



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

Membership of the Finance Committee:

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

Notice is given of a meeting of the Finance Committee to be held on Tuesday 7 June, 2016 at 10am, following the Mackenzie Forestry Board Meeting.

VENUE: Mackenzie District Council Chambers, Fairlie

BUSINESS: As per agenda attached

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER



FINANCE COMMITTEE

Agenda for Tuesday 7 June 2016

APOLOGIES:

DECLARATIONS OF INTEREST:

CONFIRM MINUTES:

That the minutes of the Finance Committee meeting held on April 26, 2016, including such parts taken with the public excluded, be adopted and confirmed as a correct record of the meeting.

67

RECEIVE SUB-COMMITTEE MINUTES:

1. Receive the minutes of the Tekapo Property Group meeting held on May 24, 2016, including such parts as were taken with the public excluded. **74**
2. Receive the minutes of the Pukaki Airport Board 4 May 2016. **79**

REPORTS:

1. Financial Report (attached). **4**
2. Bancorp Quarterly Report – March 2016 **34**
3. Emergency Generator for Tekapo Community Centre **49**

PUBLIC EXCLUDED RESOLUTION:

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

1. Development of Land at Lakeside Drive, Lake Tekapo **52**
2. Tekapo Lakefront Development **61**
3. Previous Minutes Finance Committee 26 April 2016
4. Previous Minutes Tekapo Property Group 24 May 2016
5. Previous Minutes Pukaki Airport Board 4 May 2016

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Development of Land at Lakeside Drive, Lake Tekapo	Commercial Sensitivity	48(1)(a)(i)
Previous minutes Finance Committee 26 April 2016	Commercial Sensitivity	48(1)(a)(i)
Previous minutes Tekapo Property Group 24 May 2016	Commercial Sensitivity	48(1)(a)(i)
Previous minutes Pukaki Airport Board	Commercial Sensitivity	48(1)(a)(i)

4 May 2016

Tekapo Lakefront
Development

Commercial Sensitivity

48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Development of Land at Lakeside Drive Lake Tekapo, Tekapo Property Group minutes; Pukaki Airport Board, Previous Finance Committee minutes and Tekapo Lakefront Development 7(2)(b)(ii).*

ADJOURNMENTS: 10:30am - Morning Tea
12:00pm - Lunch

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE
SUBJECT: FINANCIAL REPORT
MEETING DATE: 7 JUNE 2016
REF: FIN 1/2/1
FROM: MANAGER – FINANCE AND ADMINISTRATION
ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

Attached is the financial report for Council for the period ended February 2016.

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS
MANAGER – FINANCE

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

COMMERCIAL		YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
LYTD Actual April 2015	Income				
(892,280)	General Rates	(692,105)	(692,195)	90	(830,633)
186,178	Targeted Rates	355,192	359,692	(4,500)	431,633
659,100	Investment Income	432,213	524,824	(92,611)	629,792
119,489	Other Income	177,892	143,084	34,808	171,700
-	Other Gains and Losses	2,584,182	687,722	1,896,460	687,722
121,022	Internal Interest Income	235,743	167,520	68,223	204,482
-	Asset Impairment	-	(72,000)	(72,000)	(72,000)
193,510	Total Income	3,093,117	1,118,647	1,830,470	1,222,696
	Expenses				
(41,386)	Other Gains and Losses	0	0	0	0
70,365	Employment Expenses	38,617	30,227	(8,390)	36,273
16,769	Members Expenses	17,154	16,666	(488)	20,000
176,563	Consultancy Expenses	126,905	92,500	(34,405)	111,000
76,835	Administration Expenses	122,606	72,552	(50,054)	87,060
273,303	Operational and Maintenance	387,996	562,073	174,077	674,475
105,175	Internal Interest Expense	123,725	79,200	(44,525)	95,040
65,613	Depreciation	68,100	68,087	(13)	81,707
743,237	Total Expenses	885,103	921,305	36,202	1,105,555
(549,727)	Operating Surplus/(Deficit)	2,208,014	197,342	1,866,672	117,141

Variance Analysis:

1. Investment income is less than forecast due to the timing of the budget spread evenly across the year, while dividend income from Alpine Energy is received quarterly. Lower than average interest rates are resulting in less interest income received than budgeted.
2. Other income is ahead of budget due to insurance proceeds of \$8,319 received from the snow damaged Pukaki Airport hanger, and real estate income from the Post Office units and income associated with section sales.
3. Other gains and losses income of \$2,584,182 relates to proceeds from the sale of land at Tekapo Lakefront Development. Yet to be bought to account is the share of the subdivision costs that relate to this land. This will occur at year end.
4. Internal interest income received on capital reserves is ahead of budget year to date due to higher levels of forestry reserves held than forecast.
5. Asset impairment is considered at year end and relates to Carbon credits. This may not occur as carbon prices have increased on the period so far.
6. Employment expenses are over budget due to higher costs in the Tourism area than budgeted.
7. Consultancy fees are over budget due to legal fees arising from the Tekapo development and additional unbudgeted property sales, offset by reduced fees in the forestry area.
8. Administration expenses are showing as ahead of budget year to date as the rates expense was paid in full in July and the budget is phased evenly across the year. There were unbudgeted payments of \$23,154 for rental of the minigolf site. This will occur until settlement of that land purchase. Settlement occurred on 26th May 2016.
9. Operational and maintenance expenditure is below budget due to the timing of contribution payments for tourism and economic development that have not yet been made. This is offset by an increased contribution to the A20 project (\$100,000 against a budget of \$50,000) and a payment of \$23675 to Cone Peak Farms for work done in North West Arch in Twizel.
10. Internal Interest Expense is over budget due to higher capital expenditure spent at the beginning of the year which has resulted in capital reserve balances costing the commercial activity higher interest expense.

Operating and Capital Reserves			
(549,727)	Operating Surplus/(Deficit)	2,208,014	117,141
(549,727)	Total Operating Reserves	2,208,014	117,141

Equity			
(431,554)	Opening Balance	(1,327,145)	(4,625,533)
-	Transfer from Operating reserves	609,360	-
-	Transfers between Reserves	-	3,880,400
(431,554)	Total Capital Reserves	(717,785)	(745,133)

Capital Expenditure			
Rental			
665,015	0668920. Building - Renewal	(1,069)	1,069
665,015	Total Rental	(1,069)	1,069
Real Estate			
581,155	0818905. Land - Administrative, Operato	1,438,153	(1,438,153)
528,893	0818906. Twizel Industrial Subdivision	382,414	(382,414)
1,110,049	Total Real Estate	1,820,568	(1,820,568)
1,775,064	Total Capital Expenditure	1,819,498	(1,819,498)

Variance Analysis:

1. Credit balance relates to a Genesis Energy power credit relating to the prior year.
2. Tekapo lake front development budgeted for in the prior year. Delayed due to resource consent issues around stormwater.

Mackenzie District Council
Finance Report
For The Period Ended April 2016

LYTD Actual April 2015	COMMUNITY FACILITIES	YTD Actual April 2016	YTD Budget April 2016	Variance	Full Year Budget 30/06/16
	Income				
273,500	General Rates	260,584	260,583	1	312,701
757	Subsidies and Grants	757	550	207	660
102,049	Other Income	100,168	108,374	(8,206)	130,750
2,339	Internal Interest Income	4,273	3,882	391	4,658
378,644	Total Income	365,781	373,389	(7,608)	448,769
	Expenses				
27,421	Administration Expenses	30,592	23,970	(6,622)	28,764
306,864	Operational and Maintenance	281,492	322,925	41,433	361,110
11,863	Internal Interest Expense	17,244	17,103	(141)	20,523
41,020	Depreciation	50,916	50,685	(231)	60,823
387,168	Total Expenses	380,245	414,683	34,438	471,220
(8,524)	Operating Surplus/(Deficit)	(14,463)	(41,294)	26,831	(22,451)

Variance Analysis:

- Other income is less than forecast as rental income from public toilets less than budget by \$6,666. Burial fees are less than budget by \$5,912, while the rental from the Fairlie Pensioner Housing is greater than budget by \$4,634.
- Administration expenses are over budget as the rates and insurance for the Twizel Medical Centre of \$3,268 were unbudgeted, the insurance for the Fairlie Pensioner Housing was up \$3,875 this year, and the insurance for the Twizel Pensioner Housing was up by \$3,000.

The Operational and maintenance budget is significantly below budget, as the Twizel library contribution of \$29,682 has yet to be made, cemetery spending is also currently below budget as the payment to the 6ft under club has yet to be made (budgeted \$12,000), and contractor costs for grave digging, pest control and tree maintenance are less than budgeted by \$9,000. Maintenance spending for the public toilets is over budget by \$12,000 due to an increase in maintenance required due to the frost in Twizel, replacement of the portaloos at Lake Opuha and ongoing issues with the aged Tekapo toilets. This extra spending will be offset by the underspend in contractors.

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LYTD Actual April 2015	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
COMMUNITY FACILITIES				
Operating and Capital Reserves				
(8,524)	(14,463)	(41,294)		(22,451)
(8,524)	(14,463)	(41,294)		(22,451)
Equity				
8,745	(303,939)	(277,370)		(277,370)
41,020	34,155	31,977		38,373
(303,006)	(35,844)	(465,000)		(465,000)
(253,241)	(305,628)	(710,393)		(703,997)
Capital Expenditure				
Public Toilets				
349,021	34,105	465,000	430,895	465,000
349,021	34,105	465,000	430,895	465,000
Pensioner Housing - Twizel				
-	1,739	-	(1,739)	-
-	1,739	-	(1,739)	-
349,021	35,844	465,000	429,156	465,000

Variance Analysis:

1. Tekapo public toilet project is unlikely to proceed so no further capital expenditure expected this financial year.
2. New stoves were purchased for the Pensioner Flats.

Mackenzie District Council
Finance Report
For The Period Ended April 2016

LYTD Actual April 2015	CORPORATE SERVICES	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Income				
1,551,690	General Rates	1,822,783	1,822,784	(1)	2,187,340
93,343	Other Income	117,049	101,374	15,675	129,350
90,687	Internal Income	103,280	103,125	155	123,751
(605)	Internal Interest Income	2,494	205	2,289	247
1,735,115	Total Income	2,045,607	2,027,488	18,119	2,440,688
	Expenses				
1,037,058	Employment Expenses	1,162,143	1,159,203	(2,940)	1,387,381
193,051	Consultancy Expenses	219,739	125,589	(94,150)	149,605
280,047	Administration Expenses	296,739	334,720	37,981	377,270
182,806	Operational and Maintenance	247,032	249,383	2,351	299,261
7,390	Internal Interest Expense	5,787	8,310	2,523	9,974
103,123	Depreciation	127,810	127,816	6	153,378
51,203	Internal Charges	49,440	51,793	2,353	62,153
(11,261)	Loss On Sale and Assets Written Off	-	-	-	-
1,843,415	Total Expenses	2,108,692	2,056,814	(51,878)	2,439,022
(108,300)	Operating Surplus/(Deficit)	(63,085)	(29,326)	(33,759)	1,666

Variance Analysis:

1. Employment expenses are over budget in the administration area due to additional staff employed and the final pay for an employee, this is offset by savings made in the IT department due to the IT Manager position being disestablished and savings in the finance department with the Management Accountant being paid most of the year through consultancy expenses above.
2. Other Income is higher than budgeted as rates penalties received are much higher this year. This is due in part to the slower payment of rates this year, and the amount of penalties is higher as the rates increase.
3. Consultancy expenses are ahead of budget due to additional legal fees incurred for the Fairlie Camping Ground, and the Twizel WWTP. Extra costs were also associated with the High Country Medical Trust, and the monthly management reporting.
4. Administration expenses are less than budget due to the timing of the audit fees. They are expected to be on budget for the full year.

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LYTD Actual April 2015	CORPORATE SERVICES	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Operating and Capital Reserves				
(108,300)	Operating Surplus/(Deficit)	(63,085)	(29,326)		1,666
(108,300)	Total Operating Reserves	(63,085)	(29,326)		1,666
	Equity				
(112,900)	Opening Balance	(91,619)	(167,936)		(167,936)
102,210	Transfer Funded Depreciation from Operating Reserve	127,760	126,885		152,261
(133,439)	Transfer Capital Expenditure from Operating Reserve	(51,124)	(58,332)		(112,000)
-	Transfers between Reserves	1,404	1,554		1,866
(144,128)	Total Capital Reserves	(13,578)	(97,829)		(125,809)
	Capital Expenditure				
	Administration - District				
535	0018925. Plant and Equipment	-	-		-
535	Total Administration - District	-	-		-
	Council Building - Fairlie				
782	0088935. Furniture & Fittings - Admin	3,785	-	(3,785)	1
1,681	0088940. Furniture & Fittings - Other	3,766	2,500	(1,266)	2
2,463	Total Council Building - Fairlie	7,551	2,500	(5,051)	3,000
	Council Building - Twizel				
13,112	0098916. Building Renovations	-	-		-
2,173	0098940. Furniture & Fittings - Other	1,054	1,666	612	2,000
15,285	Total Council Building - Twizel	1,054	1,666	612	2,000

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LTYD Actual April 2015	CORPORATE SERVICES	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Information Technology Support				
2,399	0788001. Records Mngt Program	375	4,000	3,625 ✓	8,000
-	0788004. Virtual Server	20,994	20,000	(994) ✗	20,000
-	0788006. GIS Aerials	13,775	-	(13,775) ✗	3
174	0788010. Network Infrastructure	-	1,666	1,666 ✓	2,000
482	0788011. Communications Equipment	-	-	-	-
17,100	0788012. Software	8,000	18,000	10,000 ✓	4
-	0788014. Web site development	-	28,000	28,000 ✓	5
-	0788925. Plant and Equipment	-	2,500	2,500 ✓	3,000
20,156	Total Information Technology Support	43,144	74,166	31,022 ✓	79,000
	Plant Operations				
80,821	2658930. Vehicles	34,060	-	(34,060) ✗	6
80,821	Total Plant Operations	34,060	-	(34,060) ✗	28,000
119,260	Total Capital Expenditure	85,808	78,332	(7,476)	112,000

Variance Analysis:

- 1 Higher than anticipated costs associated with office furniture from additional staff employed.
- 2 Higher than anticipated costs associated with office furniture from additional staff employed.
- 3 A payment for GIS aerials was required this year due to being part of the consortium. This had been budgeted for in subsequent years.
- 4 Software spending is under budget year to date, however further costs have been incurred in May, expected to be on budget at year end.
- 5 Website development costs budgeted for but not required due to the website being reskinned in the previous year.
- 6 Purchase of Roading vehicle made in advance of budget timing. The appropriate vehicle was \$6,000 over the budget allowance.

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LYTD Actual April 2015	GOVERNANCE	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Income				
298,620	General Rates	329,956	329,955	1	395,947
21,240	Targeted Rates	21,000	21,000	0	25,200
15,561	Other Income	27,938	30,624	(2,686)	36,750
335,421	Total Income	378,894	381,579	(2,685)	457,897
	Expenses				
50,853	Employment Expenses	51,424	49,194	(2,230)	59,034
251,000	Members Expenses	254,064	267,872	13,808	321,450
720	Consultancy Expenses	0	22,082	22,082	26,500
36,733	Administration Expenses	43,604	38,500	(5,104)	46,200
0	Internal interest Expense	0	199	199	239
240	Depreciation	0	0	0	0
4,332	Internal Charges	8,744	3,728	(5,016)	4,474
343,877	Total Expenses	357,836	381,575	23,739	457,897
(8,456)	Operating Surplus/(Deficit)	21,059	4	21,055	0

Variance Analysis:

1. Employment expenses are slightly over budget due to the payment of the previous Committee Clerk's annual leave. Expected to be under budget by year end.
2. Members expenses for conferences, training and election expenses less than budgeted year to date.
3. No consultancy expenses have been incurred to date this financial year. Budget has been spread evenly across the year.
4. Administration expenses are ahead of budget year to date due to a number of smaller annual subscription charges not phased across the year.
5. Internal charges for mileage higher than forecast due to increased vehicle use.

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LYTD Actual April 2015		GOVERNANCE		YTD Actual April 2016	YTD Budget April 2016	Variance	Full Year Budget 30/06/16
Operating and Capital Reserves							
	240			0	0		0
	(240)			0	0		0
	(8,456)			21,059	4		0
	(8,456)			21,059	4		0
Equity							
	(4,771)			(3,945)	(4,771)		(4,771)
	240			0	0		0
	(4,531)			(3,945)	(4,771)		(4,771)

Mackenzie District Council
Finance Report
For The Period Ended April 2016

LYTD Actual April 2015	PLANNING	YTD Actual April 2016	YTD Budget April 2016	Variance		Full year Budget 30/06/16
	Income					
196,590	General Rates	328,097	328,096	1		393,716
90,662	Other Income	120,243	102,750	17,493	1	123,300
2,701	Reserve Contributions	85,490	100,000	(14,510)	2	120,000
11	Internal Interest Income	-	21	(21)	25	
289,964	Total Income	533,830	550,867	2,963		637,041
	Expenses					
205,927	Employment Expenses	272,964	353,563	80,599	3	424,277
153,068	Consultancy Expenses	293,830	329,166	35,336	4	395,000
9,891	Administration Expenses	4,190	13,750	9,560	5	16,500
553	Operational and Maintenance	1,955	6,250	4,295	6	7,500
0	Internal interest Expense	56,014	46,972	(9,042)	7	56,366
20	Depreciation	30	24	(6)	30	
4,157	Internal Charges	5,030	5,865	835		7,039
373,617	Total Expenses	634,013	755,590	121,577		906,712
(83,653)	Operating Surplus/(Deficit)	(100,184)	(224,723)	124,540		(269,671)

Variance Analysis:

1. Other income is ahead of budget due to higher than forecast levels of LIM Reports.
2. Reserve contributions are behind budget due to fewer than forecast subdivision applications. This is based on developer activity.
3. Employment Expenses are under budget due to delays in employing planning staff. There is currently a vacancy for a policy planning position.
4. Consultancy expenses for legal fees and consent application assistance are currently less than forecast.
5. Administration expenses are less than forecast due to publication and legislation costs that are incurred later in the year.
6. Operational and maintenance costs are less than forecast due to the budget for the Heritage Fund spread evenly across the year but not paid until year end.
7. Internal interest Expense is over budget due to higher capital reserve balances than forecast. This has resulted in the planning activity incurring higher interest expense.

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LYTD Actual April 2015	PLANNING		YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	(83,653)	Operating Surplus/(Deficit)	(100,184)	(224,723)		(269,671)
	(83,653)	Total Operating Reserves	(100,184)	(224,723)		(269,671)
		Operating and Capital Reserves				
		Equity				
631		Opening Balance	-	(1,235,398)		(1,235,398)
20		Transfer Funded Depreciation from Operating Reserve	30	24		30
-		Transfers between Reserves	(1,396,325)	41,204		49,444
		651 Total Capital Reserves	(1,396,295)	(1,194,170)		(1,185,924)

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

RECREATIONAL FACILITIES		YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
Income					
	General Rates	123,203	123,295	(92) X	147,953
	Targeted Rates	1,072,329	1,072,648	(319) X	1,287,178
	Subsidies and Grants	18,411	14,206	4,205 ✓	17,048
	Other Income	189,531	178,348	11,183 ✓	207,260
	Internal Interest Income	5,443	6,281	(838) X	7,535
	Total Income	1,408,916	1,394,778	14,138	1,666,974
Expenses					
	Employment Expenses	85,248	64,089	(21,159) X	95,763
	Administration Expenses	197,861	205,318	7,457 ✓	252,826
	Operational and Maintenance	841,245	870,356	29,111 ✓	1,078,084
	Internal Interest Expense	28,254	25,957	(2,297) X	31,149
	Depreciation	208,350	208,261	(89) X	249,921
	Internal Charges	-	1,249	1,249 ✓	1,499
	Loss On Sale and Assets Written Off	-	-	- ✓	-
	Total Expenses	1,360,958	1,375,230	14,273	1,709,242
	154,371 Operating Surplus/(Deficit)	47,959	19,548	28,411	(42,268)

Mackenzie District Council
Finance Report
For The Period Ended April 2016

LYTD
Actual
April 2015

RECREATIONAL FACILITIES

YTD
Actual
April 2015

YTD
Budget
30/06/16

Variance

Variance Analysis:

1. Subsidies and grants income is ahead of budget due to Sport and Recreation NZ grant received in January however budget has been spread evenly across the year.

2. Other income is ahead of budget due to extra income received from freedom camping infringements (\$13,482), Fairlie Motor Camp rentals (\$13,748), Lake Alexandrina hut rentals (\$14,000) and rental of the Twizel Community Centre (\$8,346). This extra income was offset by reduced income for the hire of the Lake Tekapo Hall (\$4,395 under budget), Fairlie Swimming pool income (\$7,660 under budget, further income to come in from the schools) and contributions and rentals for the Tekapo township of \$7,500 were budgeted for, with nothing received to date.

3. Employment expenses are less than budgeted due to swimming pool staff costs largely incurred over the summer months, however budget has been spread evenly across the year.

4. Administration expenses are ahead of budget year to date as a grant of \$45,000 was made to the Lake Tekapo Footbridge Committee, this extra expenditure was offset by District rates being charged to other areas. The donation to the Mackenzie Community Enhancement Board of \$6,750 will be made later in the year, while the Twizel township was charged a further \$10,000 for rates than was budgeted.

5. The maintenance spend has been lower than budget to date with District- General underspent by \$33,197, Twizel Townships down \$66,000 and the Twizel Community Centre down \$42,000, this has been offset by overspends in the Tekapo township projects (\$125,000 - this will be covered by the Tekapo Township reserve) and the litterbin collections (up \$17,000) due to an extra set of bins installed, and the Twizel Swimming Pool overspend of \$5,000 related to the pool painting.

Operating and Capital Reserves

154,371	47,959	19,548			(42,268)
154,371	47,959	19,548			(42,268)

Equity

(589,269)	(470,451)	(529,034)			(529,034)
105,770	61,740	61,729			74,075
(10,786)	(3,269)	-			-
0	68,319	75,905			91,087
(494,285)	(343,661)	(391,400)			(363,872)

Mackenzie District Council
Finance Report
For The Period Ended April 2016

LYTD Actual April 2015	RECREATIONAL FACILITIES	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Capital Expenditure				
	Fairlie Domain				
-	0958940. Furniture & Fittings - Other	6,392	-	(6,392) X	1
-	Total Fairlie Domain	6,392	-	(6,392) X	-
	Fairlie Township				
80	0528965. Comm Asset - Public Amenities	-	-	0 ✓	-
80	Total Fairlie Township	-	-	0 ✓	-
	Mackenzie Community Centre				
499	1228925. Plant and Equipment	-	-	0 ✓	-
499	Total Mackenzie Community Centre	-	-	0 ✓	-
	Tekapo Community Hall				
10,207	1248940. Furniture & Fittings - Other	-	-	0 ✓	-
10,207	Total Tekapo Community Hall	-	-	0 ✓	-
	Twizel Community Centre				
-	1268925. Plant and Equipment	3,269	-	(3,269) X	2
-	Total Twizel Community Centre	3,269	-	(3,269) X	-
	Twizel Reserves				
18,418	1068192. Other Projects	-	-	0 ✓	-
22,462	1068925. Plant and Equipment	-	-	0 ✓	-
40,880	Total Twizel Reserves	-	-	0 ✓	-
51,666	Total Capital Expenditure	9,661	-	(9,661)	-

Variance Analysis:

1. Washing machines were purchased for the Holiday Park to get this operational again. Rental income will be received to offset this spend due to no budget allocation.
2. A replacement fridge was purchased for the Twizel Community Centre. As there is no budget allocation for this area, this will be covered by an underspend in the repairs and maintenance budget.

Mackenzie District Council
 Finance Report
 For The Period Ended April 2015

LYTD Actual April 2015	Regulatory	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Income				
33,230	General Rates	22,430	22,430	0	26,916
129,060	Targeted Rates	137,592	137,592	(0)	165,110
359,705	Other Income	464,277	417,730	46,547	501,280
441	Internal Interest Income	582	839	(257)	1,007
522,436	Total Income	624,881	578,591	46,290	694,313
	Expenses				
244,651	Employment Expenses	242,258	263,042	20,784	315,652
30,537	Consultancy Expenses	43,293	30,834	(12,459)	37,000
45,609	Administration Expenses	17,994	51,586	33,592	61,900
102,705	Operational and Maintenance	110,510	170,834	60,324	205,000
4,149	Internal Interest Expense	4,474	3,771	(703)	4,525
37,810	Depreciation	34,610	34,608	(2)	41,530
20,931	Internal Charges	25,278	24,024	(1,254)	28,828
486,393	Total Expenses	478,419	578,699	100,280	694,435
36,043	Operating Surplus/(Deficit)	146,462	(108)	146,570	(122)

Variance Analysis:

- Other income is ahead of budget with Building consents up \$95,000 year to date. This is offset by the Liquor licencing revenue yet to be received for the 2016 year.
- Employment expenses are under budget as there was a vacant position in the building department. This position has now been filled.
- Consultancy expenses are higher than forecast year to date as this now includes all costs to be oncharged to clients. With the corresponding income showing in the Other Income line above.
- Administration expenses are less than budget due to insurance costs not yet incurred.
- Operational and maintenance expenditure is currently less than forecast due to the Health and Liquor Licencing contract yet to be received.

Mackenzie District Council
Finance Report
For The Period Ended April 2015

LYTD Actual April 2015	Regulatory	YTD Actual April 2015	YTD Budget April 2015	Variance	Full year Budget 30/06/16
36,043	Operating Surplus/(Deficit)	146,462	(108)		(122)
36,043	Total Operating Reserves	146,462	(108)		(122)
	Equity				
(86,294)	Opening Balance	(51,967)	(64,751)		(64,751)
37,810	Transfer Funded Depreciation from Operating Reserve	34,610	33,363		40,035
(9,246)	Transfer Capital Expenditure from Operating Reserve	(62,500)	(70,000)		(86,000)
-	Transfers between Reserves	1,026	1,145		1,373
(57,730)	Total Capital Reserves	(78,831)	(100,243)		(109,343)

Capital Expenditure	YTD Actual April 2015	YTD Budget April 2015	Variance	Full year Budget 30/06/16	
Capital Expenditure					
Civil Defence					
9,246	0108925. Plant and Equipment	10,000	10,000	1	25,000
9,246	Total Civil Defence	10,000	10,000		25,000
	Rural Fires				
-	0838925. Plant and Equipment	7,500	5,000	(2,500)	6,000
-	0838930. Vehicles	55,000	55,000	-	55,000
-	Total Rural Fires	62,500	60,000	(2,500)	61,000
9,246	Total Capital Expenditure	62,500	70,000	7,500	86,000

Variance Analysis:

- 1 There was provision in the budget for a generator to be installed at the Tekapo Community Centre.
- 2 Rural fire spend is over budget due to the timing of the budget spread and expenditure of \$1500 for the purchase of a GPS unit. This level of spending was approved by Council

Mackenzie District Council
Finance Report
For The Period Ended April 2016

LYTD Actual April 2015	ROADING	YTD Budget		Variance	Full year Budget 30/06/16
		Actual April 2016	Budget April 2016		
	Income				
1,098,940	Targeted Rates	793,250	793,306	(56)	951,968
2,018,729	Subsidies and Grants	1,838,065	1,050,008	788,057	1,584,000
28,247	Other Income	26,441	21,250	5,191	25,500
5,281	Internal Interest Income	-	5,404	(5,404)	6,484
3,151,197	Total Income	2,657,756	1,869,968	787,788	2,567,952
	Expenses				
91,841	Employment Expenses	104,580	126,632	(22,052)	151,958
72,757	Consultancy Expenses	66,373	59,534	(6,839)	95,000
1,685	Administration Expenses	7,936	-	(7,936)	4
1,226	Internal Interest Expense	10,805	1,470	(9,335)	1,764
920,141	Roading	884,545	928,243	(43,698)	1,172,640
1,572,112	Depreciation	1,567,510	1,567,506	(4)	1,881,006
7,966	Internal Charges	10,304	11,408	(1,104)	13,690
2,667,727	Total Expenses	2,654,053	2,695,093	41,040	3,316,058
483,470	Operating Surplus/(Deficit)	3,704	(825,125)	828,829	(748,106)

Variance Analysis:

- Subsidies and grants income is higher than forecast due to more LTNZ capital works subsidy claimed than forecast year to date. This is a timing variance and income is expected to be on budget for the full year. \$57,403 of petrol tax has been received year to date, this was not budgeted for in 2016.
- Employment expenses are less than forecast year to date due to lower oncharge of management time. This will be corrected at year end.
 - Consultancy expenses are over budget \$6,284 due to \$25,529.24 in collaboration costs associated with roading tenders. \$5,253 of legal fees have been spent this year on the Clayton Road realignment and the roading tenders which was not budgeted for.
 - No budget had been allowed for administration fees however costs have been incurred for advertising, insurance and telephone.
 - Internal interest expense is over budget due to higher capital reserve balances than forecast.
 - Roading expenses - more detailed variance explanation is provided with the detailed roading expenses report.

Mackenzie District Council
Finance Report
For The Period Ended April 2016

LYTD Actual April 2015	ROADING		YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Operating and Capital Reserves					
483,470	Operating Surplus/(Deficit)	3,704	(825,125)			(748,106)
483,470	Total Operating Reserves	3,704	(825,125)			(748,106)
580,439	Equity	141,469	149,973			149,973
1,572,070	Opening Balance	1,402,238	762,561			915,553
-	Transfer Funded Depreciation from Operating Reserves	505,424	443,718			857,128
(2,021,383)	Transfer NZTA Capital Subsidy	(1,636,516)	(1,105,566)			(1,871,140)
-	Transfer Capital Expenditure from Operating Reserve	-	439,443			527,331
131,126	Transfers between Reserves	412,615	690,529			578,845
	Total Capital Reserves					
	Capital Expenditure					
	District Roading					
451,650	2548211. Unsealed Road Metalling	425,176	596,000	170,824		596,000
482,545	2548212. Sealed Road Resurfacing	671,312	-	(671,312)	1	671,540
88,730	2548213. Drainage Renewal	54,107	45,000	(9,107)	1	60,000
155,293	2548214. Sealed Road Pavement Rehabilitation	210,139	173,000	(37,139)	1	173,000
40,267	2548215. Structures Component replacements bridges	-	15,000	15,000		20,000
-	2548215. Structures Component replacements cattlestops	-	6,400	6,400		6,400
37,128	2548222. Traffic Services Renewals	36,367	57,666	21,299		69,200
3,120	2548231. Associated Improvements	-	-	-		-
-	2548310. Footpaths - Surfacing	-	20,000	20,000		20,000
388,991	2548341. Minor Improvements	237,917	187,500	(50,417)	1	250,000
80,000	2548396. Manuka Terrace	-	-	-		-
282,519	2548451. Walking and Cycling Projects	-	-	-		-
2,010,233	Total District Roading	1,635,018	1,100,566	(534,452)		1,866,140
	Roading Professional Services					
17,511	0868001. Computers	1,249	-	(1,249)		-
532	0868925. Plant and Equipment	-	5,000	5,000		5,000
18,043	Total Rooding Professional Services	1,249	5,000	3,751		5,000
2,028,276	Total Capital Expenditure	1,636,267	1,105,566	(530,701)		1,871,140

Variance Analysis:

1. Within the District roading split there are budget alignment issues, but actual total expenditure will match to budgeted expenditure at year end.

Mackenzie District Council
Detailed Roading Activity
For The Year Ended April 2016

LYTD Actual	YTD Actual April 2016	YTD Budget April 2016	Variance	Notes	Full Year Budget 30/06/16
164,215	152,026	160,834	8,808		193,000
272,947	205,943	279,334	73,391		335,200
93,365	71,060	79,166	8,106		95,000
20,125	13,751	20,834	7,083		25,000
46,424	86,297	77,625	(8,672)		103,500
7,550	1,795	8,000	6,206		8,000
143,435	124,103	107,666	(16,437)	1	129,200
26,012	18,898	37,284	18,386		44,740
32,538	58,592	33,334	(25,258)	2	40,000
34,732	39,518	41,666	2,148		50,000
-	-	-	-		50,000
-	65,780	-	(65,780)	3	-
9,359	7,178	5,000	(2,178)		6,000
7,966	7,943	10,000	2,057		12,000
19,307	12,996	6,250	(6,746)		7,500
24,634	14,239	29,166	14,927		35,000
-	4,426	32,084	27,658		38,500
17,535	-	-	0		-
920,141	884,545	928,243	43,698		1,172,640

Variance Analysis:

1. Costs for environmental maintenance include snow clearance/ice gritting costs from July/August last year. Ongoing vegetation control will reduce spend in other areas to reduce the impact on this budget.

2. Street lighting maintenance expenses are ahead of budget for the full year due to an unbudgeted full street light audit required by the Electricity Authority costing \$8,463. Further work is to be carried out arising from the audit with costs coming through in April. Maintenance is also tracking higher than usual due to the replacement cost of Low Pressure Sodium bulbs. The LED replacement programme should address this issue over time.

3. Emergency reinstatement costs relate to the snow event in the prior financial year. These costs are not budgeted however they have been approved for NZTA subsidy. There are additional costs still to be incurred as works are not yet complete.

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LYTD Actual April 2015	SEWER	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Income				
384,187	Targeted Rates	369,418	369,423	(5)	443,309
6,639	Other Income	5,076	5,000	76	6,000
4,768	Financial Contributions	144,144	-	144,144	1
32,238	Internal Interest Income	49,276	38,509	10,767	2
427,832	Total Income	567,914	412,932	154,982	495,520
	Expenses				
-	Consultancy Expenses	11,407	-	(11,407)	3
6,196	Administration Expenses	36,954	8,767	(28,187)	4
117,560	Operational and Maintenance	141,879	122,454	(19,425)	5
3,805	Internal interest Expense	-	4,921	4,921	5,905
246,990	Depreciation	269,480	269,473	(7)	323,369
374,551	Total Expenses	459,719	405,615	(54,104)	486,739
53,281	Operating Surplus/(Deficit)	108,195	7,317	100,878	8,781

Variance Analysis:

- Financial Contributions are not budgeted for as they are dependent upon developer activity.
- Internal interest income is ahead of budget year to date, due to the capital expenditure being behind schedule.
- Unbudgeted consultancy expenses have arisen due to late invoices for valuation fees relating to the prior year and legal expenses for the Twizel Waste Water Treatment plant.
- Administration expenses are ahead of budget due to rates expenses paid in full for the year and not budgeted.
- Operational and maintenance expenses are ahead of budget year to date due to higher than forecast contractor expenses resulting from the sewer spill in December. Expected to be on budget for the full year.

Operating and Capital Reserves				
53,281	Operating Surplus/(Deficit)	108,195	7,317	8,781
53,281	Total Operating Reserves	108,195	7,317	8,781

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LYTD Actual April 2015	SEWER	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Equity				
1,399,313	Opening Balance	1,622,816	1,320,313		1,320,313
4,768	Transfer - Financial Contributions	131,400	-		-
246,990	Transfer Funded Depreciation from Operating Reserve	269,480	269,475		323,369
(71,984)	Transfer Capital Expenditure from Operating Reserve	(262,248)	(648,000)		(902,000)
1,579,086	Total Capital Reserves	1,761,448	941,788		741,682

Capital Expenditure					
	Fairlie Community Sewerage				
7,648	0278401. Sewer Reticulation Renewal	-	-		-
13,366	0278403. Sewer Pump Station Renewal	-	-		-
862	0278410. New Reticulation - Eversley	-	-		-
21,875	Total Fairlie Community Sewerage	-	-		-
	Tekapo Community Sewerage				
5,837	0288265. Pump Station - new work	-	-		-
5,762	0288401. Sewer Reticulation - Renewal	-	-		-
11,598	Total Tekapo Community Sewerage	-	-		-
	Twizel Community Sewerage				
1,073	0298410. Sewer Reticulation - New	-	-		-
37,437	0298411. Sewer Treatment - New	-	-		-
38,510	Total Twizel Community Sewerage	-	-		-
	Urban Sewerage				
-	0258401. Sewer Reticulation Renewal	9,767	648,000	638,233	902,000
-	0258411. Sewer Treatment - New	235,468	-	(235,468)	-
-	Total Urban Sewerage	245,235	648,000	402,765	902,000
71,984	Total Capital Expenditure	245,235	648,000	402,765	902,000

Variance Analysis:

1. Project has now commenced. Behind schedule year to date.

Mackenzie District Council
Finance Report
For The Period Ended April 2016

LYTD Actual April 2015	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
Income				
110,050	139,242	139,242	(0)	167,090
422,586	493,837	489,218	4,619	587,062
122,705	220,103	120,918	99,185	145,100
0	605	10	595	12
500	0	0	0	0
655,841	853,787	749,388	104,399	899,264
Expenses				
28,297	36,181	28,065	(8,116)	33,677
11,048	12,660	22,832	10,172	27,400
7,668	9,438	8,660	(778)	10,390
586,434	764,346	624,748	(139,598)	749,700
9,971	31,117	30,111	(1,006)	36,133
17,050	16,210	16,213	3	19,455
2,276	4,838	5,056	218	6,068
662,743	874,789	735,685	(139,104)	882,823
(6,902)	(21,002)	13,703	(34,705)	16,441

Variance Analysis:

Other income is ahead of budget due to increased income from RRP gate sales. \$46,311 was received for a glass stockpile utilisation project.

- Employment expenses are over budget due to a mismatch between leave accrual and budget allocation. This will be corrected at year end.
- Consistency expenses are less than budgeted as the education programme, contributions and consultancy expenses have not yet been incurred this financial year.
- Operational and maintenance costs are ahead of budget due to seasonal increases in waste volumes that are not forecast to continue throughout the year. \$46,311 was also paid out for the glass utilisation project mentioned in 1. above.

Operating and Capital Reserves

(6,902)	Operating Surplus/(Deficit)	13,703			16,441
(6,902)	Total Operating Reserves	13,703			16,441
	Equity				
(448,033)	Opening Balance	(792,054)			(792,054)
13,230	Transfer Funded Depreciation from Operating Reserve	12,890			15,469
0	Transfers between Reserves	(331,946)		13,520	16,227
(434,803)	Total Capital Reserves	(750,984)	(765,644)		(760,358)

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LYTD Actual April 2015	STORMWATER	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Income				
67,960	Targeted Rates	66,060	66,074	(14)	79,288
1,062	Financial Contributions	2,086	-	2,086	-
7,880	Internal Interest Income	13,683	7,035	6,648	8,443
76,902	Total Income	81,829	73,109	8,720	87,731
	Expenses				
291	Administration Expenses	9,587	542	(9,045)	650
25,683	Operational and Maintenance	13,525	21,084	7,559	25,300
51,610	Depreciation	51,490	51,483	(7)	61,781
77,585	Total Expenses	74,601	73,109	(1,492)	87,731
	(682) Operating Surplus/(Deficit)	7,228	-	7,228	-

Variance Analysis:

- Financial Contributions are not budgeted for as they are dependent upon developer activity.
- Internal interest income received on capital reserves is ahead of budget year to date due to higher levels of reserves held than forecast.
- Administration expenses are higher than budgeted as the rates have been paid in full this year, and were not budgeted for.

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

STORMWATER		YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
LYTD Actual April 2015					
Operating and Capital Reserves					
(682)	Operating Surplus/(Deficit)	7,228	-		-
(682)	Total Operating Reserves	7,228	-		-
Equity					
397,208	Opening Balance	402,334	241,229		241,229
1,062	Transfer - Financial Contributions	2,086	-		-
51,610	Transfer Funded Depreciation from Operating Reserve	51,490	51,485		61,781
(31,342)	Transfer Capital Expenditure from Operating Reserve	(1,976)	-		-
418,539	Total Capital Reserves	453,933	292,714		303,010
Capital Expenditure					
Tekapo Stormwater					
31,342	0578456. S//Water Structure - New	-	-		-
31,342	Total Tekapo Stormwater	-	-		-
Urban Stormwater					
-	0598807. Resource Consent Costs	1,976	-	(1,976)	-
-	Total Urban Stormwater	1,976	-	(1,976)	-
31,342	Total Capital Expenditure	1,976	-	(1,976)	-

Mackenzie District Council
 Finance Report
 For The Period Ended April 2016

LYTD Actual April 2015	WATER	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Income				
803,928	Targeted Rates	759,942	760,097	(155)	912,119
-	Investment Income	-	3,806	(3,806)	4,568
(6,135)	Other Income	(10,828)	143,990	(154,818)	155,388
6,000	Financial Contributions	102,209	-	102,209	-
2,500	Internal Income	2,500	2,500	0	3,000
41,170	Internal Interest Income	4,821	2,606	2,215	3,128
847,463	Total Income	858,643	912,999	(54,356)	1,078,203
	Expenses				
-	Employment Expenses	-	9,166	9,166	11,000
3,618	Consultancy Expenses	-	1,666	1,666	2,000
8,866	Administration Expenses	54,299	30,292	(24,007)	36,354
354,756	Operational and Maintenance	521,491	383,123	(138,368)	459,751
-	Finance Expense	-	2,844	2,844	3,412
48,456	Internal interest Expense	39,498.81	45,996	6,497	55,194
393,660	Depreciation	413,180	413,191	11	495,827
2,500	Internal Charges	2,500	2,500	-	3,000
811,856	Total Expenses	1,030,969	888,778	(142,191)	1,066,538
35,607	Operating Surplus/(Deficit)	(172,326)	24,221	(196,547)	11,665

Variance Analysis:

- Other income has a debit balance due to a refund of rates levied in error. Also budget for Council share of the Albury water supply is spread evenly across the year but is not received until year end.
- Financial Contributions are not budgeted for as they are dependent upon developer activity.
- Administration expenses are ahead of budget due to rates expenses being charged to the activity that incurs them. These are paid in full for the year and have not been budgeted for. Insurance is also higher than budget this year by \$5,500.
- Operational and maintenance costs are ahead of budget due to seasonal increase in contractor spend associated with works in Twizel and the Kimbell lines. Electricity charges are over budget with \$9,380 paid this month for Glen Lyon Road line. Maintenance costs on the Allandale Water Supply are over budget by \$17,470 due to cleaning of the intake.

Finance Report
For The Period Ended April 2016

WATER		YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
LYTD Actual April 2015					
Operating and Capital Reserves					
35,607	Operating Surplus/(Deficit)	(172,326)	24,221		11,665
35,607	Total Operating Reserves	(172,326)	24,221		11,665
Equity					
1,014,566	Opening Balance	236,321	(1,819,897)		(1,819,897)
6,000	Transfer - Financial Contributions	90,911	-		-
-	Transfer - from Operating Reserve	-	800		800
371,330	Transfer Funded Depreciation from Operating Reserve	387,010	377,119		452,543
(628,368)	Transfer Capital Expenditure from Operating Reserve	(1,994,692)	(1,449,666)		(1,451,400)
-	Transfers between Reserves	10,728	11,921		14,305
763,528	Total Capital Reserves	(1,269,723)	(2,879,723)		(2,803,649)

Capital Expenditure					
Fairlie Community Water Supply					
110,000	0118201. Town Reticulation - Renewal	-	-		-
303	0118204. Head Works - Renewal	-	-		-
6,455	0118206. Service Connections - Renewal	-	-		-
14,365	0118211. Treatment - New	-	-		-
131,122	Total Fairlie Community Water Supply	-	-		-
Manuka Terrace Water Supply					
13,860	0238210. Headworks	-	-		-
13,860	Total Manuka Terrace Water Supply	-	-		-
Tekapo Community Water Supply					
2,213	0128251. Reticulation - Renewal	-	-		-
2,213	Total Tekapo Community Water Supply	-	-		-

Finance Report
For The Period Ended April 2016

LYTD Actual April 2015	WATER	YTD Actual April 2016	YTD Budget April 2016	Variance	Full year Budget 30/06/16
	Twizel Community Water Supply				
25,876	0138206. Service Connections - Renewal	-	-	-	-
68,389	0138210. HeadWorks - New	-	-	-	-
393,618	0138211. Treatment - New	-	-	-	-
536	0138212. Service Connections - New	-	-	-	-
303	0138251. Fire Hydrant Markers	-	-	-	-
3,390	0138980. Community Assets- Water Supply	-	-	-	-
444	0138984. Water Meters	-	-	-	-
492,556	Total Twizel Community Water Supply	-	-	-	-
	Urban Water Supply				
-	0248201. Town Reticulation - Renewal	500,334	511,000	10,666	1
-	0248205. Treatment - renewal	474,601	930,000	455,399	2
-	0248206. Service Connections - Renewal	48,507	-	(48,507)	3
-	0248211. Treatment - New	847,244	-	(847,244)	4
-	0248251. Fire Hydrant Markers	2,160	-	(2,160)	
-	0248281. Reticulation - Renewal	121,846	-	(121,846)	
-	0248980. Community Assets- Water Supply	-	8,666	8,666	
-	Total Urban Water Supply	1,994,692	1,449,666	(545,026)	
639,751	Total Capital Expenditure	1,994,692	1,449,666	(545,026)	1,451,400

Variance Analysis:

- Budget in this area was originally for the renewal of the Twizel line, however the actual spend to date was on replacement of the Kimbell line.
- Expenditure this month includes a further payment to Aspect Environmental for the relining of the Twizel reservoir cover.
- This is replacement of the Twizel tobies. These costs will be ongoing and were not budgeted for.
- These costs are for the renewal of the Twizel Line.

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE
SUBJECT: BANCORP QUARTERLY REPORT – MARCH 2016
MEETING DATE: 7 JUNE 2016
REF: FIN 9/1/9
FROM: MANAGER – FINANCE

PURPOSE OF REPORT:

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

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS
MANAGER – FINANCE

ATTACHMENTS:

Appendix 1: Quarterly report from Bancorp Treasury Services to 31 March 2016

PARTICULAR POINTS TO NOTE:

Comparison with the Benchmark

The Council's portfolio increased in value by 2.08%, whereas the benchmark portfolio increased in value by 1.97% over the quarter, therefore the Council's Portfolio outperformed compared to the benchmark.

The main reason why Council's portfolio outperformed the benchmark index is as follows;

Council's portfolio had a longer duration of 2.60 years compared to the benchmark portfolio of 2.28 years. In a period of declining interest rates a portfolio with a longer duration will outperform a portfolio of shorter duration as the former has a greater sensitivity to interest rate movements.

Movements in the Portfolio

The portfolio stands at \$3.475 Million. The portfolio increased by \$0.275 million over the period. Details of the purchases are as follows:

- \$0.275 million of Genesis Energy maturing March 2022

At the end of December the weighted average running yield of Council's bond portfolio was 5.41%.

Policy Adherence

- All financial market investments comply with the counterparty exposure limits as outlined in the Treasury Policy.
- All investments are readily tradable (liquid) on the secondary market.
- The duration of MDC's portfolio at 2.60 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.28 years.
- Assets category percentages are as follows (excluding the call deposit):
 - Registered Banks 76.53%
 - Local Authorities 15.14%
 - State Owned Enterprises 8.33%

Financial Market Movements

The Official Cash Rate fell 0.25% to 2.25% during the period.

QUARTERLY PORTFOLIO REPORT

PREPARED FOR



For the quarter ended 31 March 2016

PREPARED BY BANCORP TREASURY SERVICES LIMITED



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

PORTFOLIO REPORT

Below is a summary of the performance of Mackenzie District Council's ("MDC") Long Term Funds Portfolio ("LTFP") and the benchmark portfolio for the quarter ended 31 March 2016.

MDC's LTFP, on an open to close valuation basis with coupons received during the quarter included, increased in value by 0.77%.

MDC portfolio value at 31 December 2015	\$ 3,165,519
MDC portfolio value at 31 March 2016	\$ 3,474,870
Add coupon payments	\$ 31,500
Net purchases/sales/maturities	\$ -275,000
Total	<u>\$ 3,231,370</u>
Percentage change in effective cash value	+2.08%

The benchmark portfolio, on an open to close valuation basis with coupons received during the quarter included, increased in value by 0.21%.

Benchmark portfolio value at 31 December 2015	\$11,818,178
Benchmark portfolio value at 31 March 2016	\$11,863,175
Add coupon payments	\$ 187,800
Total	\$12,050,975
Percentage change in effective cash value	+1.97%



OVERVIEW

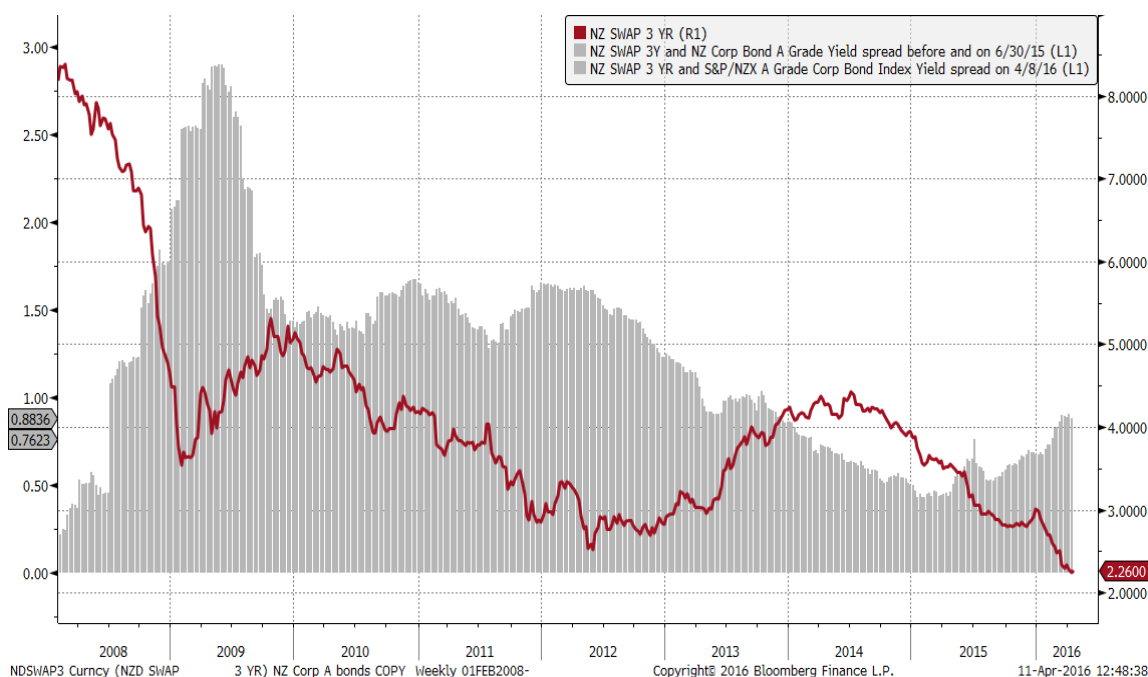
A summary of the performance of MDC's LTFP during the March quarter is as follows:

- The LTFP portfolio outperformed the benchmark index, increasing in value by 2.08% compared to the benchmark portfolio's increase of 1.97%.
- The running yield of the portfolio as at 31 March 2016 was 5.41%.
- The nominal value of the portfolio increased by \$275,000 to \$3.302 million with the purchase of a Genesis Energy March 2022 bond with a nominal value of \$275,000. In addition to the bonds, MDC had \$1.0 million invested in a term deposit.

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
31 Dec 15	2.50%	2.75%	2.84%	2.98%	3.28%	3.51%	3.75%
31 Mar 16	2.25%	2.34%	2.20%	2.27%	2.51%	2.73%	2.98%
Change	-0.25%	-0.41%	-0.64%	-0.71%	-0.77%	-0.78%	-0.77%

During the March quarter, interest rates in New Zealand declined sharply, more so those at the longer end of the yield curve. The decline in interest rates occurred against a backdrop of a worsening global outlook, with concerns about China, Japan and Europe weighing on sentiment, while domestically the Reserve Bank of New Zealand ("RBNZ") moved to an easing bias in January and followed this up with a 25 basis point cut in the Official Cash Rate ("OCR") in March. The greater movement in long term interest rates resulted in a flattening of the yield curve with the spread between the 2 year and 10 year swap rates narrowing from 91 basis points at the end of December to 78 basis points at the end March.

The chart below shows credit spreads for the S&P/NZX Corporate 'A' Grade Bond index (the grey shaded area) and the three year swap rate (red line) dating back to the start of 2008.



PORTFOLIO ACTIVITY

The outperformance by the LTFP (which increased by 2.08%) compared to the benchmark index (which increased by 1.97%) was a result of MDC's portfolio having a longer duration of 2.60 years than the benchmark portfolio which had a duration of 2.28 years. During a period of declining interest rates such as occurred during the first quarter, a portfolio with a longer duration will normally outperform a portfolio with a shorter duration as the former has a greater sensitivity to interest rate movements.

During the March quarter, MDC purchased \$275,000 of Genesis Energy March 2022 bonds at a yield of 4.14%. While we subscribed for \$500,000 of these bonds, the scaling that was applied to this new issue substantially diluted the actual amount that was allocated to MDC. The bonds were purchased on 18 March and, by the 31 March valuation date, the yield had declined to 3.91%.

As at 31 March 2016, MDC had \$1.0 million invested in a 91 day term deposit at a rate of 3.43%. The table below shows the yields on various corporate bonds rated 'BBB' or better as at 31 March that MDC would be able to invest in under its existing Treasury Policy.

Security	Maturity	Coupon	Rating	Yield
Dunedin City Treasury	15-11-16	6.79%	A+	2.54%
Meridian Energy	15-03-17	7.55%	BBB+	3.20%
ASB Bank	08-06-17	6.06%	AA-	2.75%
Contact Energy	24-05-18	4.80%	BBB	3.41%
Transpower	30-11-18	5.14%	AA-	3.00%
PowerCo	20-12-18	6.31%	BBB	3.43%
Rabobank	19-03-19	6.10%	A+	3.27%
ASB sub	15-06-19	6.65%	BBB+	4.69%
Christchurch Airport	06-12-19	5.15%	BBB+	3.39%
Fonterra	25-02-20	5.52%	A-	3.52%
Genesis Energy	23-06-20	8.30%	BBB+	3.53%
Auckland Airport	28-05-21	5.52%	A-	3.47%
Wellington Airport	15-05-21	6.25%	BBB+	4.07%
Spark Finance	25-03-22	4.50%	A-	3.72%

Term deposits continue to provide higher yields than bonds of an equivalent term, although the gap between the two has continued the narrowing trend of the previous six to nine months. There are yield advantages to be gained from investing in bonds rated either 'BBB' or 'BBB+', particularly bank subordinated debt. We will continue to look for opportunities to invest in bonds with these ratings so as to obtain a yield advantage but, as always, the primary consideration will be preservation of capital and the attendant need to maintain a satisfactory balance between bonds rated 'A-' or better and those rated 'BBB' or 'BBB+'.

The running yield of the LTFP at 5.41% delivers considerable benefits over the interest rates available for shorter term money market investments.

GLOBAL MARKETS OVERVIEW

The start of the 2016 year was the worst on record for financial markets. Chinese stock market turbulence, coupled with plunging oil and commodity markets saw investor confidence evaporate, leading to significant falls on global equity markets. In the US, the sharemarket had its worst January since the 1920s. Oil prices traded below USD30 per barrel for the first time in twelve years. Global bond rates fell sharply as risk aversion trading saw a flight of capital out of equities and into the relative safety of the sovereign bond market. Global trade data also displayed warning signs, prompting the likes of the World Bank and IMF to cut global growth forecasts again. Market nervousness resulted in corporate credit spreads rising to levels not seen since 2013, something that will likely feed through to corporate borrowing margins.

The Bank of Japan delivered the biggest central bank shock in January by finally succumbing to domestic and global growth and inflation pressures and cut its target cash rate to minus 0.10%. The yield on Japanese government bonds fell with those yields now negative out to ten years as fears increased of deflation in Japan.

After the extreme volatility over the first six weeks of 2016, global financial markets settled back to more normal 'risk on risk off' trading flows and much smaller day-to-day moves in mid-February. However, this did not stop a number of central banks from loosening the monetary policy reigns further. There was further easing by the European Central Bank ("ECB"), People's Bank of China ("PBC"), Norges Bank and RBNZ. Meanwhile, the Bank of England, Swiss National Bank and the Reserve Bank of Australia stuck to their already easy monetary policy settings and the Federal Reserve scaled back its forecast for interest rate rises in 2016. The net effects were a confirmation that global growth remains weak and inflation low, with some threatening pockets of deflation.

In March, Chinese officials lowered their policy growth target for 2016 from 'about' 7.0% to between 6.5% and 7.0% and the PBC cut its Reserve Ratio Requirement for its banks by 0.50%, the aim being to increase the supply of renminbi in the economy and help boost investment, spending and economic growth. The PBC has implemented many measures to support economic growth to date without major success and these have had consequences for the value of the renminbi against China's major trading partners.



Global bond yields had a volatile quarter. The yield for the benchmark US 10 Year Treasury bond opened the March quarter at 2.37% and fell to a low of 1.53% by mid-February but recovered as the extreme pessimism dissipated to end March at 1.77%. On the other hand, German bund yields finished March at 0.15%, just off the quarterly low of 0.11% and well down from the January opening yield of 0.63%. This performance highlights the weak state of the wider European economy which, despite considerable stimulus from the ECB still struggles to register any meaningful economic growth

NEW ZEALAND MARKET OVERVIEW

The focal point for the March quarter was the surprise cut of the OCR by the RBNZ, from 2.50% to 2.25%. It was not the cut itself that was the surprise, rather the timing of the cut, with the majority of market participants expecting it to come towards the middle of the year. Further OCR cuts are still expected by the market as the RBNZ assured that monetary policy would remain accommodative for longer. The market has priced in a 41 basis point reduction to the OCR by the end of the year.

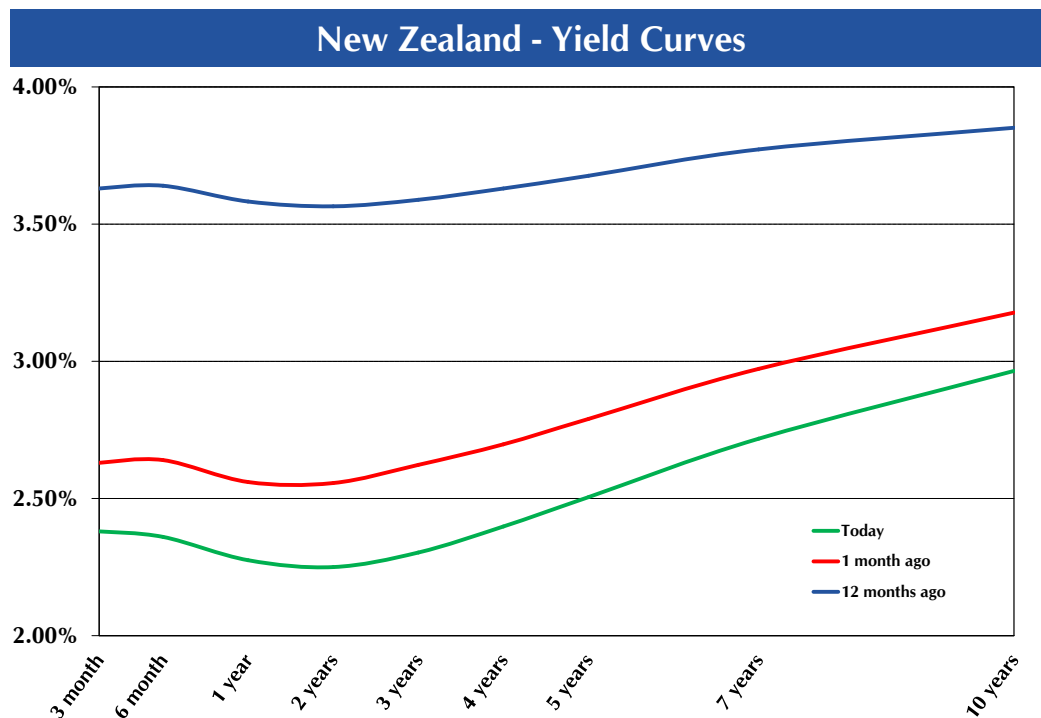
The RBNZ justified its March OCR cut by saying, *“The outlook for global growth has deteriorated since the December Monetary Policy Statement, due to weaker growth in China and other emerging markets, and slower growth in Europe.”* It also noted that *“Financial market volatility has increased, reflected in higher credit spreads. Commodity prices remain low.”*

The dairy sector was again a source of frustration for the RBNZ. Prices at the GlobalDairyTrade fell in five out of the six auctions during the March quarter, with the main index losing 14.0%. Whole Milk Powder which makes up the bulk of New Zealand’s dairy exports fared even worse, shedding 14.5%. Those falls have been felt by farmers in their pockets with Fonterra reducing its forecast payout to \$3.90 per kgMS. Despite the fall in dairy prices and the significant effect that it is having on farmers and producers alike, the RBNZ has ascertained that the banking system can withstand a reasonably severe downturn in dairy prices for a number of seasons without facing an erosion of capital.

The rest of the New Zealand economy has performed relatively well, underpinned by strong migration numbers, which hit another annual record in February with a net inward migration of 67,391. GDP growth maintained a relatively robust rate of 2.3% from a year earlier. Inward migration is also supporting the housing market, although the Auckland region is showing signs of slowing slightly, however the rest of New Zealand is beginning to catch up. Tourist numbers are now at record levels, with tourism now a bigger export earner than the dairy sector.

The New Zealand yield curve shifted considerably lower during the quarter, driven by the RBNZ rate cut, and the expectation of further cuts to come this year. By the end of the quarter, the 10 year swap rate was 2.98%, well down on the 3.75% level where it started the quarter. With the global economic outlook appearing bleaker in forthcoming months, the potential exists for further falls in swap rates.

The chart below shows the changing shape of the New Zealand yield curve over the past twelve months, especially the low outright rates now compared to March last year.



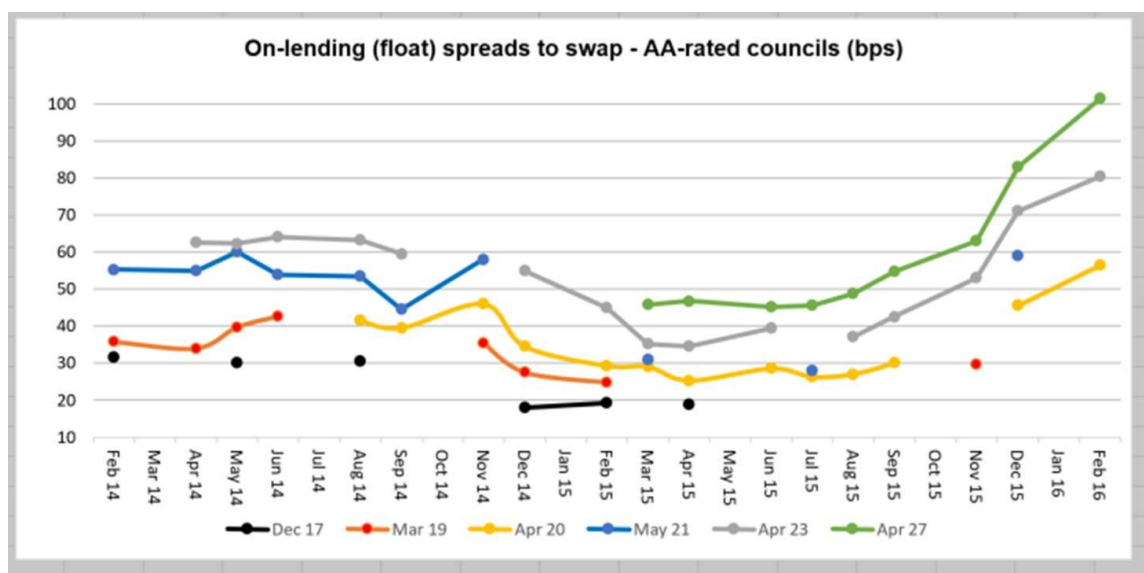
LOCAL AUTHORITY SECTOR

The Local Government Funding Agency ("LGFA") held its last tender for the quarter on 17 February. In total, \$120 million of bonds and Floating Rate Notes were issued; details of the tender are as follows:

- 15 April 2020 maturity - \$20 million issued at a margin of 77 basis points over swap for an unrated non guaranteeing borrower.
- 15 April 2023 maturity - \$50 million issued at a margin of 100 basis points over swap for an unrated non guaranteeing borrower.
- 15 April 2027 maturity - \$50 million issued at a margin of 120 basis points over swap for an unrated non guaranteeing borrower.

These spreads over the swap rates have widened over recent months due to poor global credit market sentiment and accompanying risk aversion. The increase in LGFA spreads will have flowed through to local authority standalone bond issuance, although there has been very little activity in this segment of the market recently.

The graph below shows the movement in spreads for LGFA debt going back two years and highlights the increase in spreads over the last six months.

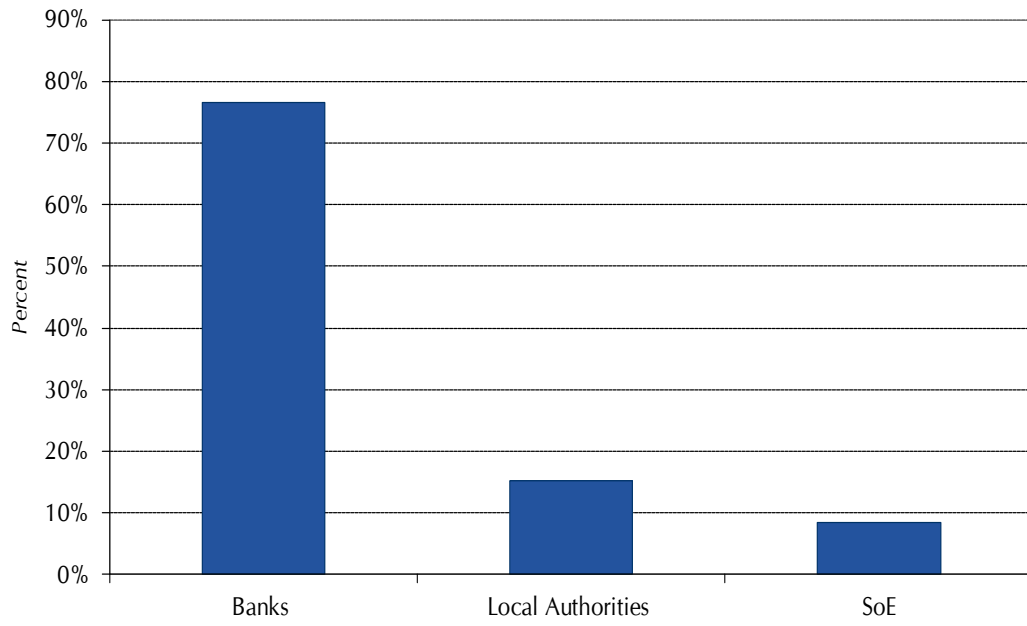


POLICY ADHERENCE

- As at 31 March 2016, MDC was compliant with the investment parameters contained in its Treasury Policy.
- The duration of the LTFP at 31 March 2016, at 2.60 years, was within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.28 years.
- As far as liquidity is concerned, all of the bonds in the LTFP portfolio have been traded regularly on the secondary market during the March 2016 quarter. We are confident that the portfolio would be able to be sold at short notice if required.
- As at 31 March 2016, the asset category percentages, as detailed below (and illustrated in the chart on the following page), complied with the Treasury Policy.

-	Banks	76.53%
-	Local Authorities	15.14%
-	State Owned Enterprises	8.33%

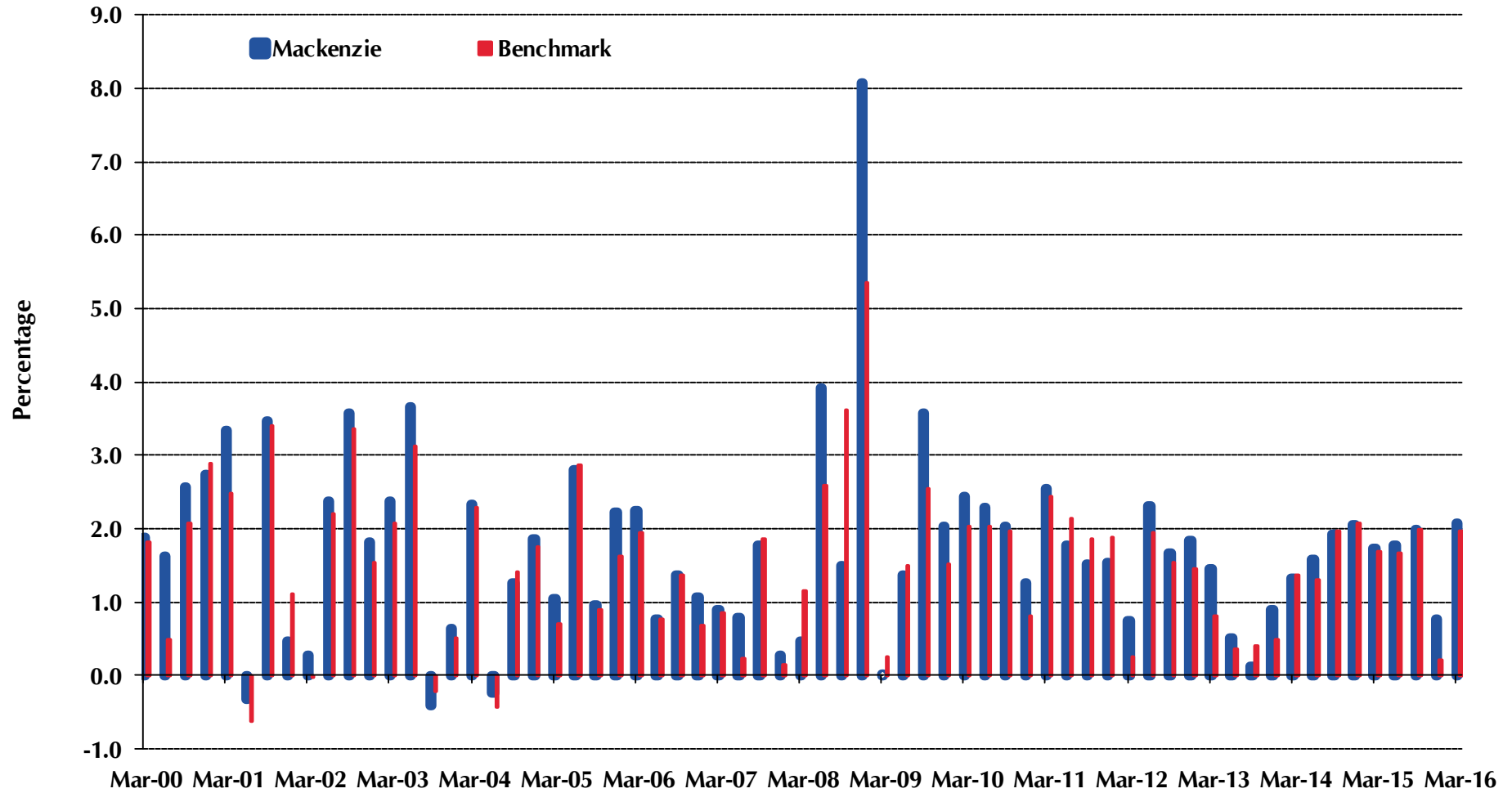
Mackenzie DC Asset Category Percentages



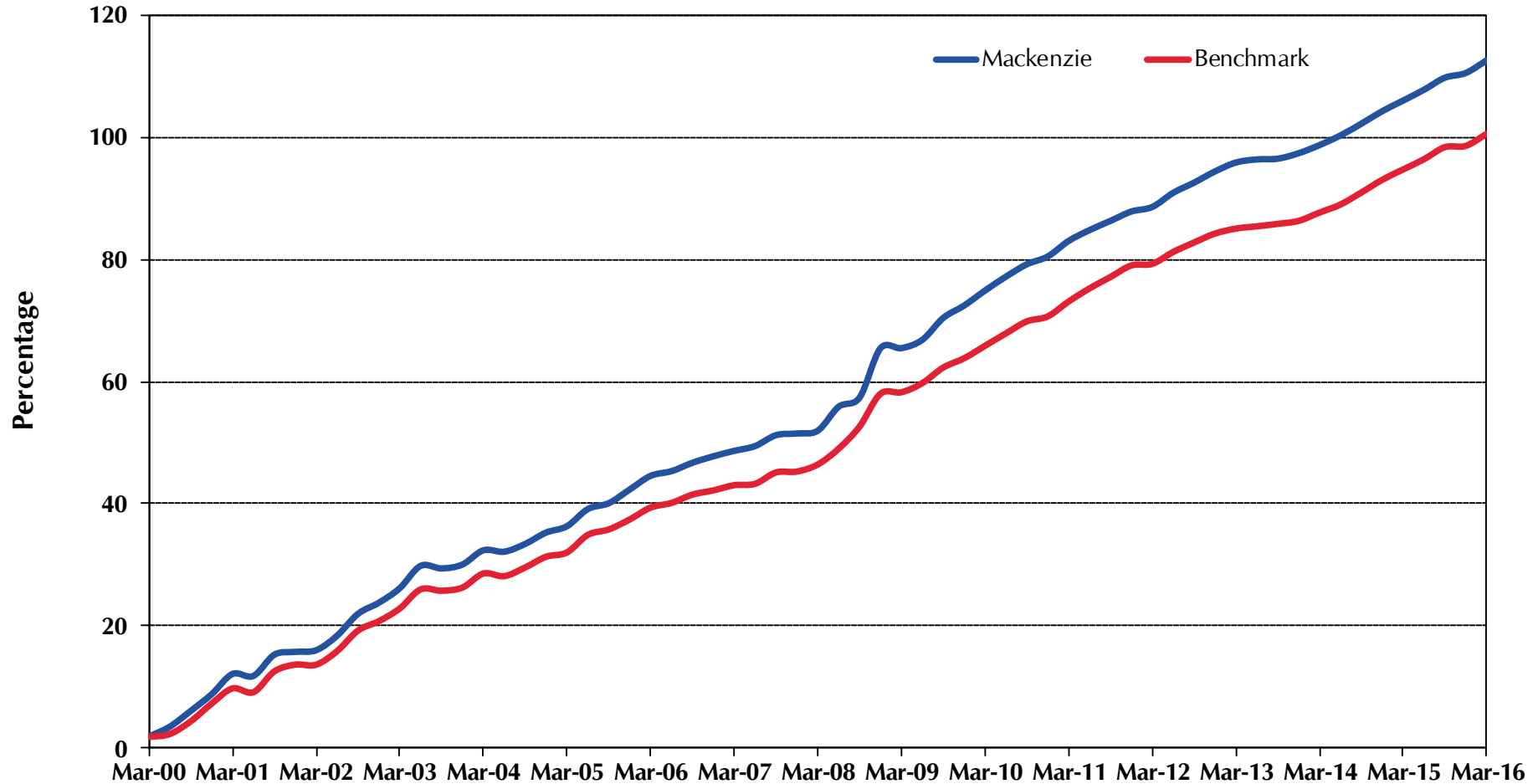
Benchmark											
Security	Issue Date	Maturity Date	Coupon	31-Dec-15			31-Mar-16			Value	Effective cash
				Nominal	Yield	Value	Nominal	Coupons	Yield		
				\$		\$	\$	01/01 to 31/03		\$	31/03/2016
								\$			\$
90 Day Bank Bill	31-Mar-16	30-Jun-16		1,000,000	2.75	993,232	1,000,000		2.34	994,232	994,232
NZ Post	15-Nov-11	15-Nov-16	5.22	1,000,000	3.30	1,022,958	1,000,000		2.79	1,034,533	1,034,533
Telstra	15-Jul-12	11-Jul-17	7.51	1,000,000	3.29	1,097,752	1,000,000	\$37,550	2.70	1,076,572	1,114,122
Auckland Council	20-Apr-04	29-Sep-17	6.52	1,000,000	3.19	1,072,665	1,000,000	\$32,600	2.57	1,057,906	1,090,506
ANZ/National Bank	16-Feb-11	16-Feb-18	6.85	1,000,000	3.41	1,095,474	1,000,000	\$34,250	2.94	1,079,209	1,113,459
ASB	19-Jul-12	18-Jul-18	5.06	1,000,000	3.55	1,059,295	1,000,000	\$25,300	3.07	1,053,959	1,079,259
Rabobank NZ	19-Mar-12	19-Mar-19	6.10	1,000,000	3.85	1,084,662	1,000,000	\$30,500	3.27	1,081,389	1,111,889
BNZ	25-Jun-14	25-Jun-19	5.57	1,000,000	3.81	1,057,816	1,000,000		3.32	1,083,182	1,083,182
Fonterra	25-Feb-15	25-Feb-20	5.52	1,000,000	3.91	1,080,300	1,000,000	\$27,600	3.52	1,077,628	1,105,228
Transpower	10-Jun-12	10-Jun-20	6.95	1,000,000	3.75	1,133,793	1,000,000		3.30	1,163,071	1,163,071
LGFA	15-May-12	15-May-21	6.00	1,000,000	3.67	1,120,231	1,000,000		3.05	1,161,493	1,161,493
				<u>\$11,000,000</u>		<u>\$11,818,178</u>	<u>\$11,000,000</u>	<u>\$187,800</u>		<u>\$11,863,175</u>	<u>\$12,050,975</u>
Value as at 31/12/2015						\$11,818,178			31/03/2016		11,863,175
									Coupons		187,800
									Net Purchases/Sales		Nil
											12,050,975
									Effective change in cash		\$232,798
									% change		1.97%
									Duration-years		2.28

Mackenzie District Council											
Security	Issue Date	Maturity Date	Coupon	<u>31-Dec-15</u> Nominal \$	Yield	Value \$	<u>31-Mar-16</u> Nominal \$	Coupons 01/01 to 31/03	Yield	Value \$	Effective Cash 31/03/2016
AUCKLAND COUNCIL	27-Sep-10	27-Sep-17	6.52	500,000	3.19	536,426	500,000	16,300	2.57	529,026	545,326
ANZNATIONAL	18-Apr-08	18-Apr-18	5.28	500,000	4.02	519,003	500,000		3.44	529,946	529,946
CHINA CONSTRCTN	18-Jun-15	18-Jun-18	4.32	500,000	3.95	505,029	500,000		3.56	514,107	514,107
ANZNATIONAL	20-Sep-11	20-Sep-18	6.08	500,000	3.62	540,073	500,000	15,200	3.12	535,825	551,025
BNZ	20-Dec-11	20-Dec-18	6.10	527,000	3.67	563,683	527,000		3.15	576,170	576,170
BNZ Sub Debt	17-Dec-15	17-Dec-20	5.31	500,000	5.30	501,306	500,000		5.15	510,974	510,974
GENESIS	15-Mar-16	15-Mar-22	4.14				275,000		3.91	278,823	278,823
				3,027,000		3,165,519	3,302,000	31,500		3,474,870	3,506,370
Value 31/12/2015						<u>\$3,165,519</u>				Value 31/03/2016	3,474,870
										Coupons	31,500
										Net maturities and adjustments	-275,000
											<u>3,231,370</u>
										Effective change in cash	\$65,851
										% change	2.08%
										Duration-Years	2.60

Mackenzie DC vs Benchmark - Quarterly



Mackenzie DC vs Benchmark - Cumulative



MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE

SUBJECT: EMERGENCY GENERATOR FOR TEKAPO COMMUNITY CENTRE

MEETING DATE: 7 JUNE 2016

REF: CIV 1/5

FROM: MANAGER – PROJECTS AND ADMINISTRATION

PURPOSE OF REPORT:

For the Committee to receive the report and consider whether it is necessary to buy a generator for Lake Tekapo.

STAFF RECOMMENDATIONS:

1. That the report be received.
2. That the Committee resolve not to buy a generator for the Tekapo Community Centre.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

None

BACKGROUND:

In 2014/15 the Council had set aside funds for a generator to be located at the Tekapo Community Centre. The purpose of the generator was to provide power in the event that there was prolonged disruption to the energy network and if the building was required for use as a Civil Defence Welfare Centre during an emergency event.

Since the decision was taken to fund the installation of a generator, there have been significant operational changes made that provide a positive impact on power supply continuity in Tekapo. Alpine Energy have a portable generator for deployment in Tekapo that is capable of supplying most of the village and can be available within a very short time. Since this equipment has been available the duration of power outages has been significantly reduced in Tekapo.

A Welfare Centre if needed would generally be set up between one and ten hours following an event. Without power the only significant impacts on the operation of the Welfare Centre would be that lighting and heating would not be available. Other activities such as cooking would be unaffected as the systems are gas fuelled. Alpine Energy have indicated a high probability that any power outages would be resolved within three to six hours and their recent performance confirms this.

The difference between Tekapo and other sites where generation equipment is installed (Fairlie and Twizel) is that these other sites are operational and essential to support emergency response activities.

POLICY STATUS:

N/A.

SIGNIFICANCE OF DECISION:

The decision is not considered significant under the Council's Significance and Engagement Policy. There are no cost implications because the amount has already been approved so the decision does not trigger the thresholds in the Policy.

OPTIONS:

Option 1: to decide not to install a generator at the Community Centre in Tekapo.

Option 2: to proceed to install a generator at the Community Centre in Tekapo, as per the 2015/16 Annual Plan and budget.

For the reasons outlined above, Option 1 is preferred.

CONSIDERATIONS:

Legal: There are no legal considerations.

Financial: The generator has already been budgeted for. The paper seeks a decision not to purchase and install the generator. This will mean that \$25,000 of the CDEM capital budget will not be spent. If the decision is made to purchase and install the generator, there will be ongoing annual maintenance costs of \$1200 - \$1500.

Other: The budget for the generator of \$25,000 is for the current financial year. It is recommended that this not be spent on the purchase of the generator (refer above).

In the next financial year (2016/17) staff have identified that other capital items are likely to be needed by the Council to appropriately support its CDEM function. For example, the base radio sets in Fairlie and Twizel may need upgrading from the analogue system to digital network capability, at a cost of approximately \$1600 each. At present there are no hand-held radios for Twizel to provide safety coverage for our volunteers during emergency events, and staff are investigating possible purchase of a small number of those (up to 6), at approximately \$1200 each.

There is currently no funding set aside for capital items in the CDEM budget for the 2016/17 year. I am therefore likely to seek approval for unbudgeted capital expenditure in the upcoming period, for the purchase of either hand-held or base set radios as outlined above. Any such request will be covered in a separate paper to the Committee, with further details of any proposed purchases.

CONCLUSION:

Staff consider that the cost of purchasing a generator and maintaining it to an operational standard would exceed the benefit that would be gained. Since the budget was initially approved, Alpine Energy has subsequently provided a portable generator to supply the town in times of power outages. This will provide sufficient backup to enable the operation of a welfare centre should the need arise. It is therefore recommended that a generator not be purchased at this time.

**MACKENZIE DISTRICT COUNCIL
MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN
THE MACKENZIE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY,
MARCH 15, 2016, AT 9:31AM**

PRESENT:

Cr Graham Smith (Chair)
Cr Murray Cox
Cr James Leslie
Cr Russell Armstrong
Cr Evan Williams
Cr Noel Jackson

IN ATTENDANCE:

Wayne Barnett, Chief Executive Officer
Paul Morris, Finance Manager
Keri-Ann Little, Committee Secretary

APOLOGIES:

Resolved: that an apology be received from Mayor Barlow.

Cr Cox/ Cr Jackson

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

Resolved: that the minutes of the meeting of the Finance Committee held on March 15, 2016, be confirmed and adopted as the correct record of the meeting.

Resolved: that the minutes of the meeting of the Tekapo Property Group held on March 1, 2016 and April 12, 2016, be confirmed and adopted as the correct record of the meeting, including such parts as were taken with the public excluded.

Resolved: that the minutes of the meeting of the Forestry Board held on March 15, 2016, be confirmed and adopted as the correct record of the meeting.

The Chair asked that the Committee to accept all committee and subcommittee minutes as resolved above.

Chair/ Cr Armstrong

The Chair asked Mr Morris for an update regarding the application grant from South Island Rowing. Mr Morris stated South Island Rowing will accept the loan, he has subsequently instructed Council Solicitor's to draft a contract for approval.

REPORTS:

FINANCIAL ACTIVITY REPORT TO FEBRUARY, 2016:

Mr Morris spoke to the financial activity report and provided explanations to the following;

Vehicle Expenses:

Mr Morris clarified Cr Smith's enquiry regarding the "Mayoral Car". The purpose of this vehicle is not solely as the "Mayoral Car" but to be available in the first instance to the Mayor and Councillors and then secondly as a pool car for Council staff. Mr Morris added it is more economical for Council to run this car as the charge out rate is 48cents a kilometre and the reimbursement for private vehicle use is 74cents a kilometre.

Mr Morris added the SX4 was recycled for the additional Building Inspector and when the Building Manager leaves on Friday 29 March the extra vehicle will be reviewed.

Corporate Services:

Mr Morris reported that the employment variance noted will start to decrease now that Jo Hurst has been employed, Council are spending money on employment opposed to consultancy.

Cr Smith added Council do have to watch both these items, employment and consultancy.

Capital:

Mr Morris reported there has been extra cost on furniture and fixtures and this is due to staffing increases.

Cr Leslie asked for clarification on corporate services regarding the website development start date. Mr Barnett said the work has been completed and that the website was "reskinned" which cost a lot less than anticipated. Mr Barnett added that Council are not expecting to spend the extra funds.

Regulatory:

Mr Morris reported that Council has asked for a report on the pros and cons on the generator purchase for Tekapo. Mr Morris explained that Ms Morrison will complete this report and the report will be available at the next Finance meeting.

Recreational Activities:

Cr Leslie asked for clarification in regards to the purchase of two washing machines for the Fairlie Holiday Park. Mr Morris said the previous tenants

owned the machines and Council was required to purchase two heavy duty coin operated machines for the Park to be operational for lease.

Cr Smith enquired if the Tekapo 6 Foot Under Club is still operational.

Mr Morris said the initial uptake has now tapered off.

Pukaki Airport Board:

Mr Morris asked the committee to note that there were no accounts from the Pukaki Airport Board included. He said he has asked the Chair of the Board and Sue Allen the Board Accountant to provide these accounts monthly as they are required by the Council's proposal.

Cr Smith concluded the report adding he thinks Council's investment income is of concern and will be down on budget.

Resolved that the report be received.

Cr Jackson/ Cr Williams

PUBLIC EXCLUDED RESOLUTION:

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

1. Development of Lakeside Drive Land
2. Previous Minutes Tekapo Property Group 1 March 2016
3. Previous Minutes Tekapo Property Group 12 April 2016

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Development of Lakeside Drive Land	Commercial Sensitivity	48(1)(a)(i)
Previous minutes Tekapo Property Group 1 March 2016	Commercial Sensitivity	48(1)(a)(i)
Previous minutes Tekapo Property Group 12 April 2016	Commercial Sensitivity	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Development of Lakeside Drive Land and previous Tekapo Property Group minutes; 12 April 2016 and 1 March 2016 7(2)(b)(ii).*

The Finance Committee continued in open meeting.

Cr Leslie/ Cr Armstrong

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 10:15AM

CHAIRMAN: _____

DATE: _____

Unconfirmed and Confidential

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE TEKAPO PROPERTY GROUP HELD IN THE TEKAPO COMMUNITY HALL LOUNGE, LAKE TEKAPO ON TUESDAY, MAY 24, 2016, AT 1.38PM

PRESENT:

Cr Murray Cox (Chair)
Claire Barlow (Mayor)
Cr Graham Smith
Cr Russell Armstrong
Richie Smith

IN ATTENDANCE:

Wayne Barnett, Chief Executive Officer
Paul Morris, Finance Manager
Keri-Ann Little, Committee Secretary
Cr Noel Jackson

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

Resolved that the minutes of the meeting of the Tekapo Property Group held on Tuesday, April 12, 2016, be confirmed and adopted as the correct record of the meeting.

General business arising from the minutes:

The Chair asked Mr Barnett for an update on the vacant Council land on Hamilton Drive.

Mr Barnett said he will hold a general discussion Ngai Tahu with the objective to free up the land for development.

Mr Barnett informed the Group that the Project Management Role previously discussed will be an agenda item at the next Finance Committee meeting. The Group agreed that this Role was critical to the Tekapo Development.

Cr Smith/ Mayor

PUBLIC EXCLUDED:

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

1. Previous minutes Tekapo Property Group, March 1, 2016.
2. Stage 2 Construction Report
3. Summary of Tekapo Development Property Sales

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Previous minutes Tekapo Property Group, Tuesday 12 April	Commercial sensitivity	48(1)(a)(i)
Summary of Tekapo Development Property Sales	Commercial sensitivity	48(1)(a)(i)
Stage 2 Construction Contract	Commercial sensitivity	48(1)(a)(i)

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

Cr Smith/ Mayor

The property group resumed in open meeting.

**THERE BEING NO FURTHER BUSINESS
THE CHAIRMAN DECLARED THE MEETING CLOSED AT 2:15pm**

CHAIRMAN: _____

DATE: _____

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE PUKAKI AIRPORT BOARD HELD IN TWIZEL, ON WEDNESDAY 4 MAY 2016 AT 10:40AM.

PRESENT:

Derek Kirke (Chairman)
Rick Ramsay
James Leslie

IN ATTENDANCE:

Keri-Ann Little, Committee Clerk

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

The minutes of the meeting of the Pukaki Airport Board held on 11 February 2016 be confirmed and adopted as the correct record of the meeting.

Matters arising from the minutes:

1. LANDING FEES:

The Chairman enquired if the landing fee charges for Pukaki Airport were being invoiced as directed.

Action: The Chairman was instructed to follow up with Sue Allan, Pukaki Airport Board Accountant that the appropriate and current landing fee is being charged when Pukaki Airport is being used.

2. HELICOPTER LINE:

The Chairman said that the greatly reduced revenue received from Helicopter Line can be attributed to low snow volumes at Richardsons Glacier, resulting in dangerous landing conditions.

3. LANDING CALL:

The Board discussed the absence of a landing call being announced by approaching aircraft.

Action: The Chairman to speak to Simon regarding an announcement call requirement.

4. AIM SYSTEM:

Mr Ramsay reported the AIM system to Heli Line has been relocated within the building. He said he is currently awaiting aerial attachment to the external area.

5. STATISTIC RESULTS:

The Chairman tabled results of a report of statistical information regarding the Airport's website visits.

Action: Mr Leslie has been asked by the Board to break down the information provided to give an overall indication of the Airport's position/progress regarding the most popular sections of the website visited.

6. IRRIGATION:

The Chairman reported difficulty around Forestry Reserve 4038 and Sites of Significance being present on both Doc land and Airport land.

PUBLIC EXCLUDED RESOLUTION:

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

- Sales

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Corporate Jet	Commercial sensitivity	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Sales under section 7(2)(b)(i)*;

Chairman/ Rick Ramsay

The Pukaki Airport Board continued in open meeting

7. MEETING SCHEDULE:

The Chairman reported that the Council propose the Board present their statement of intent at the Council meeting in Fairlie on the 21st of June 2016.

The Board were in agreement that they could all attend on this date.

Meeting Schedule:

21 June	Fairlie (Presentation of Statement of Intent)
17 August	Twizel 10:30am
16 November	Twizel 10:30am

8. SIGNS:

Rick Ramsay reported to the Board the Night sky sign has been removed and the previous signs re-erected.

Mr Leslie gave his approval of the quote received for the completion of the improvements to the terminal; namely the full installation of double glazing to five windows.

Mr Ramsay added the runway maintenance regarding cracks in the runway has been tasked to Whitestone and the tie downs were not installed yet.

9. MERIDIAN ENERGY:

The Chairman asked the Committee Clerk to investigate if a letter drafted by Mr Ramsay that was forwarded to the Mayor has been forwarded on to Meridian Energy.

10. FINANCIAL REPORT:

The financial report for the nine months ending 31 March 2016 from S Allan was received.

	2016 March	2015
Revenue	\$22,752	\$38,569
Expenses	\$55,344	\$53,938
Part payment property		\$20,000
Legal fees	-	
Operating surplus	-\$32,592	\$4,631

1) Capital Reserves:

The Chairman noted the Board currently have \$57,000 in a trust account with GCA Law, \$70,022 with Wanaka Law and \$110,882 in the bank, giving a total gross in the capital reserve account of \$237,904.

2) Rates/Valuations:

The Chairman said he is currently working with Pauline Jackson, Revenue Officer at Mackenzie District Council regarding a rating classification change.

3) The Chairman highlighted a \$37,904 outstanding payment to Council.

Action: The Chairman will instruct Sue Allen, in writing to make the outstanding payment to the Council for the sum of \$37,904.00.

Action: The Chairman advised that he will speak to Paul Morris, Finance Manager, Mackenzie District Council regarding the Pukaki Airport Board accounts. The Chairman will ensure Mr Morris receives all documentation regarding the Board's capital reserves account within Council while also ensuring Council receives monthly accounting reporting from the Board's Accountant.

11. ADDITIONAL BOARD MEMBER:

The chairman led discussion regarding the availability of a fourth Board Member. The Board agreed that discussions would continue.

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 12:55PM

CHAIRMAN: _____

DATE: _____