	60	62
Roading	1,642	1,666	1,887
Planning and Regulation	39	44	45
Community and Township Services	296	274	303
Commercial Activities	52	55	89
	<u>2,832</u>	<u>2,884</u>	<u>3,278</u>



Photo: C Scannell

Forecast Summary of Reserves Movements

For the Year Ending 30 June 2015

	Projected Opening Balance 1 July 2014	Transfers in to the Fund over the period of the plan	Transfers out of the Fund over the period of the plan	Projected Closing Balance 30 June 2015	Activity to which the fund relates	Reason for Holding Reserve Funds
	\$000	\$000	\$000	\$000		
Reserves						
Revaluation Reserves						
Share Revaluation reserve	5,217	0	0	5,217	Commercial	Accumulate changes in value of Councils Share investments
Land Revaluation Reserve	31,049	0	0	31,049	Governance and Corporate	Accumulate changes in value of Councils land holdings
Water Supplies	15,375	0	0	15,375	Water	Accumulate changes in value of Councils water infrastructure
Wastewater Schemes	6,027	0	0	6,027	Sewerage	Accumulate changes in value of Councils wastewater infrastructure
Stormwater Schemes	2,196	0	0	2,196	Stormwater	Accumulate changes in value of Councils stormwater infrastructure
Roading	39,676	0	0	39,676	Roading	Accumulate changes in value of Councils roading infrastructure
Plant	33	0	0	33	Communities and Towns	Accumulate changes in value of Councils plant assets
Buildings	7,580	0	0	7,580	Governance and Corporate	Accumulate changes in value of Councils buildings
	107,154	0	0	107,154		
Special Fund Reserves						
Albury Water fund	40	0	0	40	Communities and Towns	To fund Albury Water
Ashwick/Opuha Water Fund	-40	0	0	-40	Communities and Towns	To fund Ashwick/Opuha Water
Housing Replacement	7	0	0	7	Communities and Towns	To fund district housing
Insurance Reserve	200	0	0	200	Governance and Corporate	To fund disaster cover
Land Subdivision	840	120	0	960	Communities and Towns	To fund district wide projects
Masonic Lodge Scholarship Fund	6	0	0	6	Communities and Towns	Held on behalf of Masonic Lodge for scholarship funding
Pensioner Housing Amenities	2	0	0	2	Communities and Towns	To fund pensioner housing amenities
Watertight Building	44	0	0	44	Governance and Corporate	Held to cover increased insurance costs of Riskpool
Mackenzie County Scholarship	83	1	0	84	Governance and Corporate	Held on behalf of Mackenzie County Scholarship Trust
Real Estate Investment	4,724	1,802	0	6,526	Commercial	Accumulate operating results from Councils Real Estate activities
Strathconan Swimming Pool Capital	1	0	0	1	Communities and Towns	To fund Strathconan pool capital
	5,908	1,923	0	7,831		
Other Reserves						
Albury War Memorial	4	0	0	4	Communities and Towns	Funding of maintenance of the districts war memorials
Ashwick Allandale War Memorial	4	0	0	4	Communities and Towns	Funding of maintenance of the districts war memorials
Paterson Ponds	10	0	0	10	Communities and Towns	Funding of maintenance at Paterson Ponds
Enid Hutt Fairlie Beautifying Society	20	0	0	20	Communities and Towns	To fund expenditure in the Fairlie township
	37	0	0	37		

Forecast Summary of Reserves Movements - Continued

For the Year Ending 30 June 2015

	Projected Opening Balance 1 July 2014	Transfers in to the Fund over the period of the plan	Transfers out of the Fund over the period of the plan	Projected Closing Balance 30 June 2015	Activity to which the fund relates	Reason for Holding Reserve Funds
	\$'000	\$'000	\$'000	\$'000		
Capital Reserves						
Administration	-57	2	-3	-57	Governance and Corporate	To fund capital replacements of Administration Assets
Allandale Water	-399	37	-5	-368	Water	To fund debt repayment of the Allandale Water Scheme construction and to fund its eventual replacement.
Animal Control	-18	1	-5	-22	Regulatory	To fund capital requirements of Animal control
Ashwick/Opuha water	48	1	0	49	Water	To fund capital requirements of the Ashwick/Opuha Water scheme
Burkes Pass Sewer	2	3	0	5	Sewerage	To fund sewer capital works in Burkes Pass
Burkes Pass Water	-9	2	0	-7	Water	To fund capital requirements of the Burkes Pass Water scheme
Civil Defence	16	7	-1	22	Regulatory	To fund capital requirements of Civil Defence
District General	43	2	0	45	Communities and Towns	To fund capital requirements of the District
Fairlie Council Building	-40	20	-30	-50	Governance and Corporate	To fund replacement of Councils Administration Building in Twizel
Fairlie Medical Centre	2	3	0	5	Communities and Towns	To fund replacement of medical facilities in Fairlie
Fairlie Pensioner Housing	84	9	0	93	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Fairlie
Fairlie Sewer	-140	44	0	-96	Sewerage	To fund sewer capital works in Fairlie
Fairlie Stormwater	17	26	0	43	Stormwater	To fund stormwater capital works in Fairlie
Fairlie Township	-30	0	0	-30	Communities and Towns	To fund capital works in the Fairlie Township
Fairlie Water	-1,118	110	-174	-1,182	Water	To fund capital requirements of the Fairlie Water scheme
Forestry	711	0	0	711	Commercial	To fund the operations of Councils Forestry Assets
IT Department	-88	69	-50	-69	Governance and Corporate	To fund capital replacement of Councils IT assets
Kimbell Water	13	1	0	14	Water	To fund capital requirements of the Kimbell Water scheme
Mackenzie Community Centre	17	14	-25	6	Communities and Towns	To fund replacement of the Mackenzie Community Centre in Fairlie
Manuka Terrace Water	-94	1	0	-93	Water	To fund investigation and construction of a new water supply for Manuka Terrace

Forecast Summary of Reserves Movements - Continued

For the Year Ending 30 June 2015

	Projected Opening Balance 1 July 2014	Transfers in to the Fund over the period of the plan	Transfers out of the Fund over the period of the plan	Projected Closing Balance 30 June 2015	Activity to which the fund relates	Reason for Holding Reserve Funds
	\$000	\$000	\$000	\$000		
Plant	32	33	-87	-22	Governance and Corporate	To Fund capital replacement of Councils Motor Vehicle assets
Public Toilets	-296	15	-318	-599	Communities and Towns	To fund replacement of Public Toilets within the district
Pukaki Airport Board	5	80	0	85	Commercial	To fund the operations of Councils Airport Assets
Roading Professional Business Unit	-13	5	-25	-33	Roading	To fund capital requirements of the Roading Business unit
District Roading	58	1,976	-1,936	98	Roading	To fund roading capital works district wide.
Rural Fire Control	-94	38	-20	-77	Regulatory	To fund capital requirements of Rural fire
School Road Water	5	0	0	5	Water	To fund capital requirements of the School Road Water scheme
Sherwood Downs Hall	18	0	0	18	Communities and Towns	To fund capital requirements of the Sherwood Downs Hall
Spur Road	-1	0	0	-1	Roading	Residual balance capital funding
Strathconan Swimming Pool	-13	5	0	-8	Communities and Towns	To fund replacement of the Fairlie swimming pool
Tekapo Community Hall	-44	4	0	-40	Communities and Towns	To fund replacement of the Tekapo Community Hall
Tekapo Sewer	23	346	-166	203	Sewerage	To fund sewer capital works in Tekapo
Tekapo Stormwater	148	159	-172	135	Stormwater	To fund stormwater capital works in Tekapo
Tekapo Water	747	269	-123	893	Water	To fund water capital works in Tekapo
Twizel Community Centre	41	36	0	77	Communities and Towns	To fund replacement of the Twizel Events Centre
Twizel Council Building	-2	9	-3	4	Governance and Corporate	To fund replacement of Councils Administration Building in Fairlie
Twizel Medical Centre	3	2	0	5	Communities and Towns	To fund replacement of medical facilities in Twizel
Twizel Pensioner Housing	20	2	0	23	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Twizel

Forecast Summary of Reserves Movements - Continued

For the Year Ending 30 June 2015

	Projected Opening Balance 1 July 2014	Transfers in to the Fund over the period of the plan	Transfers out of the Fund over the period of the plan	Projected Closing Balance 30 June 2015	Activity to which the fund relates	Reason for Holding Reserve Funds
	\$000	\$000	\$000	\$000		
Twizel Roding	0	0	0	0	Roding	To fund roding projects in Twizel
Twizel Sewer	1,122	196	-103	1,215	Sewerage	To fund sewer capital works in Twizel
Twizel Stormwater	237	29	0	266	Stormwater	To fund stormwater capital works in Twizel
Twizel Swimming Pool	-7	3	0	-4	Communities and Towns	To fund replacement of the Twizel swimming pool
Twizel Township	-788	89	0	-699	Communities and Towns	To fund capital works in the Twizel Township
Twizel Water	-78	261	-2,688	-2,505	Water	To fund water capital works in Twizel
Waste Management	-444	16	0	-428	Communities and Towns	To fund capital works for Councils Solid Waste operation
	-363	3,926	-5,934	-2,373		
Operating Reserves						
Albury Hall	7	0	0	7	Communities and Towns	To fund operations at the Albury Hall
Albury Refuse Collection	3	0	0	3	Communities and Towns	Council's refuse collection operations
Albury Water Supply	75	0	0	75	Water	Accumulate surpluses/deficits from General Rate funded operations
District General	226	0	-191	35	Communities and Towns	Accumulate surpluses/deficits from General Rate funded operations
Downlands Water Supply	5	0	0	5	Water	Accumulate surpluses/deficits from General Rate funded operations
Eversley/Punaroa Water	-1	0	0	-1	Water	Accumulate surpluses/deficits to fund Eversley/Puneroa operating activities
Fairlie Refuse Collection	11	0	0	11	Communities and Towns	Council's refuse collection operations
Fairlie Works and Services	3	8	-8	3	Communities and Towns	Accumulate surpluses/deficits from Fairlie Works and Services Rate funded operations
Lake Alexdrina Refuse Collection	1	0	0	1	Communities and Towns	Council's refuse collection operations
Lake Opuha Reserve	0	7	-7	0	Communities and Towns	To fund operations of the Opuha reserve
Other Reserves	264	65	-7	322	Communities and Towns	Accumulate surpluses from Lake Alexandrina rental receipts
Real Estate	71	1,802	-1,802	71	Commercial	Holds returns from real estate transactions
Resource Management	-1,145	0	-344	-1,489	Regulatory	Deficit from Plan Change 13
Roding Professional Business Unit	-27	0	0	-27	Roding	Accumulate operating results of Councils Roding Business Unit

Forecast Summary of Reserves Movements - Continued

For the Year Ending 30 June 2015

	Projected Opening Balance 1 July 2014	Transfers in to the Fund over the period of the plan	Transfers out of the Fund over the period of the plan	Projected Closing Balance 30 June 2015	Activity to which the fund relates	Reason for Holding Reserve Funds
	\$000	\$000	\$000	\$000		
Rural Works and Services	68	0	0	68	Communities and Towns	Accumulate surpluses/deficits from Rural Works and Services Rate funded operations
Tekapo Refuse collection	10	0	0	10	Communities and Towns	Council's refuse collection operations
Tekapo Works and Services	134	21	-21	134	Communities and Towns	Accumulate surpluses/deficits from Tekapo Works and Services Rate funded operations
Tourism	-340	14	0	-326	Commercial	Accumulate operating results from ownership of the Pukaki Visitors Centre
Twizel refuse	2	37	-37	2	Communities and Towns	Council's refuse collection operations
Twizel Works and Services	7	37	-37	7	Communities and Towns	Accumulate surpluses/deficits from Twizel Works and Services Rate funded operations
Waste Management	-421	44	-16	-393	Communities and Towns	Accumulate surpluses/(deficits) from Council's Solid Waste operation
	-1,047	2,035	-2,470	-1,482		



Photo: G Innes



Accounting Policies

Significant Forecasting Assumptions



Photo: G Innes

Accounting Policies

Reporting Entity

The Mackenzie District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

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).

Basis of Preparation of the Forecast Information

The prospective financial statements of Mackenzie District Council have been prepared in accordance with the requirements of the Local Government Act 2002.

With the exception of the Funding Impact Statements these prospective financial statements have also been prepared in accordance with the New Zealand Generally Accepted Accounting Practice (GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The Funding Impact Statements (FIS) do not comply with GAAP as they do not recognise depreciation and movements in valuation of assets and also they do not show capital income (Subsidies, Vested Asset Income and Development Contributions) as operating income. A reconciliation is provided between the FIS surplus/(deficit) of operating funding and the Statement of Comprehensive Income, FIS for the Whole of Council and each activity.

The opening balances for the 2014/2015 year are based on forecast closing balances for the 2013/2014 year.

The prospective financial statements have been prepared on a historical cost basis, modified the revaluation of land, buildings, certain infrastructural assets, investment property, and biological assets.

The Council authorised the prospective financial statements on 29 April 2014.

The Council, who are authorised to do so and believe that the assumptions underlying these prospective financial statements are appropriate, has approved the Annual Plan for distribution.

The Council and management of the Mackenzie District Council accept responsibility for the preparation of their prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

No actual financial results have been incorporated within the prospective financial statements.

The Council intends to update the prospective financial statements subsequent to the submission hearings in June 2014. The final prospective financial statements are then to be presented to the Council for adoption in June 2014.

Statement of Compliance

The financial information contained within this report has been prepared in accordance with the generally accepted accounting practice in New Zealand as required under section 111 of the Local Government Act 2002, and the Annual Plan requirements of section 95.

The prospective financial statements comply with applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements incorporated in the Annual Plan have been prepared in compliance with Financial Reporting Standards (FRS) number 42; prospective Financial Statements.

The Mackenzie District Council is a Public Benefit Entity (PBE) and has applied the PBE exemptions allowable under New Zealand equivalents to international Financial Reporting Standards (NZ IFRS).

Cautionary Note

The information in the prospective financial statements is to outline service and spending priorities in the statement of proposal for the Annual Plan and may not be appropriate for any other use.

Subsidiaries

The Council has two subsidiaries which have are dormant and exempted under section 7 of the Local Government Act 2002. Therefore consolidated prospective financial statements have not been prepared.

Joint Venture

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

Measurement Base

The prospective financial statements have been prepared on the historical cost basis, modified by revaluation of certain assets.

Functional and Presentation Currency

The prospective 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.

Changes in Accounting Policy

The adoption of PBE IPSAS for these prospective financial statements have resulted in some minor changes to accounting policies, mainly in relation to classification of income and expenditure..

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:

- With the adoption of Public Benefit Entity International Public sector accounting standards, there are no standards, amendments, and interpretations that are not yet effective and have not been early adopted that are relevant to Council.

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

Landfill closure costs:

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

Infrastructural assets:

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

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

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

Fair Value of Carbon Credits

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

Value of investments carried at fair value

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

1 Goods and Services Tax (GST)

These financial statements have been prepared exclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

2 Revenue Recognition

Revenue is measured at the fair value of consideration received.

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

3 Equity

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

The components of equity are:

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

Operating Reserves

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

Capital Reserves

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

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

Asset Revaluation Reserve

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

Other Reserves & Special Funds Reserves

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

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

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

Accumulated General Funds

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

4 Trade and Other Receivables

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

Trade receivables are stated at their amortised cost which approximates their nominal value less any provision for impairment.

5 Inventories

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

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

6 Investments

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

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

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

At subsequent reporting dates, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the net surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present

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

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

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

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

7 Property, Plant and Equipment and Depreciation

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

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

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

Revaluation

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

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

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

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the income statement. Any subsequent increase on revaluation that offsets a previous

decrease in value recognised in the Statement of Financial Performance will be recognised first in the income statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Disposals

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

Subsequent costs

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

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:

- 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

Alps 2 Ocean Cycleway

▪ Formation	Not depreciated
▪ Surfacing	0 - 17 years

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 are valued annually 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, with any resultant gain or loss recognised in the Statement of Comprehensive Income. Point of sale costs, include all costs that would be necessary to transport the assets to the market.

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

The fair value of standing timber older than 10 years, being the age at which it becomes marketable, is based on the market price of the estimated recoverable wood volumes, net of harvesting costs. The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantation at maturity. The present values are calculated using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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, 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 benefits that the Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date and retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Council anticipates it will be used by staff to cover those future absences.

The retiring gratuity and long service leave liability is assessed using current rates of pay and taking into account the years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

12 Borrowings

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

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

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

13 Trade and other Payables

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

14 Leases

Finance Leases

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

Operating Leases

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

15 Financial Instruments

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

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

16 Statement of Cash Flows

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

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

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

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

17 Financial Summaries

The projected financial summaries 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.

19 Cash and Cash Equivalents

Cash and Cash Equivalents comprise 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.

22 Property Intended for Resale

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

23 Budget figures

The budget figures are those approved by the Council at the beginning of the year after a period of consultation as part of the Annual Plan process. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by Council for the preparation of the financial statements.



Photo: G Empson

Significant Forecasting Assumptions

ASSESSMENT OF ASSUMPTIONS

The assumptions listed in this section have been prepared based on current information available to Council.

It has been assessed by Council that all of the assumptions have between a low to medium level of uncertainty.

Council has assumed modest growth over the period of the plan. We have assessed various factors such as historical information and projected future subdivision work.

LAND SUBDIVISION RESERVE CONTRIBUTIONS

Council wishes to make a conservative approach in assessing these contributions.

Developers make a contribution towards development and maintenance of reserves of 5% of the value of the land value of the sections created. In rural residential developments the value is based on an area of 1,500m² not the whole block. Payment is made just before the developer decides to seek title for the sections created.

Council allowed an anticipated amount from this source of \$120,000 for the year in question.

Risks and Uncertainties:

There is uncertainty in predicting the level of development likely to occur in the District over the period of this plan.

Council has recognised that much of the development in recent times has been for holiday homes and apartments and this may be adversely affected by economic conditions beyond Councils control.

However, it believes quite a conservative stance is prudent at this time.

If development exceeds these modest predictions, financial and reserves contributions will exceed budgets as will the income predicted from vested assets.

The impact upon individual ratepayers is not thought to be significant.

Council's infrastructure and planned capital works will be adequate to cope with this level of subdivision.

INFLATION

In preparing the Annual Plan, the Council is required to use *best estimates* in determining the level of costs to be budgeted in the future. As a result, Council is required to account for the effect of price changes or inflation that is expected to occur over the period.

Risk and Uncertainties:

Inflationary costs in some areas may increase at a rate different to that forecast. Some types of costs (eg roading and transport costs) have been subject to fluctuations in recent years, so it is inherently difficult to predict trends with accuracy. However, these costs will be mitigated through the annual plan process where the annual adjustment can be made.

INTEREST RATES

The movement in interest rates has a wide ranging effect on the Council. The Council's cash investments have derived interest at the market rates and the Council's internal financing policy bases the interest paid to or charged to individual communities on the Official Cash Rate.

The level of works and services rates levied is dependent in part on the interest rate used in Council's internal funding policy.

Council assumptions on interest rates are based on the Official Cash Rate (OCR). That rate will be used for calculating interest rates in the following financial year and will be adjusted annually.

For the period of this plan, Council has assumed that:

- The official cash rate used was set at 2.5%
- It will receive interest at 6.04% pa on its cash reserves.
- Communities with existing overdrawn capital reserves will be charged interest at 3.5%pa (ie 100 basis points above Council's estimate of the OCR).
- Communities with funds in their capital reserves will receive interest at 2.25% (ie 25 basis points below Council's estimate of the OCR).
- Communities with new overdrawn capital reserves or further increase in existing overdrawn capital reserves will be charged interest at 6.04%.

Risks and Uncertainties:

Council is setting its internal funding interest rate six months in advance and holding it stable for the next twelve months. There is a risk its estimates could be well astray. However, Council believes that is outweighed by the certainty of internal return it can give to the capital reserves over the financial year. If rates fluctuated under the old policy, Council might find it had under rated or under-rated certain activities.

REVALUATION OF RATING VALUES OF THE MACKENZIE DISTRICT

The Rating Valuations Regulations require the Council to undertake a full revaluation of the rating values of District every three years. Council contracts QV Rating to perform this task for it. Full valuation was effective from August 2012 and the rates for the 2014/2015 year will be levied on these 2012 values, with the appropriate adjustments for new sections and capital improvement work.

The uncertainties in trying to predict such changes are simply too great. In addition, revaluations do not fundamentally impact upon the overall costs incurred by the Council, although they may impact on the relative rating load carried by individuals.

Risks and Uncertainties:

Under the Rating Valuation Regulations, each district requires a full revaluation for rating purposes every three years. The result of the revaluation may increase or decrease the value of the District at a rate different to assumptions. Unanticipated surges in development may increase the rating base to a material extent.

REVALUATION OF THE COUNCIL'S NON-CURRENT ASSETS

The Council has a policy of revaluing its buildings, land and infrastructural assets on a three yearly basis. The revaluation process is important as it regularly updates the replacement cost of these assets and accordingly, revises the appropriate level of depreciation that should be charged on these assets.

The depreciation charge is generally rated for and funds are deposited into individual capital reserves, which are used to fund any capital expenditure, so the revaluation process ensures that the depreciation charge keeps pace with inflation.

The last revaluation of the Council's buildings and infrastructural assets was effective from 1 July 2013; the resulting depreciation charges accounted for in the 2013/2014 expenditure.

Risks and Uncertainties:

Inflationary costs in some areas may increase at a rate different to that forecast. Some types of costs (e.g. roading and transport costs) have been subject to fluctuations in recent years, so it is inherently difficult to predict trends with accuracy. In addition, the condition of the assets revalued may be different to that assumed and the value of the asset may differ accordingly. However, the period of the Plan covers the year immediately following a revaluation, therefore inflationary pressures are unlikely to have significant impact or the period of the Annual Plan.

FORESTRY ASSETS

The Council revalues its forestry assets so that the carrying value is maintained at fair value. It is assumed that the value of the investment will be maintained at its current value.

Risks and Uncertainties:

There is a risk that the value of the forestry asset may change. This would change the Council's financial performance in the year it occurs. It will not have a direct impact on the level of rates or expenditure.

EFFECT OF ASSETS VESTED TO COUNCIL

When a developer carries out a subdivision, they are required to vest various assets to Council. These assets include any new roads, water mains, sewer mains, stormwater systems, footpaths and landscaped areas. The Council is then responsible for the maintenance and future replacement of those assets.

It is Council policy to accept the vesting of the assets in the year that the Council is able to rate the individual sections created.

To determine the value of the assets to be vested, the Council made assumptions based on an analysis of the costs of recent subdivisions in the District. The average costs were assumed as follows:

Roading (incl Footpaths)	\$5,406 per section
Sewer	\$8,300 per section
Stormwater	\$3,120 per section
Water	\$5,500 per section

These amounts will be applicable to all three townships and the amounts will be multiplied by the numbers of urban sections created in each year to arrive at the total assets to be added to the Council's asset register. This will also be inflation-adjusted each year according to the BERL inflation forecasts as described in the assumption for inflation. Each addition to the asset register will be depreciated by any appropriate depreciation charge. Please note that no vested assets will be applied to rural sections.

To balance the books, the introduction of the asset value needs to be reflected in income, therefore, there will be a corresponding income line called "Vested Assets Income". This income will be treated the same as financial contributions as it is deemed to be capital income rather than operational income. The amount of this income plus the amount of the vested asset will be accounted for in the capital reserve of each asset.

Risks and Uncertainties:

The assumption has based the level of assets vested to Council on an analysis of recent major subdivisions carried out in the District. Some subdivisions may not result in any further assets to be vested in the Council as there has already been adequate capacity provided for the new sections and some subdivisions may have a greater amount of assets vested into Council as there may be a greater per property costs associated with the subdivision.

DIVIDENDS RECEIVED

Alpine Energy Limited:

It has been forecast that the dividend flow from Alpine Energy will be set at \$395,000 per annum for the period of the Annual Plan. This has been based on the historical performance of the company, and indications from the company as to levels of dividends it is likely to pay.

Risks and Uncertainties:

The actual dividend flow from any of the Council's equity investments is subject to a number of external factors, which the Council may or may not have the ability to influence. As a result, the dividends received may be different to those assumed in the forecast financial statements.

INVESTMENTS

Funding Of Asset Replacement

All future capital expenditure is to be funded by way of the Council's internal financing policy and external borrowing. The policy provides for the use of capital reserves as the basis for funding capital expenditure. Income from funded depreciation and financial contributions are deposited into the capital reserves.

If the balance of the capital reserve is overdrawn, the community of interest for the relevant activity will be charged an interest rate set equal to Council's cash reserve interest rates.

If the balance of the capital reserve is in funds, then the Council will pay the community of interest in the relevant activity an interest payment set at 25 basis points less than the Official Cash Rate determined by the Reserve Bank.

Risk and Uncertainties:

As the interest component of the policy is based on the Official Cash Rate, there is inherent uncertainty with regards the movements in the rate and external debt.

Property Sales and Land Development

This plan assumes that land held by Council at the Tekapo lake frontage is developed and sold. Council assumes that the costs of development will be funded from those sales. The sales income has been based on an independent valuation.

Risk and Uncertainties:

Council has interested parties willing to purchase or lease part of the development. There is a risk that those interested parties may not undertake the purchases.

USEFUL LIVES OF ASSETS

The useful lives of assets have been assumed as follows, which matches the depreciation policy under the Statement of Accounting Policies:

Land

Land has an enduring life.

Motor Vehicles

Motor vehicles are deemed to have a five year life.

Infrastructural Assets and Buildings

The estimated useful lives of the assets are as follows:

Roading/Bridge Network

▪ Land under roads	Enduring Life
▪ Formation	Enduring Life
▪ Sub base	Enduring Life
▪ 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
▪ Service lines	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	60 - 100 years
▪ Box Culverts	100 years
▪ Manholes	100 years

Stormwater Network

▪ Lines	100 years
▪ Manholes	100 years
▪ Open Drains	Enduring Life

Buildings

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

Other Assets

The expected useful lives of major classes of assets are as follows:

▪ Light 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

Risks and Uncertainties:

The useful lives are based on historical information. Some assets may last longer than the lives stated above because of differing factors and conversely, some assets may deteriorate at a faster rate than the lives stated above.

RESOURCE CONSENTS

It is assumed that the conditions of resource consents held by the Council will not be changed significantly and that the Council will be able to renew and obtain the necessary resource consents for planned projects.

Risks and Uncertainties:

There is a risk that the consent conditions will change or that consents will not be obtained for Council projects. If these situations occur, then expenditure may increase to comply with the conditions and this may have an impact on rate levels. If consents cannot be obtained for planned projects, the project may be delayed or may not go ahead.

CLIMATE CHANGE

It is assumed that climate change is happening but that there will be no significant impact on the Council's activities within the period covered by the Annual Plan. However, the Council will take into account the impacts of climate change as it plans, builds and renews its infrastructure.

LEGISLATION AND LOCAL GOVERNMENT REFORM

The Mackenzie District Annual Plan has been prepared on the current legislation at the date of issue of this Plan. It is expected that legislation will be changed and if that impacts the Annual Plan presentation then the final Plan will be amended accordingly. It is also expected that the structure and responsibilities of the Council will remain the same over the period covered by the plan. The Council sees merit in pursuing the sharing of services with its neighbours to allow more efficient use of skills and resources. Its thinking on these matters is at an early stage and no potential transitional costs or long term savings have been included in this Plan.

Risks and Uncertainties:

The Government is some way through a reform programme for local government, including reviews of local government legislation and regulatory and infrastructure responsibilities and functions. The Local Government Act was amended in 2013, and there is one further legislative change in front of Parliament that will affect responsibilities of Council. However until Government legislation has been passed, accurate predictions of these changes upon Council during the period of the Plan have not been made.

COMMITMENTS AND CONTINGENCIES

It has been assumed that the level and nature of commitments and contingencies as stated in the Council annual report for the year ended 30 June 2013 will remain unchanged over the period covered by the Annual Plan.

Commitments

The commitments include contracts entered into but obligations or considerations yet to be delivered. The principal contracts in this category are the contributions that the Council makes to the Mackenzie Community Library and the Twizel Community Library.

As at 30 June 2013, there was also a list of non-cancellable contracts that had a number of years to completion. While some of these contracts will be renewed or re-let over the period of the long-term plan, the level and nature of commitments are not expected to significantly change.

Contingencies

It has been assumed that there will be no contingencies to be reported over the period of the long-term plan.

Risks and Uncertainties

It should be noted that circumstances can change throughout the ten year period and that the level and nature of commitments and contingencies is subject to change.

NATURAL DISASTERS

Council has assumed no natural disasters will occur during the period of this plan. However, Council has, in this plan, provided for increased insurance premiums and accepted that it will keep appropriate levels of cash reserves (\$3.0m) and sufficient head room in its borrowings to enable it to undertake any repairs on its underground asset. In event of a major disaster, Council has assumed additional central government support will be forthcoming plus it will need to borrow additional funds to make repairs and meet the costs of restoration. More work needs to be done in terms of mitigating the risks Council faces from natural disasters.

Risk and Uncertainties

It is difficult to assess the level of impact natural disasters may have on the District. Council will use the strength of its cash reserves and its balance sheet to fund its share of repair/reinstatement costs.

PROPERTY SALES

Development at Lake Tekapo was initiated in 2012/13, and this is programmed to continue throughout 2014/15, including obtaining resource consents and proceeding with sales. Council's forecast level of surplus is dependent on sales occurring. There is a risk that the sales will not occur in the year covered by the plan. Council will not undertake any development without securing sales beforehand.





Funding Impact Statement – Whole of Council

Funding Impact Statement – Governance & Corporate Services

Funding Impact Statement – Water

Funding Impact Statement – Sewer

Funding Impact Statement – Stormwater

Funding Impact Statement – Roading

Funding Impact Statement – Planning & Regulations

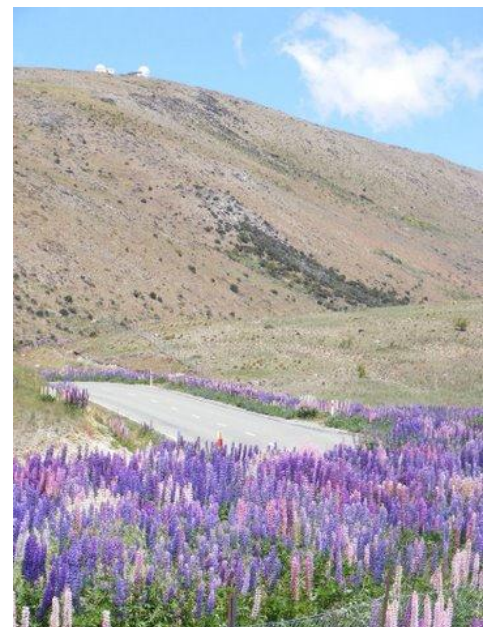
Funding Impact Statement – Community & Township

Funding Impact Statement – Commercial Activities

Rating definitions

Rating for the 2014/15 Year

Rates Impact on Sample Properties



Funding Impact Statement

INTRODUCTION

This statement is in the form prescribed by Clauses 3 to 5 of Schedule 10 of the Local Government Act 2002. It identifies the sources of funding to be used by the Council, the amount of funds to be used from each source and how they are to be applied. This is done for each of the years covered by the Plan.

This section also describes the way in which the General Rate and various targeted rates are levied.



Photo: J Hadfield

Forecast Funding Impact Statement

Whole of Council

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	2190	1978	2158
Targeted rates	4492	4953	5100
Subsidies and grants for operating purposes	747	709	727
Fees and charges	0	0	0
Interest and dividend from investments	965	1157	1017
Local authorities fuel tax, fines, infringement fees and other receipts	1150	1215	1345
Total Sources of Operating Funding	9544	10012	10347
Applications of Operating Funding			
Payments to staff and suppliers	9718	8410	8929
Finance costs	0	207	0
Other operating funding applications	0	0	0
Total Applications of Operating Funding	9718	8617	8929
Surplus (deficit) of operating funding	-174	1395	1418
Sources of Capital Funding			
Subsidies and grants for capital expenditure	826	800	801
Development and financial contributions	40	177	432
Increase (decrease) in debt	0	-64	0
Gross proceeds from sale of assets	2464	1330	3794
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	3330	2243	5028
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	664	0	3700
- to improve the level of service	2739	1888	884
- to replace existing assets	1914	2581	4362
Increase (decrease) in reserves	-2163	-831	-2500
Increase (decrease) in investments	2	0	0
Total application of capital funding	3156	3638	6446
Surplus (deficit) of capital funding	174	-1395	-1418
Funding balance	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement			
Total Comprehensive Income	733	1092	791
Add depreciation	2839	2898	3278
asset impairment	0	0	30
Cost of sales property	0	0	3006
less vested assets	416	288	659
financial contributions	40	177	432
capital subsidies	826	800	801
property sales	2464	1330	3794
Surplus (deficit) of operating funding	-174	1395	1418

Forecast Funding Impact Statement

Governance & Corporate Services Activities

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	2221	2029	2255
Targeted rates (other than a targeted rate for water supply)	30	31	26
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	127	115	130
Local authorities fuel tax, fines, infringement fees and other receipts	121	109	134
Total Operating Funding	2500	2284	2545
Applications of Operating Funding			
Payments to staff and suppliers	2150	2109	2449
Finance costs	0	0	0
Internal charges and overheads applied	96	69	86
Total Applications of Operating Funding	2246	2178	2535
Surplus (deficit) of operating funding	254	106	10
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	0	0	0
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	22	0	0
- to replace existing assets	160	31	173
Increase (decrease) in reserves	70	75	-163
Increase (decrease) in investments	2	0	0
Total application of capital funding	254	106	10
Surplus (deficit) of capital funding	-254	-106	-10
Funding balance	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement			
Total Comprehensive Income	145	3	-113
Add depreciation	108	103	123
Surplus (deficit) of operating funding	254	106	10

Forecast Funding Impact Statement

Water Activities

For the Year Ending 30 June 2015

	<u>Budget</u> <u>2013/2014</u> <u>(000's)</u>	<u>LTP Budget</u> <u>Year 3</u> <u>(000's)</u>	<u>Budget</u> <u>2014/2015</u> <u>(000's)</u>
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	840	1103	965
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	41	72	29
Local authorities fuel tax, fines, infringement fees and other receipts	66	87	86
Total Operating Funding	947	1262	1080
Applications of Operating Funding			
Payments to staff and suppliers	474	496	460
Finance costs	0	207	0
Internal charges and overheads applied	78	160	168
Total Applications of Operating Funding	552	863	628
Surplus (deficit) of operating funding	395	399	453
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	78	159
Increase (decrease) in debt	0	-64	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	0	14	159
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	366	0	0
- to improve the level of service	1855	1888	735
- to replace existing assets	235	257	2178
Increase (decrease) in reserves	-2061	-1733	-2302
Increase (decrease) in investments	0	0	0
Total application of capital funding	395	412	611
Surplus (deficit) of capital funding	-395	-399	-452
Funding balance	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement			
Total Comprehensive Income	130	132	216
Add depreciation	383	429	472
less vested assets	118	83	77
financial contributions	0	78	159
Surplus (deficit) of operating funding	395	400	453

Forecast Funding Impact Statement

Sewer Activities

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	424	374	461
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	39	62	37
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total Operating Funding	462	436	499
Applications of Operating Funding			
Payments to staff and suppliers	176	186	179
Finance costs	0	0	0
Internal charges and overheads applied	23	16	13
Total Applications of Operating Funding	200	202	192
Surplus (deficit) of operating funding	263	234	307
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	57	133
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of Capital Funding	0	57	133
Application of Capital Funding			
Capital Expenditure			
- to meet additional demand	183	0	0
- to improve the level of service	50	0	9
- to replace existing assets	0	124	100
Increase (decrease) in reserves	30	167	331
Increase (decrease) in investments	0	0	0
Total application of capital funding	263	291	440
Surplus (deficit) of capital funding	-263	-234	-307
Funding balance	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement			
Total Comprehensive Income	193	162	303
Add depreciation	253	252	297
less vested assets	183	124	160
financial contributions	0	57	133
Surplus (deficit) of operating funding	263	234	307

Forecast Funding Impact Statement

Stormwater Activities

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	72	53	82
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	16	27	14
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total Operating Funding	89	80	95
Applications of Operating Funding			
Payments to staff and suppliers	29	22	33
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Total Applications of Operating Funding	29	22	33
Surplus (deficit) of operating funding	60	58	62
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	20	21
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total Sources of Capital Funding	0	20	21
Application of Capital Funding			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	40
- to replace existing assets	0	0	0
Increase (decrease) in reserves	60	78	43
Increase (decrease) in investments	0	0	0
Total application of capital funding	60	78	83
Surplus (deficit) of capital funding	-60	-58	-62
Funding balance	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement			
Total Comprehensive Income	0	18	153
Add depreciation	60	60	62
less vested assets	0	0	132
financial contributions	0	20	21
Surplus (deficit) of operating funding	60	58	62

Forecast Funding Impact Statement

Roading Activities

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	1309	1387	1319
Subsidies and grants for operating purposes	715	678	646
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	97	72	67
Local authorities fuel tax, fines, infringement fees and other receipts	29	29	95
Total Operating Funding	2150	2164	2127
Applications of Operating Funding			
Payments to staff and suppliers	1331	1312	1317
Finance costs	0	0	0
Internal charges and overheads applied	101	84	152
Total Applications of Operating Funding	1432	1396	1469
Surplus (deficit) of operating funding	718	768	658
Sources of Capital Funding			
Subsidies and grants for capital expenditure	826	800	801
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total Sources of Capital Funding	826	800	801
Application of Capital Funding			
Capital Expenditure			
- to meet additional demand	115	0	0
- to improve the level of service	431	0	80
- to replace existing assets	1424	1850	1566
Increase (decrease) in reserves	-425	-282	-187
Increase (decrease) in investments	0	0	0
Total application of capital funding	1545	1568	1459
Surplus (deficit) of capital funding	-719	-768	-658
Funding balance	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement			
Total Comprehensive Income	18	-17	-137
Add depreciation	1642	1666	1887
less vested assets	115	81	290
Capital portion NZTA funding	826	800	801
Surplus (deficit) of operating funding	718	768	658

Forecast Funding Impact Statement

Planning & Regulation Activities

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	251	404	276
Targeted rates (other than a targeted rate for water supply)	148	152	155
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	1	1
Local authorities fuel tax, fines, infringement fees and other receipts	419	405	532
Total Operating Funding	818	962	963
Applications of Operating Funding			
Payments to staff and suppliers	1109	815	1242
Finance costs	0	0	0
Internal charges and overheads applied	43	43	53
Total Applications of Operating Funding	1152	858	1295
Surplus (deficit) of operating funding	-334	104	-332
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	40	21	120
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total Sources of Capital Funding	40	21	120
Application of Capital Funding			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	5	0	20
- to replace existing assets	81	0	2
Increase (decrease) in reserves	-377	126	-234
Increase (decrease) in investments	0	0	0
Total application of capital funding	-292	126	-212
Surplus (deficit) of capital funding	334	-105	332
Funding balance	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement			
Total Comprehensive Income	-332	81	-257
Add depreciation	39	44	45
Less reserve contributions	40	21	120
Surplus (deficit) of operating funding	-334	104	-332

Forecast Funding Impact Statement

Community & Township Activities

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	563	639	604
Targeted rates (other than a targeted rate for water supply)	1581	1727	1876
Subsidies and grants for operating purposes	32	30	22
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	18	44	10
Local authorities fuel tax, fines, infringement fees and other receipts	398	432	456
Total Operating Funding	2592	2872	2967
Applications of Operating Funding			
Payments to staff and suppliers	2337	2437	2600
Finance costs	0	0	0
Internal charges and overheads applied	47	90	101
Total Applications of Operating Funding	2384	2527	2702
Surplus (deficit) of operating funding	208	345	266
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total Sources of Capital Funding	0	0	0
Application of Capital Funding			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	377	0	0
- to replace existing assets	15	317	343
Increase (decrease) in reserves	-184	28	-77
Increase (decrease) in investments			
Total application of capital funding	208	345	266
Surplus (deficit) of capital funding	-208	-345	-266
Funding balance	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement			
Total Comprehensive Income	-88	71	-38
Add depreciation	296	274	303
Surplus (deficit) of operating funding	208	345	266

Forecast Funding Impact Statement

Commercial Activities

For the Year Ending 30 June 2015

	Budget 2013/2014 (000's)	LTP Budget Year 3 (000's)	Budget 2014/2015 (000's)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	-815	-1083	-1071
Targeted rates	88	118	224
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	172	319	1375
Local authorities fuel tax, fines, infringement fees and other receipts	1051	1328	1211
Total Operating Funding	496	682	1739
Applications of Operating Funding			
Payments to staff and suppliers	2112	1061	649
Finance costs	0	0	0
Internal charges and overheads applied	137	266	81
Total Applications of Operating Funding	2249	1327	730
Surplus (deficit) of operating funding	-1753	-645	1009
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	2464	1330	3794
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of Capital Funding	2464	1330	3794
Application of Capital Funding			
Capital Expenditure			
- to meet additional demand	0	0	3700
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	711	685	1103
Increase (decrease) in investments			
Total application of capital funding	711	685	4803
Surplus (deficit) of capital funding	1753	645	-1009
Funding balance	0	0	0
Reconciliation between Financial Summary and Funding Impact Statement			
Total Comprehensive Income	659	630	1679
Add depreciation	52	55	89
asset impairment			30
Less property sales	2464	1330	789
Surplus (deficit) of operating funding	-1753	-645	1009

Rating Definitions

GENERAL RATE

A general rate will be set on the capital value of the land under section 13 of the Local Government (Rating) Act 2002 on all rateable land. The general rate will be set differentially on all rating units in the Mackenzie District using the following categories based on the use and location of the land:

- Tekapo A
- Ohau A
- Tekapo B
- All other properties.

These categories are defined as follows:

Group (A)

Tekapo A – All separately rateable properties in the former Tekapo ward with an area of less than 2000 hectares, used for hydro-electric power generation (as more particularly defined on valuation roll number 25300 15901).

Ohau A – All separately rateable properties in the former Twizel ward used for hydro-electric power generation (as more particularly defined on valuation roll number 25320 00701A).

Tekapo B – All separately rateable properties in the former Tekapo ward with an area of 2000 hectares or more, used for hydro-electric power generation (as more particularly defined in valuation roll number 25300 18400).

Group (B)

All other properties – All separately rateable properties in the District not classified in any of the categories in Group (A).

The relationship between the rates set in the differential categories is as follows:

Category Group (A)	Factor
Tekapo A	10% of the total rate requirement
Ohau A	10% of the total rate requirement
Tekapo B	10% of the total rate requirement
Category Group (B)	Factor
All other properties	70% of the total rate requirement

UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge will be set on all rateable land under section 15 of the Local Government (Rating) Act 2002 on a fixed amount per separately used or inhabited part (SUIP) of a rating unit). Its level is designed to obtain a balance between flat charges and rates on capital value that is acceptable to Council. It is not used to fund any special portion of the general expenditure of Council. The general rate and uniform annual general charge are used to fund the general activities of Council, including but not limited to the following:

- Administrative, technical and regulatory activities and associated overhead costs
- Civil defence
- District Planning
- Cemeteries

- Public toilets
- Part of the solid waste management costs
- Other general expenses.

TARGETED RATES

Sections 16-19 of the Local Government (Rating) Act 2002 authorise Council to set targeted rates to fund functions that are identified in its Long Term Plan as being functions for which targeted rates may be set. Schedule three of the Local Government (Rating) Act 2002 lists factors that may be used to calculate the liability of targeted rates. The Council may select one or more of these factors for each targeted rate. If differential rating is being used, the Council must use the matters contained in Schedule two of the Local Government (Rating) Act 2002 to define the differential categories.

WORKS AND SERVICES TARGETED RATES

The following works and services targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund Council's works and services activities. The works and services which may be provided to each community include:

- Social services and information provision
- Village and township maintenance
- Stormwater
- Parks and reserves
- Swimming pools
- Community halls
- Rural fire

Twizel Works and Services Rate

This targeted rate will be assessed on every rating unit in the Twizel community area of benefit (as defined on a map held by Council) and will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund 20% of the targeted rate requirement ; and
- A rate in the dollar based on the capital value of the land to fund the balance, being 80% of the targeted rate requirement

Fairlie Works and Services Rate

This targeted rate will be assessed on every rating unit in the Fairlie community and will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund 10% of the targeted rate requirement; and
- A rate in the dollar based on the capital value of the land to fund the balance, being 90% of the targeted rate requirement.

Tekapo Works and Services Rate

This targeted rate will be assessed on every rating unit in the Lake Tekapo community area of benefit and will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund 35% of the targeted rate requirement; and
- A rate based on the capital value of the land to fund the balance, being 65% of the targeted rate requirement, set differentially using the following categories based on the use of the land.
 - Tekapo A
 - All other Tekapo properties.

Tekapo A means – All separately rateable properties in the former Tekapo ward with an area of less than 2000 hectares, used for hydro-electric power generation (as more particularly defined on valuation roll number 25300 15901).

All other Tekapo properties mean all other rating units in the Lake Tekapo community area of benefit excluding Tekapo A (as defined in the map held by Council).

Category	Factor
Tekapo A	20% of the balance of the targeted rate requirement
All other Tekapo properties	80% of the balance of the targeted rate requirement

Rural Works and Services Rate

This targeted rate will be assessed on every rating unit in the rural community and will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund 94.91% of the targeted rate requirement; and
- A rate based on the capital value of the land on every rating unit in the rural community to fund the balance, being 5.09% of the targeted rate requirement, set differentially using the following categories based on the use of the land.
- - Ohau A;
 - Tekapo B;
 - All other rural properties

Ohau A means – All separately rateable properties in the former Twizel ward used for hydro-electric power generation (as more particularly defined on valuation roll 25320 00701).

Tekapo B means – All separately rateable properties in the former Tekapo ward with an area of 2000 hectares or more, used for hydro-electric power generation (as more particularly defined on valuation roll number 25300 18400).

All other rural properties means – every other property in the rural community other than Ohau A and Tekapo B.

Rural community means the area of the Mackenzie District excluding the community areas of benefit of Twizel, Lake Tekapo, Fairlie and Mount Cook Village (as defined on a plan held by Council).

The relationship between the rates set in the differential categories is as follows:

Category	Factor
Ohau A	20% of the balance of the targeted rate requirement
Tekapo B	20% of the balance of the targeted rate requirement
All other rural properties	60% of the balance of the targeted rate requirement

URBAN SEWERAGE RATES

Urban Sewage Treatment Rates

Targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 in each of the following communities to fund the cost of sewage treatment:

- Fairlie Community
- Twizel Community
- Lake Tekapo Community

In each community the targeted rate will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit which are connected to a community sewerage scheme.
- An additional targeted rate will be assessed on every rating unit connected of a fixed amount per connection after the first connection (rating units comprising a single household treated as having one connection). This rate will be set at 25% of the fixed amount.

Notes: For the purposes of the targeted rates for sewage treatment:

- The sewerage service is treated as being provided if the rating unit is connected to a public sewerage drain;
- A rating unit used primarily as a residence for one household is treated as having not more than one water closet or urinal.

Urban Sewerage Infrastructure Rates

Targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 in each of the following communities to fund the Council's sewerage infrastructure services. This includes sewer maintenance, depreciation and the servicing of loans :

- Fairlie Community
- Twizel Community
- Lake Tekapo Community

In each community the targeted rate will be:

- A fixed amount per separately used or inhabited part of a rating unit which are capable of being connected to a community sewerage scheme.
- An additional targeted rate will be assessed on every rating unit connected of a fixed amount per connection after the first connection (rating units comprising a single household treated as having one connection). This rate will be set at 25% of the fixed amount.

Notes: For the purposes of the targeted rate for sewerage infrastructure:

- The sewerage infrastructure service is treated as being provided if the rating unit is connected to or able to be connected to a public sewerage drain and is within 30 metres of such a drain;
- A rating unit used primarily as a residence for one household is treated as having not more than one water closet or urinal.

BURKES PASS SEWERAGE RATE

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit for all rating units situated in the Burkes Pass Community and which are connected to the Burkes Pass Community sewerage scheme or part charge thereof for where connection to the Burkes Pass Community sewerage scheme is available.
- An additional targeted rate will be assessed on every rating unit connected of a fixed amount per connection after the first connection (rating units comprising a single household treated as having one connection). This rate will be set at 25% of the fixed amount.

Notes: For the purposes of the targeted rate for Burkes Pass sewerage:

- The Burkes Pass sewerage service is treated as being provided if the rating unit is connected to or able to be connected to a public sewerage drain and is within 30 metres of such a drain;
- A rating unit used primarily as a residence for one household is treated as having not more than one water closet or urinal.

EVERSLEY RESERVE SEWERAGE RATE

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund the rating units in the Eversley Reserve sewerage scheme serviced by the Fairlie sewerage scheme apart from those rating units that opted to pay the capital contribution.

The targeted rate will be:

A fixed amount per rating unit in the Eversley Reserve sewerage scheme who have not previously paid the capital contribution. (Defined on a map held by Council).

URBAN WATER SUPPLY RATES

Urban Water Treatment Rates

Targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 in each of the following communities to fund the costs of Council's urban water treatment.

- Fairlie Community
- Twizel Community
- Lake Tekapo Community

The targeted rate will be:

A fixed amount per separately used or inhabited part of a rating unit which are connected (whether metered or not).

Urban Water Infrastructure Rates

Targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 in each of the following communities to fund the Council's urban water supply infrastructure services. This includes maintenance, depreciation and the servicing of loans:

- Fairlie Community
- Twizel Community
- Lake Tekapo Community

The targeted rate will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit which are connected (metered or unmetered) or capable of connection to a community water supply. Any rating unit to which water can be, but is not supplied (being a property situated within 100 metres of any part of the waterworks) is treated as being capable of connection.
- An additional targeted rate under section 19 of the Local Government (Rating) Act 2002 will be assessed on every rating unit where the water is supplied and measured by meter and will be:
A fixed charge per unit of water supplied in excess of the communities annual volume allowance determined annually by resolution of Council.

BURKES PASS WATER SUPPLY RATE

A targeted rate for water treatment and water infrastructure (metered or unmetered), set under Section 16 of the Local Government (Rating) Act 2002, of

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit for all rating units situated in the Burkes Pass Community and which are connected to the Burkes Pass Community water supply, or part charge thereof for where connection to the Burkes Pass Community water supply is available

Notes for the purposes of these rates:

- The water supply infrastructure and treatment service is treated as being provided, if any part of the rating unit is connected to a Council operated waterworks or if the rating unit is situated within 100 metres of waterworks and is capable of connection

RURAL WATER SUPPLIES

The following targeted rates will be assessed under the Local Government (Rating) Act 2002 to fund the rural water supplies.

Note: Rating units are considered to be serviced if the rating unit receives a water supply, or the rating unit lies within the defined area of benefit for that supply.

Allandale Rural Water Supply

A targeted rate for water supply under section 19 assessed on every rating unit serviced by the Allandale rural water supply to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be:

- A fixed amount per unit of water supplied.

Ashwick/Opuha Rural Water Supply

A targeted rate for water supply under section 16 assessed on every rating unit within the defined area of benefit for the Ashwick/Opuha rural water supply to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be

- A fixed amount per rating unit.

Fairlie Water Race – Variable

A targeted rate for a water supply under section 16 assessed on every rating unit within the defined area of benefit for the Fairlie water race to fund the costs of maintenance, depreciation and the servicing of loans

The targeted rate will be

- A fixed amount per hectare within the rating unit.

Fairlie Water Race – Fixed

A targeted rate for water supply under section 16 assessed on every rating unit within the defined area of benefit for the Fairlie water race to fund the costs of maintenance, depreciation and the servicing of loans

The targeted rate will be

- A fixed amount per rating unit.

Spur Road Rural Water Supply

A targeted rate for water supply under section 19 assessed on every rating unit serviced by the Spur Road rural water supply to fund the costs of maintenance, depreciation and the servicing of loans

The targeted rate will be

- A fixed amount per unit of water supplied.

Manuka Terrace Water Supply Investigation

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 for all rating units in the Manuka Terrace water supply area (to fund preliminary expenses in investigating and planning of a future water supply).

The targeted rate will be

- A fixed amount per rating unit.
(as defined on a map held by Council)

Note for the purposes of the Allandale, Ashwick/Opuha and Spur Road Water rural water supplies, a unit of water equals a volume of 1.82m³/day.

Downlands Water Supply

A targeted rate for water supply under section 16 on every rating unit serviced by Downlands water supply of the Mackenzie District to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be:

- A fixed amount per rating unit.

A targeted rate for water supply under section 19 assessed on every rating unit serviced by Downlands water supply in the Mackenzie District to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be

- A fixed amount per unit of water.

Note for the purposes of the Downlands water supply, a unit of water allows for a supply of 1000 litres per day.

DISTRICT ROADING RATE

A targeted rate will be assessed under Section 16 of the Local Government (Rating) Act 2002 to fund the costs of all roading in the Mackenzie District.

The targeted rate will be assessed on every rating unit in the Mackenzie District excluding Mount Cook Village and will be set differentially using the following categories based on the use and location of the land:

The targeted rate shall be made up of two components:-

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund 0% of the targeted rate requirement;

- A rate based on the capital value of the land of all other district properties to fund the balance, , being 100.00% of the targeted rate requirement, set differentially using the following categories based on the use of the land.
 - Tekapo A;
 - Ohau A;
 - Tekapo B;
 - All other district properties.

These categories are defined as follows:

Group (A)

Tekapo A – All separately rateable properties in the former Tekapo Ward with an area of less than 2000 hectares, used for hydro-electric power generation (as more particularly defined on valuation roll number 25300 15901).

Ohau A – All separately rateable properties in the former Twizel Ward used for hydro-electric power generation (as more particularly defined on valuation roll number 25320 00701A).

Tekapo B – All separately rateable properties in the former Tekapo Ward with an area of 2000 hectares or more, used for hydro-electric power generation (as more particularly defined in valuation roll number 25300 18400).

Group (B)

All other district properties – All separately rateable properties excluding Mount Cook Village in the Mackenzie District not classified in any of the categories in Group (A).

All other district properties means – every other property in the Mackenzie District excluding Mount Cook Village, Tekapo A, Ohau A and Tekapo B (as defined on a plan held by Council)

The relationship between the rates set in the differential categories is as follows:

Category Group (A)	Factor
Tekapo A	10% of the total rate requirement
Ohau A	10% of the total rate requirement
Tekapo B	10% of the total rate requirement
Category Group (B)	Factor
All other district properties	70% of the total rate requirement

SOLID WASTE RATES

Urban Solid Waste Rate

The following targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to partly fund the cost of all solid waste activity undertaken by Council. It will be assessed on every rating unit in each of the following waste collection areas:

- Twizel waste collection area
- Tekapo waste collection area
- Fairlie waste collection area

and on those rating units within one kilometre of the collection route, from Cave in the east to Twizel in the west that have opted to receive the service.

- A fixed amount per separately used and inhabited part (SUIP) of a rating unit to which the Council provides the service.

Albury Area Waste Collection Rate

The following targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund the Albury Area Waste Collection Service;

- A fixed amount per separately used or inhabited part (SUIP) of the rating unit to which the Council provides the service in the Albury waste collection area (as defined on a map held by Council) for a weekly bag collection from a fixed point in Albury at a fixed time excluding those properties already being assessed to pay the solid waste rate.

TWIZEL IMPROVEMENT RATE

The following targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund improvement work within the Twizel Community area of benefit. The targeted rate will be a fixed amount per separately used or inhabited part (SUIP) of a rating unit

FAIRLIE COMMUNITY FACILITIES RATE

The following targeted rate will be of a fixed amount assessed under section 16 of the Local Government (Rating) Act 2002 to partly fund the rate requirement of the Sherwood Downs hall and recreation reserve and to partly fund the rating requirement of the Mackenzie community centre and the Strathconan swimming pool.

The targeted rate will be assessed on every rating unit in the former Fairlie ward that is not charged the Fairlie works and services rate and on which there are one or more dwellings. It will be a fixed amount per dwelling.

TWIZEL COMMUNITY FACILITIES RATE

The following targeted rate will be assessed under Section 16 of the Local Government (Rating) Act 2002 to partly fund the cost of community facilities provided within the Twizel community and the costs otherwise met by the Twizel improvement rate.

The targeted rate will be assessed on every rating unit in the Twizel community that is not charged the Twizel works and services rate and on which there are one or more dwellings. It will be a fixed amount per dwelling.

MARKETING, TOURISM AND ECONOMIC DEVELOPMENT RATES

A uniform annual charge will be set under section 16 of the Local Government (Rating) Act 2002 on a fixed amount per separately used or inhabited part (SUIP) of a rating unit.

A series of targeted rates of a fixed amount per category will be assessed under section 16 on a differential basis to fund marketing, tourism and economic development activities. This Second Schedule of the Local Government (Rating) Act 2002 lists the factors that can be used to calculate the liability of the targeted rates. The Council may select one or more of these factors for each targeted rate.

These targeted rates will be calculated on the following basis:

- The use to which the land is put and

- The capital value of the land

The Council has proposed that the targeted rate be assessed on the following categories of land:

All Properties

A fixed amount per separately used and inhabited part (SUIP) of a rating unit

Primary Accommodation – Tier 1

All rateable properties within the Mackenzie District that are used for accommodation purposes on land with a property category code beginning with CA in the Council's Rating Information Database and where the Capital Value exceeds \$10,000,001.

Primary Accommodation – Tier 2

All rateable properties within the Mackenzie District that are used for accommodation purposes on land with a property category code beginning with CA in the Council's Rating Information Database and where the Capital Value is between \$5,000,001 and \$10,000,000.

Primary Accommodation – Tier 3

All rateable properties within the Mackenzie District that are used for accommodation purposes on land with a property category code beginning with CA in the Council's Rating Information Database and where the Capital Value is between \$2,000,001 and \$5,000,000.

Primary Accommodation – Tier 4

All rateable properties within the Mackenzie District that are used for accommodation purposes on land with a property category code beginning with CA in the Council's Rating Information Database and where the Capital Value is between \$1,000,001 and \$2,000,000.

Primary Accommodation – Tier 5

All rateable properties within the Mackenzie District that are used for accommodation purposes on land with a property category code beginning with CA in the Council's Rating Information Database and where the Capital Value is between \$500,001 and \$1,000,000.

Primary Accommodation – Tier 6

All rateable properties within the Mackenzie District that are used for accommodation purposes on land with a property category code beginning with CA in the Council's Rating Information Database and where the Capital Value is less than \$500,000.

Secondary Accommodation – Tier 1

All rateable properties within the Mackenzie District identified as Farmstay accommodation providers but where the primary use of the land is not for accommodation purposes.

Secondary Accommodation – Tier 2

All rateable properties within the Mackenzie District with a Capital Value of less than \$500,000 and identified as accommodation providers but where the primary use of the land is not for accommodation purposes.

Secondary Accommodation – Tier 3

All rateable properties within the Mackenzie District with a capital value of \$500,000 or greater and identified as accommodation providers but where the primary use of the land is not for accommodation purposes.

Note: Secondary accommodation providers can be exempt if they provide an annual declaration stating that they provide accommodation for less than 20 bed nights per annum.

Commercial Businesses – All

All rateable properties within the Mackenzie District on land with a property category code beginning with C in the Council's Rating Information Database.

Commercial Businesses – Tourism Based

All rateable properties within the Mackenzie District on land with a property category code beginning with C in the Council's Rating Information Database that have been identified as being primarily tourism based.

The relationship between the rates set in the differential categories is as follows

All Properties	45.92% of the total rates requirement
Primary Accommodation	
Tier 1	8.45% of the total rates requirement
Tier 2	3.75% of the total rates requirement
Tier 3	5.64% of the total rates requirement
Tier 4	1.97% of the total rates requirement
Tier 5	1.69% of the total rates requirement
Tier 6	0.37% of the total rates requirement
Secondary Accommodation	
Tier 1	0.16% of the total rates requirement
Tier 2	13.24% of the total rates requirement
Tier 3	6.10% of the total rates requirement
Commercial Business	
All	7.46% of the total rates requirement
Tourism Based	5.21% of the total rates requirement

Note: Property Category Codes

Each rating assessment has a property category that broadly describes the nature of this property.

The property category is based on the highest and best use or the use for which the property would be sold given current economic conditions.

This differs from Land Use Data which is based on current actual use and zoning.

The coding is alpha-numeric and has two six characters.

Property category codes are maintained by Council's current valuation service providers "Quotable Value Ltd".

The purpose of these rates in 2014/15 is to fund the provision of Marketing, Tourism and Economic Development services in the District.

RURAL CATTLESTOP MAINTENANCE RATE

A targeted rate will be assessed under Section 16 of the Local Government (Rating) Act 2002 to fund the cost of the maintenance and upgrade costs of cattlestops situated on the boundary between private land and Council roads.

The targeted rate will be

- A fixed amount per cattlestop, or part thereof.

FIXED CHARGES

Under section 21 of the Local Government (Rating) Act 2002, the Council is limited to setting fixed charges excluding charges for water and sewer at no greater than 30% of the total revenue from all rates sought by the Council;

- excluding water and sewer charges, as a percentage of the total rates amount to 21.59%.

DEFINITION OF SEPARATELY USED OR INHABITED PARTS (SUIPS) OF A RATING UNIT

Where uniform annual general charges and targeted rates are calculated on each separately used or inhabited part (SUIP) of a rating unit, the following definition will apply:

A separately used or occupied part of a rating unit includes any part of a rating unit that is used or occupied by any person, other than the ratepayers, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayers for more than one single use. For the purposes of this definition, vacant land is defined as “used”.

Separately used or inhabited parts include:

- Residential property that contains two or more units that can be separately occupied, flats or houses each of which is separately inhabited or is capable of separate habitation.
- Commercial or other non-residential property containing separate residential accommodation.
- Commercial premises that contain separate shops, kiosks or other retail or wholesale outlets, each of which is operated as a separate business or is capable of operation as a separate business.
- Farm property with more than one dwelling.
- Council property with more than one lessee.

Council has recognised that there are certain instances where the above situations will occur, but in circumstances that do not give rise to separate uses or inhabitations. These specific instances are:

- Where a residential property contains not more than one additional separately inhabited part and where members of the owner’s family inhabit the separate part on a rent-free basis.
- Individual storage garages/partitioned areas of a warehouse.
- Bed and breakfast home stays.



Photo: G Innes

Rating for 2014-15 Year

The revenue and financing mechanisms to be used to cover the estimated expenses of the Council are covered in the Council's revenue and financing policy. The method and impact of both general and targeted rates are covered in the Funding Impact Statement.

General Rate

Hydro Differential		
Tekapo A	0.006673 per dollar of capital value	\$210,199
Ohau A	0.000774 per dollar of capital value	\$210,199
Tekapo B	0.001168 per dollar of capital value	\$210,199
Capital Value Rate	0.0006521 per dollar of capital value	\$1,471,393
Total Expected Rates (including GST)		\$2,101,990
Total Expected Rates (excluding GST)		\$1,827,817
Uniform Annual General Charge		
Fixed Charge	\$25.33 per SUIP rating unit	\$114,416
Total Expected Rates (excluding GST)		\$99,492

Targeted Rates - Works and Services Rates

Twizel Works and Services Rate

Fixed Charge	\$82.92 per SUIP rating unit	\$142,744
Capital Value Rate	0.00136392 per dollar of capital value	\$570,977
Total Expected Rates (including GST)		\$713,721
Total Expected Rates (excluding GST)		\$620,626

Fairlie Works and Services Rate

Fixed Charge	\$54.64 per SUIP rating unit	\$31,062
Capital Value Rate	0.00229081 per dollar of capital value	\$279,558
Total Expected Rates (including GST)		\$310,620
Total Expected Rates (excluding GST)		\$270,104

Tekapo Works and Services Rate

Fixed Charge	\$252.51 per SUIP rating unit	\$173,850
Hydro Differential:		
Tekapo A	0.00204994 per dollar of capital value	\$64,573
Capital Value Rate	0.00088673 per dollar of capital value	\$258,291
Total Expected Rates (including GST)		\$496,714
Total Expected Rates (excluding GST)		\$431,925

Rural Works and Services Rate

Fixed Charge	\$128.50 per SUIP rating unit	\$187,032
Hydro Differential:		
Ohau A	0.00000739 per dollar of capital value	\$2,006
Tekapo B	0.00001114 per dollar of capital value	\$2,006
Capital Value Rate	0.00000436 per dollar of capital value	\$6,019
Total Expected Rates (including GST)		\$197,063
Total Expected Rates (excluding GST)		\$171,359

Targeted Rates – Urban Sewerage Rates

Twizel Sewage Treatment Rate

Sewage Treatment Fixed Charge	\$4.82 per connected SUIP rating unit	\$6,495
Additional Fixed Charge	\$1.21 for each additional water closet	\$351
Total Expected Rates (including GST)		\$6,846
Total Expected Rates (excluding GST)		\$5,953

Twizel Sewerage Infrastructure Rate

Sewerage Infrastructure Fixed Charge	\$102.57 per connectable SUIP rating unit	\$181,498
Additional Fixed Charge	\$25.64 for each additional water closet	\$7,461
Total Expected Rates (including GST)		\$188,959
Total Expected Rates (excluding GST)		\$164,312

Fairlie Sewage Treatment Charge

Sewage Treatment Fixed Charge	\$7.25 per connected SUIP rating unit	\$3,699
Additional Fixed Charge	\$1.81 for each additional water closet	\$297
Total Expected Rates (including GST)		\$3,996
Total Expected Rates (excluding GST)		\$3,475

Fairlie Sewerage Infrastructure Rate

Sewerage Infrastructure Fixed Charge	\$193.80 per connectable SUIP rating unit	\$102,229
Additional Fixed Charge	\$48.45 for each additional water closet	\$7,946
Total Expected Rates (including GST)		\$110,176
Total Expected Rates (excluding GST)		\$95,805

Tekapo Sewage Treatment Rate

Sewage Treatment Fixed Charge	\$10.97 per connected SUIP rating unit	\$6,193
Additional Fixed Charge	\$2.74 for each additional water closet	\$605
Total Expected Rates (including GST)		\$6,798
Total Expected Rates (excluding GST)		\$5,911

Tekapo Sewerage Infrastructure Rate

Sewerage Infrastructure Fixed Charge	\$252.26 per connectable SUIP rating unit	\$173,429
Additional Fixed Charge	\$63.07 for each additional water closet	\$13,906
Total Expected Rates (including GST)		\$187,335
Total Expected Rates (excluding GST)		\$162,900

Burkes Pass Sewerage Rate

Fixed Charge	\$376.85 per connectable SUIP rating unit	\$6,972
Additional Fixed Charge	\$94.21 for each additional water closet	\$377
Total Expected Rates (including GST)		\$7,349
Total Expected Rates (excluding GST)		\$6,390

Eversley Reserve Sewerage Rate

Fixed Charge	\$938.28 per rating unit	\$15,951
Total Expected Rates (excluding GST)		\$13,870

Targeted Rates – Urban Water Rates**Twizel Water Treatment Rate**

Fixed Charge	\$70.39 per connected SUIP rating unit	\$94,961
Metered Supply Fixed Charge	\$70.39 per metered supply	\$3,695
Total Expected Rates (including GST)		\$98,656
Total Expected Rates (excluding GST)		\$85,788

Twizel Water Infrastructure Rate

Fixed Charge	\$227.52 per connectable SUIP rating unit	\$382,680
Metered Supply Fixed Charge	\$227.52 per metered supply	\$11,945
Total Expected Rates (including GST)		\$394,625
Total Expected Rates (excluding GST)		\$343,152

Fairlie Water Treatment Rate

Fixed Charge	\$89.08 per connected SUIP rating unit	\$44,585
Metered Supply Fixed Charge	\$89.08 per metered supply	\$10,734
Total Expected Rates (including GST)		\$55,319
Total Expected Rates (excluding GST)		\$48,104

Fairlie Water Infrastructure Rate

Fixed Charge	\$336.03 per connectable SUIP rating unit	\$180,783
Metered Supply Fixed Charge	\$336.03 per metered supply	\$40,492
Total Expected Rates (including GST)		\$221,275
Total Expected Rates (excluding GST)		\$192,413

Tekapo Water Treatment Rate

Fixed Charge	\$43.20 per connected SUIP rating unit	\$23,869
Metered Supply Fixed Charge	\$43.20 per metered supply	\$1,123
Total Expected Rates (including GST)		\$24,992
Total Expected Rates (excluding GST)		\$21,732

Tekapo Water Infrastructure Rate

Fixed Charge	\$142.91 per connectable SUIP rating unit	\$96,252
Metered Supply Fixed Charge	\$142.91 per metered supply	\$3,716

Total Expected Rates (including GST)		\$99,968
Total Expected Rates (excluding GST)		\$86,929
Burkes Pass Water Rate		
Fixed Charge	\$646.48 per connected SUIP rating unit	\$11,313
Metered Supply Fixed Charge	\$646.48 per metered supply	\$1,293
Total Expected Rates (including GST)		\$12,606
Total Expected Rates (excluding GST)		\$10,962

Targeted Rates – Rural Water Supply Rates

Allandale Water Supply		
Fixed Charge	\$212.12 per unit	\$115,821
Total Expected Rates (excluding GST)		\$100,714
Ashwick/Opuha Water Race – Operational Charge		
Fixed Charge	\$225 per rating unit	\$10,886
Total Expected Rates (excluding GST)		\$9,466
Spur Road Water Supply		
Fixed Charge	\$162.54 per unit	\$10,891
Total Expected Rates (excluding GST)		\$9,470
Downlands Water Supply		
Fixed Charge	\$327 per serviced rating unit	\$18,639
Total Expected Rates (excluding GST)		\$16,207
Downlands Water Supply		
Fixed Charge	\$131 per unit	\$27,641
Total Expected Rates (excluding GST)		\$24,035
Fairlie Water Race – Fixed Charge		
Fixed Charge	\$30.00 per rating unit	\$840
Total Expected Rates (excluding GST)		\$730
Fairlie Water Race – Variable Charge		
Fixed Charge	\$3.71 per hectare	\$2,566
Total Expected Rates (excluding GST)		\$2,231
Manuka Terrace Water Supply Development Rate		
Fixed Charge	\$46.37 per rating unit	\$8,625
Total Expected Rates (excluding GST)		\$7,500

Targeted Rates – Other

District Roading Rate		
Fixed Charge	\$0.00 per SUIP rating unit	\$0
Hydro Differential		
Tekapo A	0.00477066 per dollar of capital value	\$150,276
Ohau A	0.00055325 per dollar of capital value	\$150,276
Tekapo B	0.00083486 per dollar of capital value	\$150,276
All other ratepayers	0.00047542 per dollar of capital value	\$1,051,929
Total expected rates (including GST)		\$1,502,757
Total expected rates (excluding GST)		\$1,306,745

Urban Solid Waste Rate

Fixed Charge	\$260.23 per serviced SUIP rating unit	\$604,775
Total expected rates (excluding GST)		\$525,891

Albury Area Waste Collection Rate

Fixed Charge	\$44.23 per rating unit	\$5,750
Total Expected Rates (excluding GST)		\$5,000

Twizel Improvement Rate

Fixed Charge	61.33 per SUIP rating unit	\$105,396
Total Expected Rates (excluding GST)		\$91,648

▪ Fairlie Community Facilities

Fixed Charge	\$46.83 per dwelling	\$17,091
Total Expected Rates (excluding GST)		\$14,862

▪ Twizel Community Facilities

Fixed Charge	\$120 per dwelling	\$2,640
Total Expected Rates (excluding GST)		\$2,296

Marketing and Economic Development Rate**Primary Accommodation**

All Properties Fixed Charge	\$37.77 per SUIP rating unit	\$170,626
Tier 1 – Fixed Charge	\$31,400 per rating unit	\$31,400
Tier 2 – Fixed Charge	\$6,978 per rating unit	\$13,956
Tier 3 – Fixed Charge	\$3,488.83 per rating unit	\$20,933
Tier 4 – Fixed Charge	\$1,046.71 per rating unit	\$7,327
Tier 5 - Fixed Charge	\$697.77 per rating unit	\$6,280
Tier 6 – Fixed Charge	\$348.75 per rating unit	\$1,395

Secondary Accommodation

Tier 1 – Fixed Charge	\$69.77 per rating unit	\$628
Tier 2 – Fixed Charge	\$209.32 per rating unit	\$49,192
Tier 3 – Fixed Charge	\$348.87 per rating unit	\$22,677

Commercial Businesses

All - Fixed Charge	\$174.44 per SUIP rating unit	\$27,736
Tourism Based - Fixed Charge	\$174.44 per SUIP rating unit	\$19,363
Total Expected Rates (including GST)		\$371,513
Total Expected Rates (excluding GST)		\$323,055

Rural Cattlestop Maintenance Rate

Fixed Charge	\$300.92 per cattlestop	\$13,843
Total Expected Rates (excluding GST)		\$12,307

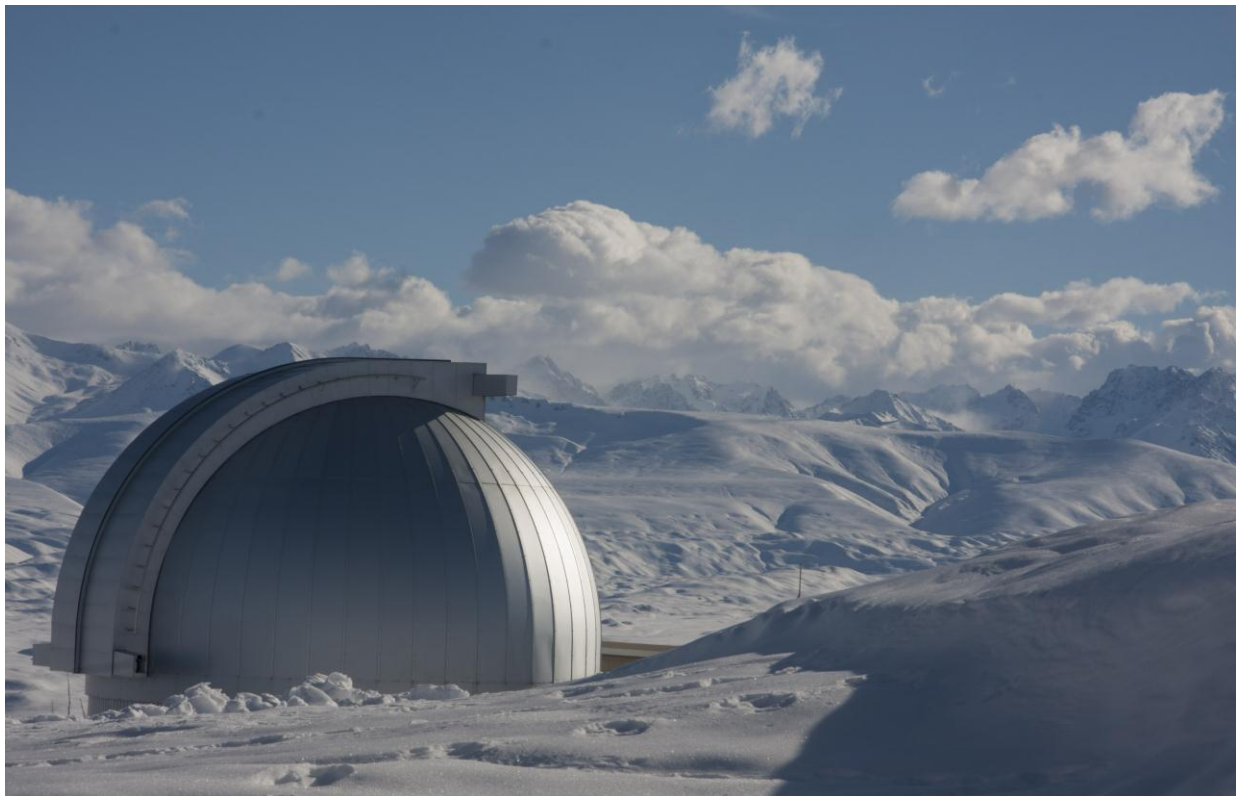


Photo: G Innes

Rating Impact on Sample Properties

Property Comparisons	Capital Value	Actual Rates		Estimated Rates	
	2013-2014	2013-2014	2014-2015	Increase/(Decrease)	
	\$	\$	\$	\$	%
FAIRLIE					
Section	55,000	1,094.42	1,095.81	1.39	0.13
Lower Value House	165,000	1,522.02	1,568.15	46.14	3.03
Mid Value House	215,000	1,671.46	1,739.07	67.61	4.05
Higher Value House	295,000	1,910.56	2,012.53	101.97	5.34
TEKAPO					
Section	185,000	1,323.15	1,343.65	20.49	1.55
Lower Value House	280,000	1,542.20	1,589.17	46.97	3.05
Mid Value House	390,000	1,725.44	1,810.73	85.29	4.94
Higher Value House	580,000	2,041.94	2,193.43	151.49	7.42
TWIZEL					
Section	89,000	918.74	1,039.40	120.66	13.13
Lower Value House	175,000	1,158.94	1,308.88	149.94	12.94
Mid Value House	215,000	1,245.71	1,408.54	162.82	13.07
Higher Value House	350,000	1,538.59	1,744.88	206.28	13.41
RURAL					
Section	38,000	246.43	234.61	-11.82	-4.80
Rural House	200,000	419.24	417.97	-1.26	-0.30
Rural Property - Lifestyle	400,000	632.57	644.34	11.77	1.86
Farm Property	1,000,000	1,272.58	1,323.44	50.86	4.00
Farm Property	1,500,000	1,805.92	1,889.36	83.44	4.62
Farm Property	2,000,000	2,339.26	2,455.28	116.02	4.96
Farm Property	2,500,000	2,872.60	3,021.20	148.60	5.17
Farm Property	3,000,000	3,405.94	3,587.13	181.19	5.32
Farm Property	3,500,000	3,939.28	4,153.05	213.77	5.43
Farm Property	4,000,000	4,472.62	4,718.97	246.35	5.51
Farm Property	4,500,000	5,005.96	5,284.89	278.93	5.57
Farm Property	5,000,000	5,539.30	5,850.81	311.51	5.62
Farm Property	5,500,000	6,072.64	6,416.73	344.09	5.67
Farm Property	6,000,000	6,605.98	6,982.65	376.67	5.70
Farm Property	6,500,000	7,139.32	7,548.57	409.25	5.73
Farm Property	7,000,000	7,672.66	8,114.49	441.83	5.76
Farm Property	7,500,000	8,206.00	8,680.41	474.41	5.78
Farm Property	8,000,000	8,739.34	9,246.33	506.99	5.80
Farm Property	8,500,000	9,272.68	9,812.25	539.57	5.82
Farm Property	9,000,000	9,806.02	10,378.17	572.15	5.83

Notes

1. The low valued houses represent the 15th percentile of the properties in that category, therefore there are only 15% of the properties in these categories that have a lower value. The mid value houses are the median of the properties in the category. The high value houses represent the 85th percentile of the properties in these categories, therefore only 15% of the properties in these categories have a higher value.
2. Since there is no differentiation for the rural properties from a rating perspective, the rural samples start at \$1.0m and increment in \$0.5m steps.
3. The estimated rate does not include rates collected by the Mackenzie District Council on behalf of the Canterbury Regional Council.
4. The rural rates do not include any rural water supply charges on community facilities rates or marketing and economic development rates.

Resource Management Act Fees & Charges

The following fees and charges shall apply to all Resource Management applications for the period 1 July 2014 to 30 June 2015. It is Council policy to recover all fair and reasonable costs associated with processing of applications for resource consents, administration supervision and monitoring of resource consents in accordance with section 36 of the Resource Management Act 1991.

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