

Mackenzie District Council

ANNUAL REPORT
30 June 2007



Council Directory

Location

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FAIRLIE

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E-mail: council@mackenzie.govt.nz

Website: www.mackenzie.govt.nz

Office Hours: Monday – Friday, 8.30 am – 5.00 pm

Twizel Service Centre

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TWIZEL

Phone: (03) 435 0737
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Office Hours: Monday – Friday, 8.30 am – 5.00 pm

Management Team

Chief Executive Officer

Glen Innes (03) 685 9013
exec@mackenzie.govt.nz

Managers

Finance & Administration Jason Beck (03) 685 9015
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Asset Manager Bernie Haar (03) 685 9014
assets@mackenzie.govt.nz

Community Facilities Garth Nixon (03) 685 8514
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Planning & Regulations Craig Lyon (03) 685 9019
planning@mackenzie.govt.nz

Auditors

Audit New Zealand on behalf of
The Controller and Auditor-General
CHRISTCHURCH

Solicitors

Anthony Harper
Barristers & Solicitors
47 Cathedral Square
CHRISTCHURCH

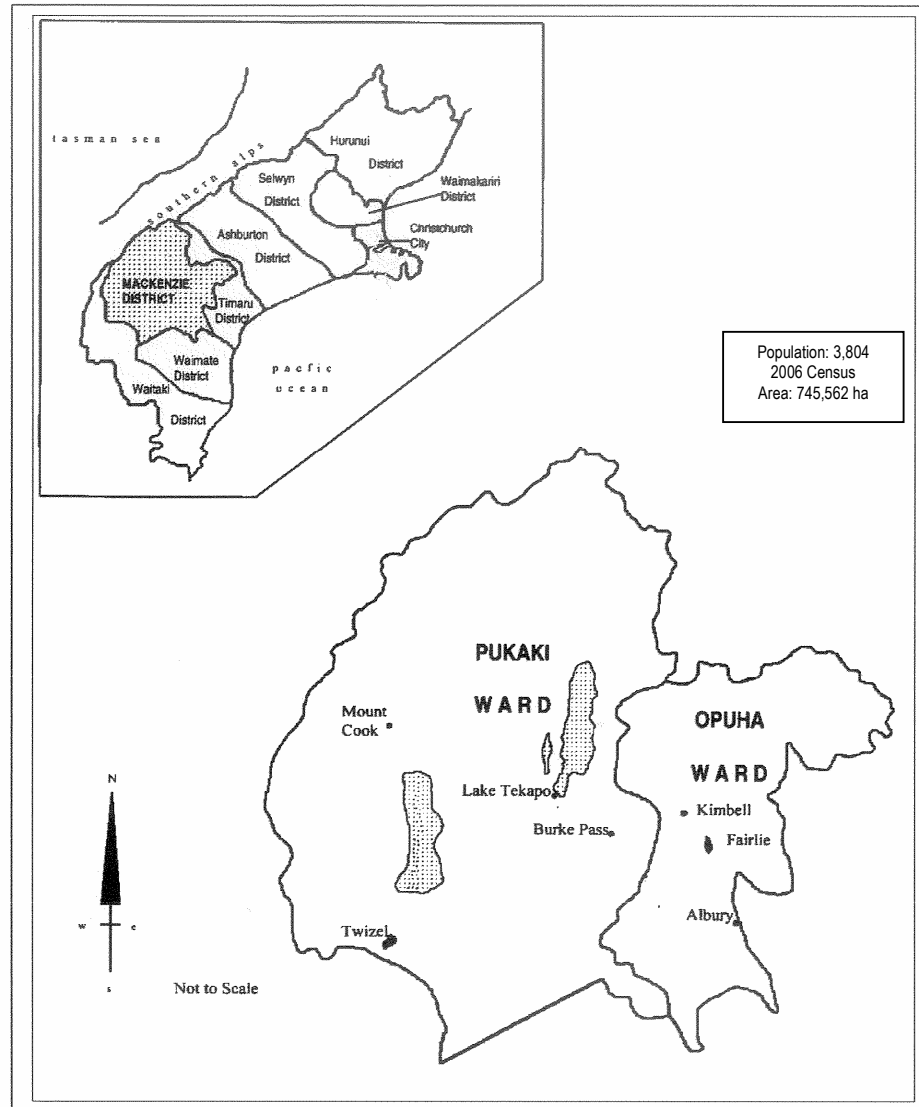
Planners

Davie, Lovell-Smith Limited
P O Box 679
CHRISTCHURCH

Bankers

Westpac Banking Corporation
Cnr Stafford and Church Streets
TIMARU

The Mackenzie District



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Introducing Your Mayor and Councillors

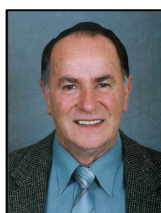
MAYOR: JOHN O'NEILL Ph: (03) 685 5864



COUNCILLORS

PUKAKI WARD

OPUHA WARD



Deputy Mayor:

SIMON MCDERMOTT

Ph (03) 435 1619

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Introduction by the Mayor and Chief Executive

We have pleasure in presenting the annual report for the year ending 30 June 2007. It provides a report card for the Council over that time, both in terms of its financial performance and its progress in advancing its long term goals.

Financial Overview

Financially, the Council's operating expenditure for the year was \$8.1m or 99.5% of the budgeted figures, which was a satisfactory result.

However, operating revenue fell well short of expectations at \$9.85m or 55.1% of budget. Delays in private subdivisional developments and Council capital projects meant that far fewer assets were vested in Council ownership than we had anticipated (a deficit of \$2.64m) with a related shortfall in financial contributions and reserve contributions (\$1.28m). The sale of significant amounts of Council real estate was also delayed, with \$4.1m less being received during the year.

Performance measures

Of the 71 performance measures in the year's programme, 50 were either fully or substantially achieved and a further 6 were achieved in part. Four were either not measured or were in progress with a completion date outside of the period under review.

Eleven measures were not achieved.

Capital spend

Net of vested assets of \$1.424m, a total of \$3.173m was spent during the year on capital works.

Key items included:

Pukaki airport subdivisional development	823,000
Allandale/Spur Road water reticulation	781,000
Glen Lyon Sewer upgrading	368,000
Twizel Town Centre upgrade	173,000
Running course/base course rural roading	351,000
Minor road safety improvements	100,000
Hooker Crescent Seal Extension	87,000
Total	2,683,000

Governance

Council implemented its earlier decision to revert to a formal committee structure in August 2006 when the Operations, Planning and Finance committees were established and Council meetings were shifted to six-weekly.

The only changes in the membership of council, committees and community boards affected the Twizel Community Board and the Mackenzie Tourism and Development Board. Lionel Belcher resigned from the Twizel Community Board and, due to the closeness of the triennial elections, was not replaced. Lesley O'Hara and Kieran Walsh were appointed to the tourism body following the resignation of Chris Black and the desire of Graeme Murray to relinquish the chairmanship.

A new governance structure was agreed to for Pukaki Airport Board, which will see it revert to a committee of Council, with extensive delegated powers. The Council controlled company Mackenzie Holdings Limited will be wound up. The change was largely driven by taxation impacts upon Council. An amendment to the Council's long-term plan was needed to action the change. Terms of reference for the new entity were agreed and a Statement of Intent approved.

The Council also called for a review of the operations of the Tourism and Development Board, which, after balance date, led to a changed structure being recommended by the Board itself. This will see the Council establish the Board as a Charitable Trust and relocate its operation to Fairlie.

As well as attending to the business of the District, Council also had a wider advocacy role. During the year, it made submissions on a private members bill on waste minimisation, the Ministry of Health's technical assistance programme for the upgrading of small water supplies, the review of representation for the Canterbury Regional Council, the independent inquiry into rating issues, a review of the impact of new local government legislation, regional rules on wood burning stoves and navigation bylaws.

Water, sewerage and stormwater

In April, the Council let contracts for the Fairlie trunk main replacement for \$151,000 and for water main renewals in Fairlie and Twizel totalling \$182,000. Not all of this work was completed at the end of the financial year with some expenditure spilling over into the 2007/08 budgets. In the Allandale area, the reticulation contract was largely completed and progress was made in resolving the contribution made to the upgrade by Ashwick water race ratepayers.

In Twizel, a cost sharing arrangement was made with developers to extend and upgrade the sewer line along Glen Lyon Road and a financial contribution was set for new connections to that line. A tender of \$305,000 was accepted for the work.



Introduction by the Mayor and Chief Executive cont...

A policy decision was made to eventually abandon the old treatment channel at the Twizel oxidation ponds and consolidate further treatment in rapid infiltration basins adjacent to the ponds. Negotiations will be held with the landowner to progress this.

Following a public meeting, a report was commissioned to assess the adequacy of existing septic tank treatment of sewerage in the Eversley Reserve.

After considering a range of options for Western Catchment flood protection in Fairlie, a concept involving a secondary channel and bund was agreed to.

Roading

Council continued with its normal programme of reseals and minor safety works during the year. Two seal extensions were completed; at Middle Valley Road in the Opuha Ward as part of the Minor Safety Programme and at Hooker Crescent in the industrial area of Twizel. The resealing programme this year was limited to Gudex Road. In April, a contract was let for the replacement of O'Connor's Bridge at Stoneleigh for a price of \$112,000, but work has been delayed due to a resource consent condition, protecting fish spawning in the river.

Another contract was let during the year for seal repairs at Godley Peak Road, which suffered during the June 2006 snows.

Solid waste

New contracts were let for the kerbside collection of solid waste in the three townships.

Planning and Regulatory

The Council's operative District Plan was enhanced by the completion of seven changes initiated in the previous year, including the resolution of an appeal against the Council's regime of financial contributions levied on new developments. Two further changes were completed during the year affecting heritage protection and the ability to provide for limited residential accommodation in the airport zones.

Preliminary work and preconsultation was undertaken on two further important plan changes affecting the zoning in Twizel and its surrounds and limitations on subdivision and development in the Mackenzie basin. These plan changes will be publicly notified in the 2007/08 year.

A planned Fairlie township study was deferred while the scope and cost of the exercise was reviewed.

A new policy was adopted on tightening and enforcing dog control measures in the District.

Community services and recreational facilities.

After initially rejecting the first round of tenders, and adjusting the scope of the work, in June Council gave the go-ahead to Stage 1 of the Twizel Village Centre upgrade for a cost of \$1.34m. Work has subsequently commenced and the task is scheduled for completion in 2007/08.

Another major project costing some \$900,000 was initiated with the letting of a contract for seven new housing units for the elderly in Fairlie. The project has been made possible with a suspensory loan of \$450,000 from Housing New Zealand and financial assistance from the Aged Persons Welfare Society. Older housing stock will be sold to complete the project without recourse to any rating input. A new policy and asset management plan for pensioner housing was also adopted.

A community led initiative to establish a cemetery in Tekapo took a further step forward when a new site was selected in the forestry reserve area behind Hamilton Drive. Consenting difficulties had arisen on the original site at the Ram Paddock off Lilybank Road.

Council acknowledges financial assistance from Meridian Energy Limited amounting to \$17,000 to complete the upgrading of the public toilets at Lake Pukaki. The decision to install user charging at this facility has been suspended while other options are explored.

Council's work on townships and reserves maintenance was put out to tender for the first time with a most satisfactory outcome.

Commercial activities

Negotiations were continued during the year over a comprehensive plan for the development of the Tekapo village centre in line with the direction determined by the 2003 Tekapo community planning exercise and more recent changes to the District Plan.

A conditional sale and purchase agreement was entered into with Foodstuffs Ltd to enable a new supermarket to be built on Council owned land in the Twizel village centre. The agreement is subject to the necessary resource consents being obtained.

Approval was granted to Council's airport company to complete a subdivision at Pukaki airport. The sale of sections for aviation uses will allow Council's original investment in the airport purchase to be recouped. In the meantime, the operational costs and subdivisional costs are being funded by Council.

Council's shareholding in the Opuha Dam, through the Ophi River Development Company, was sold during the year, resulting in a gain of \$300,000.



Introduction by the Mayor and Chief Executive cont...

Corporate services

Three significant changes were made to Council's rating policies during the course of the year. The one that attracted the most public attention was the decision to introduce a suite of targeted rates to help finance the work of the Tourism and Development Board. The impact of those rates on farm stays and home stays was reduced as a result of public submissions.

A new community facilities rate was introduced for the rural area serviced by Fairlie to assist in meeting the running costs of the Community Hall and the Strathconan Pool, which had previously been funded solely from within the township.

A technical change was made to the Council's range of works and services rates for the three townships and the rural area, allowing more flexibility in the balance between flat charges and rates levied on capital value.

Staffing

In June, following the advertising of the position, the Council resolved to offer a new five year contract to the incumbent CEO, Glen Innes, effective from 26 November 2007.

There were several staff changes during the year and the Council operated at less than full strength while replacements were recruited. In the Planning and Regulatory area, Martin King was replaced as Manager by Craig Lyon. Hayley Shearer also resigned as Senior Planner to go overseas and Sarah Bevin's role as Planning Officer was expanded to a degree to help cover the gap.

In the Operational area, Mike Shears resigned as Roading Manager toward the end of the year. The other staff change occurred at the Twizel Resource Recovery Park, where the post previously held by Peter Rye remained vacant at year end.

In the Finance and Administration area, Scott Linton replaced Phil Brophy as Information Technology Officer.



Glen Innes
Chief Executive Officer
30th October 2007



John O'Neill
Mayor



Statement of Compliance and Responsibility

Compliance

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

Responsibility

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

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

In the opinion of the Council and Management, the annual Financial Statements for the year ended 30 June 2007 fairly reflect the financial position and operations of the Mackenzie District Council.



Glen Innes
Chief Executive



John O'Neill
Mayor



Jason Beck
Manager – Finance & Administration



Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

AUDIT REPORT TO THE READERS OF

MACKENZIE DISTRICT COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Mackenzie District Council (the District Council) and group. The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2007, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 15 to 116:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2007; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 15 to 78 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and

- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

The audit was completed on 30 October 2007, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;



Audit Report cont...

- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

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

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

Responsibilities of the Council and the Auditor

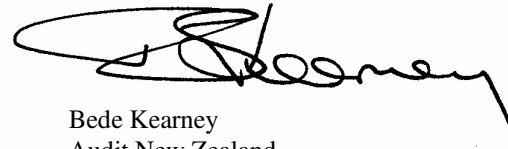
The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2007. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

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

Independence

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

Other than the audit and in conducting the audit of the Long Term Council Community Plan and International Financial Reporting Review, we have no relationship with or interests in the District Council or any of its subsidiaries.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General

Christchurch, New Zealand



Mackenzie Today

Background

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

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

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

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

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

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

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

Economy

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

Pastoralism is the dominant form of agriculture in the region. However, more intensive land uses such as forestry, dairying, cropping and horticulture are becoming increasingly common and offer considerable scope to grow the local economy.

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

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

Demographics

The 2006 Census showed Mackenzie District having slightly lower proportions of its population under the age of 15 and over the age of 65.

However, long-term population projections show an increasingly ageing population for the Mackenzie District.

Ethnically, the district is less diverse than other areas of New Zealand with 95.9% of the people in the district having European ethnic origin compared with 78.7% for all of New Zealand.

In terms of employment, Mackenzie's unemployment rate in the 2006 Census was 1.18% compared with 3.4% for all of New Zealand.

There were 1,449 households in the Mackenzie in 2006.



Mackenzie Tomorrow

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

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

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

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

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

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

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

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

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

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

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

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

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



Community Outcomes

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

They want:

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

The Council, having been charged with the task of identifying such community outcomes, as they are known, firstly drew upon earlier work it had undertaken. This included a 1996 strategic plan, community planning exercises conducted in Tekapo and Twizel starting in 2003 and earlier material it had compiled for its first long term plan. It then arranged for Helen Tait, an experienced facilitator, to convene public meetings to which key people had been invited to give their views on the future pathway for the District. A draft set of statements emerged from these meetings and following the meeting, participants had the opportunity to comment on the report of proceedings and the draft outcomes. Wider consultation occurred when all ratepayers were sent copies of the draft outcome statements and invited to submit upon them.

The limited number of comments received were generally supportive of the outcomes suggested. After considering a final report from Helen Tait, the community outcomes were endorsed by the Council in April 2006.

What roles will the Council play in helping the community realise its aspirations?

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

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

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



Community Outcomes Cont...

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

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

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

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

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

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

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

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

The Council is however uncertain as to what resources are realistically likely to be provided by external agencies to one of the least populated districts in the country in pursuit of its community outcomes. It is more likely to piggy back on initiatives that are undertaken in either South Canterbury or the Canterbury region. It keeps close contact with the other South Canterbury councils and may well share and adopt information that those councils have collected.

While the Council has yet to finalise the measures that might tell it how well the Mackenzie is progressing towards its six key outcomes, it proposes at this stage to adapt some work undertaken by the Timaru District Council. The draft monitoring regime is scheduled in the following table.

Data collected by the Canterbury regional outcomes group looks useful, as does the wealth of material collected by the Department of Statistics. Depending on funding, local survey work is also envisaged. Council thinking is that base level data needs to be compiled first. Reviewing progress annually is probably beyond our budgets, so a triennial review is proposed. The first of these would need to be completed well before the 2009 LTCCP was prepared and be subject to separate consultation. Thereafter, future progress reports would be produced at three yearly intervals.

Given the pressures placed on its own limited resources and the broad similarity in outcomes identified by other Councils, it has decided to review the work of others before finally selecting measures and monitoring that are appropriate for its size and budget.



Community Outcomes Cont...

Community Outcomes	Indicator	Data Source	Time Period
An attractive and highly valued natural environment	<ul style="list-style-type: none"> District's awareness of environmental issues Land (ha) affected by animal pests (especially rabbits) Land (ha) affected by noxious plant pests (especially wilding pines) River water quality – drinking and swimming Waste diversion from landfill Recycling volumes Total energy consumption Perceptions of accessibility to the environment (e.g. waterways, high country) 	MDC Survey Regional Council Regional Council Regional Council MDC MDC Canterbury Regional Council, EECA MDC	3 yearly To be determined To be determined To be determined Quarterly Quarterly To be determined 3 yearly
Thriving economy	<ul style="list-style-type: none"> Building consents indicators Demographic Indicators (e.g. income) Other regional economic growth indicators Regional economic growth Index Property price changes 	MDC, Stats NZ Stats NZ APR Survey National Bank Regional Trends Quotable Value/Real Estate Institute	Monthly Census – 5 yearly Monthly Quarterly Monthly
Democracy which upholds the rights of the individual	<ul style="list-style-type: none"> Perceptions of satisfaction with Council's advocacy on behalf of the community Perceptions of ease of dealing with the Council 	MDC survey MDC survey	3 yearly 3 yearly
Fit and healthy community	<ul style="list-style-type: none"> Physical activity participation rates – all age groups Life expectancy School leavers with no formal qualification % students leaving school with core numeracy and literacy credits at NCEA level 1 Educational attainment of adult population Road traffic accidents and casualties Perceptions of sense of pride in the District Number of buildings/sites remaining on Historic Places Trust category lists Medical professionals/GP to population Perceptions of satisfaction with health services provided in the Mackenzie District Perceptions of satisfaction with educational services provided in the Mackenzie District 	SPARC Stats NZ Ministry of Education Ministry of Education Stats NZ Land Transport Safety Authority MDC Survey Historic Places Trust SC District Health Board MDC survey MDC Survey	To be determined To be determined Annual Annual Census - 5 yearly Annual 3 yearly Annual To be determined 3 yearly 3 yearly
Safe, effective and sustainable infrastructure	<ul style="list-style-type: none"> Annual power outages Drinking water standards Satisfaction with Council infrastructural services (e.g. roading, sewer, water supply services, footpaths) Satisfaction with other core infrastructural services (e.g. power, telecommunications) Access to internet, telephone 	Power companies MoH and MDC MDC survey MDC survey Stats NZ	Annual To be determined 3 yearly 3 yearly Census 5 yearly
Supportive and contributing community	<ul style="list-style-type: none"> Social deprivation index (NZ Dep) Perceptions of quality of life in the Mackenzie Perceptions of safety Perceptions of community Perceptions of the Mackenzie as a safe place to live Unpaid work 	Stats NZ MDC Survey MDC survey MDC survey MDC Survey Stats NZ	5 yearly 3 yearly 3 yearly 3 yearly 3 yearly Census – 5 yearly

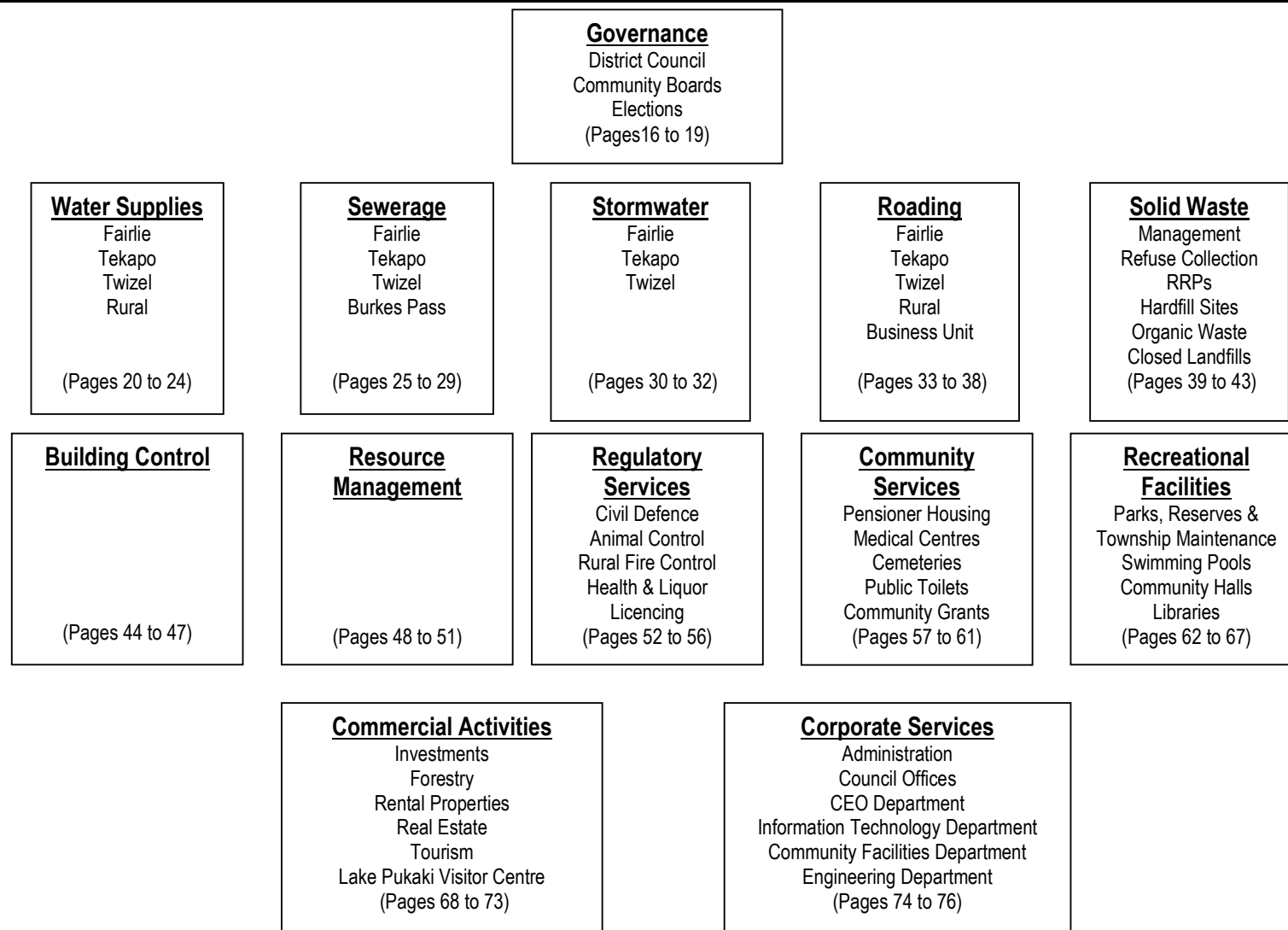


Groups of Activities

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



Groups of Activities - Overview



Governance

Background

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

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

District Council

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

Community Boards

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

Elections

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



Governance Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets	Performance Measures (2006-2016)	Result
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	Council's schedule of meetings runs from late January through to December each year, meeting normally on the first and third Tuesdays of each month. The first meeting of the month is usually devoted to more formal business, with the second largely given over to consideration of resource management matters, workshopping of issues and hosting visitors.	<ul style="list-style-type: none"> At least 22 meetings/hearings held during the year. No identified breaches of the Local Government (Official Information and Meetings) Act. 	<p>Achieved: During the year, the Council reverted back to a committee structure with three committees established for Finance, Operations and Planning. A six-weekly cycle was then adopted for Council meetings. There were 15 meetings of the full Council and 18 Council Committee meetings, a total of 33 for the year.</p> <p>Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act.</p>
Effective consultation held on LTCCP, Annual Plan and other significant issues.	A summary of the long-term council community plan, annual plan and annual report is sent to all ratepayers annually.	<ul style="list-style-type: none"> Number of special consultations held during the year and number of submissions made in response. 	<p>Achieved: Council undertook a special consultative procedure for the amendments to the long-term council community plan and the annual plan, which attracted a total of 80 submissions. The consultation included sending a summary of the information to all residents within the district and all non-resident ratepayers. Consultation on a revised Hawkers Bylaw was commenced during the year but was not completed until 24 July 2007.</p>
The three community boards complement the role of the Council by providing local input and advocacy into Council decision making.	Community boards meet regularly and provide recommendations on local issues to Council.	<ul style="list-style-type: none"> Each Community Board meets eight times during the year. Recommendations including budget submissions are forwarded to Council for approval. 	<p>Achieved: The Fairlie Community Board held nine meetings and the Twizel and Tekapo Community Boards each held eight.</p> <p>Achieved: All recommendations including budget submissions were forwarded to Council for approval.</p>



Governance Cont...

Identified Effects on Community Wellbeing

The Council believes that the Governance activity has effects on the social, economic, environmental and cultural well-being of the community; however, these have yet to be formally identified.

Capital Expenditure

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

Requirement for Work		Budget	Actual
		2006/07 (\$000)	2006/07 (\$000)
R	District Council Computers	1	-
	TOTAL	1	-

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

Reasons for Undertaking Capital Expenditure Projects

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

- Computer equipment was budgeted to provide an electronic scheduling system for the Mayor.

Results for the 2006/2007 year

Total capital expenditure for the year was zero; \$1,000 less than the budget of \$1,000. The key variance from budget was:

- The electronic scheduling system was deemed to be unnecessary and not purchased.



Governance Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
REVENUE			
610	General Rates	610	610
70	Targeted Rates	73	73
680		683	683
DIRECT EXPENDITURE			
46	Employment Expenses	46	46
187	Member Expenses	184	192
5	Consultancy Expenses	-	-
31	Administration	32	28
-	Interest on Capital Reserves	-	-
431	Internal Expenses	420	382
1	Funded Depreciation*	1	1
701		683	649
(21)	Operating Surplus/(Deficit)	-	34
Operating Surplus/(Deficit) transferred to/funded by:			
(22)	General Reserve	-	33
1	Fairlie Works & Services Reserve	-	-
-	Tekapo Works & Services Reserve	-	-
-	Twizel Works & Services Reserve	-	1
(21)		-	34

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

Commentary on Governance Financial Summary

Surplus/(Deficit)

The surplus for the year was \$34,000; \$34,000 greater than the budgeted breakeven position.

Revenue

Total revenue for the year was \$683,000, equal to the budgeted revenue of \$683,000.

There were no significant variances from budget.

Direct Expenditure

The total direct expenditure for the year was \$649,000; \$34,000 less than the budgeted direct expenditure of \$683,000.

The key variances from budget were:

- Member expenses were \$8,000 greater than budget due to \$5,000 of expenses relating to the 2007 local authority elections, that were not budgeted for.
- Savings recorded in Corporate Services has resulted in internal charges being \$38,000 less than budgeted.

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
CAPITAL EXPENDITURE			
3	District Council	1	-
3		1	-
Funded by:			
3	District Council Capital Reserve	1	-
3		1	-

Commentary on Governance Capital Expenditure

Total capital expenditure for the year was zero; \$1,000 less than the budget of \$1,000.

The key variance from budget was:

- The electronic scheduling system was deemed to be unnecessary and not purchased.



Water Supplies

Background

In the Mackenzie District, there are presently six public piped water supplies which are managed by the District Council. They are the urban schemes at Fairlie, Lake Tekapo, Twizel and Burkes Pass and the rural schemes of Allandale and Spur Road, which have been effectively amalgamated in the past year.

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

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

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

Rationale for the Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

- To ensure all of the public systems provide a high quality water treatment and distribution service;
- To assess the quality and adequacy of all existing private water supply systems (serving more than single premises) in the District;
- To anticipate the time when it may be necessary to extend, upgrade or renew the various existing public water supply schemes, and to plan accordingly;
- To anticipate the time when it may be necessary to provide public water supply schemes in communities at present not serviced, and to plan accordingly;

- To ensure the maintenance of the public infrastructural assets in perpetuity, so that there is no diminution in value, and to forecast the estimated future cost of so doing; and
- To put in place a sound management regime for all matters relating to the supply of potable water



Water Supplies Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Quality <ul style="list-style-type: none"> Water supplied to Tekapo and Fairlie is continuously disinfected with chlorine. Non-disinfected supplies are monitored for the presence of E coli (faecal bacteria) and consumers are advised when a hazard is identified. 	<ul style="list-style-type: none"> Weekly monitoring of disinfected schemes shows no presence of E.coli (faecal bacteria) in the supplies. Monthly monitoring (weekly in Twizel) for presence of E coli (faecal bacteria). Boil water notices issued if either three consecutive samples show the presence of E.coli (faecal bacteria) or any one sample has a concentration of >10cfu/100ml. Three urban water supplies upgraded to meet drinking water standards. 	<ul style="list-style-type: none"> 100% compliance. Scheduled monitoring completed. No failure to issue boil water notices when hazard identified. Scheduled works completed as noted on Capital Schedule 	<p>Substantially Achieved Fairlie – 53 samples were tested during the year. 52 of the 53 samples tested complied (98% compliance) but one sample failed due to a part blockage in trunk main (resulting in a malfunction of the chlorinator plant). Lake Tekapo – 51 samples tested with 100% compliance. Allandale – 11 samples tested with 100% compliance.</p> <p>Achieved Twizel – 52 samples tested during the year. 51 of the 52 samples tested complied (98% compliance) but one sample failed due to it containing 1cfu/100ml (normal allowance is < 1cfu/100ml.) Only Twizel is tested, as it is the only non-disinfected water supply.</p> <p>Achieved</p> <p>Achieved Reticulation renewals were completed on School Road and Princes Street in Fairlie. Part of the reticulation in Kimbell was upgraded and a troublesome section of the Fairlie trunk main was replaced.</p>
Availability <ul style="list-style-type: none"> Water is continuously available apart from programmed shutdowns and unexpected disruptions. 	<ul style="list-style-type: none"> No disruption exceeds eight hours Normal duration of 90% of disruptions is less than six hours 	<ul style="list-style-type: none"> 100% Compliance 100% Compliance 	<p>Achieved</p> <p>Achieved</p>
Environmental <ul style="list-style-type: none"> Supplies cause no environmental ill-effects. 	<ul style="list-style-type: none"> All resource consents conditions are complied with. 	<ul style="list-style-type: none"> 100% Compliance 	<p>Substantially Achieved The water takes for the Fairlie, Lake Tekapo and Allandale Scheme were within resource consent conditions. The water take for Burkes Pass was not measured but was estimated to be within the resource consent conditions. The daily take for the Twizel Water Supply exceeded the daily maximum volume on 62 days.</p>



Water Supplies Cont...

Identified Effects on Community Wellbeing

The Council believes that the Water Supply activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.

Capital Expenditure

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

Requirement for Work	Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
Fairlie		
G Vested Assets	3	-
R Trunk Line renewal to Chlorinator Shed	185	48
R Fittings Renewal programme-Fairlie	20	4
R Gall St	4	4
R School Rd, 50m rider main replace & South of Gillingham	91	67
R Water Meters	-	2
R Resource Consent Costs	-	9
	303	134
Lake Tekapo		
G Vested Assets	407	368
R Fittings Renewal programme	2	4
R Reservoir level Control Cable	10	4
	419	376
Twizel		
G Vested Assets	205	57
L Resource Consent	10	7
R Fittings Renewal programme	20	24
L Meter & Backflow protection	20	1
R&L Treatment – New	20	-
G Investigation – New Source	25	8
G Investigation – Manuka Tce	20	7
	320	104
Allandale		
R&G Reticulation	440	642
R&L Treatment	2	-
	442	642

Requirement for Work	Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
Burkes Pass		
R&L Treatment and Intake upgrade	5	2
	5	2
School Road		
R Resource Consent	5	5
	5	5
Spur Road		
R&L Reticulation	80	139
	80	139
Eversley/Punaroa		
R Resource Consent	10	-
	10	-
TOTAL	1,584	1,402

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

Reasons for Undertaking Capital Expenditure Projects

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

- The trunk line renewal for the Fairlie Supply was to mitigate the breakages experienced on that part of the reticulation that has occurred over the last few years.
- All other reticulation in the townships were assessed to ensure continuity of service to the connected properties.
- Amounts were budgeted for investigations in Twizel to determine whether there was a new source available to service Twizel and also to investigate reticulating Manuka Terrace.
- Upgraded and extended reticulation for Allandale and Spur Road was proposed to improve the water supply to the identified areas.
- Assets vested in Council are the result of development.

Results for the 2006/2007 year

Total capital expenditure for the year was \$1,402,000; \$182,000 less than the budget of \$1,584,000. The key variances from budget were:

- Only part of the trunk line renewal was achieved at the end of the financial year, with further work to be completed in the 2007/2008 year.
- Water assets vested in Council from Tekapo and Twizel were lower than initially anticipated.
- Reticulation for Allandale and Spur Road was \$259,000 greater than budgeted due to additional consumers being connected to the system.



Water Supplies Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
511	Targeted Rates	602	618
465	Financial Contributions	434	287
142	Vested Assets	615	425
117	Other Income	67	106
-	External Interest Received	-	6
29	Interest on Capital Reserves	34	43
1,264		1,752	1,485
	DIRECT EXPENDITURE		
3	Employment Expenses	-	4
15	Consultancy Expenses	19	2
9	Administration	9	7
296	Operational & Maintenance Expenses	260	294
43	Interest on Capital Reserves	87	65
102	Internal Expenses	113	113
206	Funded Depreciation *	213	209
29	Non-Funded Depreciation **	29	29
703		730	723
561	Operating Surplus/(Deficit)	1,022	762

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

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

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	Operating Surplus/(Deficit) transferred to/funded by:		
(4)	Fairlie Water Capital Reserve	8	25
175	Tekapo Water Capital Reserve	469	413
380	Twizel Water Capital Reserve	499	170
(29)	Ratepayers' Equity	(29)	(29)
15	Albury Water Operating Reserve	-	23
15	Allandale Water Capital Reserve	73	145
4	Ashwick/Opuha Water Capital Reserve	4	12
2	Burkes Pass Water Capital Reserve	-	2
1	Kimbell Water Capital Reserve	1	1
1	School Road Water Capital Reserve	1	1
1	Spur Road Water Capital Reserve	(4)	(1)
561		1,022	762

Commentary on Water Supplies Financial Summary

Surplus/(Deficit)

The surplus for the year was \$762,000; \$260,000 less than the budgeted surplus of \$1,022,000.

Revenue

Total revenue for the year was \$1,485,000; \$267,000 less than the budgeted revenue of \$1,752,000.

The key variances from budget were:

- Financial contributions for the year were \$43,000 less than budgeted due to the number of new sections being created being fewer than anticipated.
- The value of water assets vested in Council for the year were \$190,000 less than budgeted due to the number of new sections being created being fewer than anticipated.
- Other income is greater than budget by \$39,000 due to the other income charged by the Albury Water Supply Committee, which was not budgeted for.

Direct Expenditure

The total direct expenditure for the year was \$723,000; \$7,000 less than the budgeted direct expenditure of \$730,000. The key variances from budget were:

- Consultancy expenses for the urban areas were not required.
- Operational & maintenance expenses were \$34,000 greater than budgeted due to repairs required in the three urban areas and also the cost of electricity was greater than budgeted.
- Capital reserve interest was \$22,000 less than that budgeted due to the level of capital expenditure being lower.



Water Supplies Financial Summary cont...

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
14	Fairlie Water Supply	303	134
0	Tekapo Water Supply	419	376
178	Twizel Water Supply	320	104
22	Allandale Water Supply	442	642
0	Ashwick/Opuha Water Race	-	-
0	Burkes Pass Water Supply	5	2
1	School Road Water Race	5	5
0	Spur Road Water Supply	80	139
1	Eversley/Puneroa Water Supply	10	-
216		1,584	1,402
	Funded by:		
14	Fairlie Water Capital Reserve	303	134
0	Tekapo Water Capital Reserve	419	376
178	Twizel Water Capital Reserve	320	104
22	Allandale Water Capital Reserve	442	642
0	Ashwick/Opuha Water Capital Reserve	-	-
0	Burkes Pass Water Capital Reserve	5	2
1	School Road Water Capital Reserve	5	5
0	Spur Road Water Capital Reserve	80	139
1	Eversley/Puneroa Water Capital Reserve	10	-
216		1,584	1,402



Commentary on Water Supplies Capital Expenditure

The total capital expenditure for the year was \$1,402,000; \$182,000 less than the budgeted capital expenditure of \$1,584,000.

The key variances from budget were:

- Only part of the trunk line renewal was achieved at the end of the financial year, with further work to be completed in the 2007/2008 year.
- Water assets vested in Council from Tekapo and Twizel were lower than initially anticipated.
- Reticulation for Allandale and Spur Road was \$259,000 greater than budgeted due to additional consumers being connected to the system.

Sewerage

Background

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

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

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

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



Sewerage Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Effluent is treated to required standards of resource consents.	<ul style="list-style-type: none"> All resource consent conditions are met. 	<ul style="list-style-type: none"> 100% compliance 	<p>Substantially Achieved</p> <p>The resource consent conditions are monitored by the Canterbury Regional Council:</p> <p>Burkes Pass – All conditions monitored were graded as fully compliant.</p> <p>Twizel – Review showed full compliance. Although the resource consent requirements do not impose a maximum limit on presence of faecal coliforms level, testing found that there were elevated levels of faecal coliforms in the oxidation pond discharge.</p> <p>Lake Tekapo – An operation and maintenance manual for the treatment plant was not submitted by due date. This has subsequently been rectified. Other conditions monitored were fully compliant.</p> <p>Fairlie – Some conditions monitored were graded as non-compliant. The maximum daily volume of discharge was exceeded for 50 days when the water table in Fairlie was high during July/August 2006. An application to vary this condition and other minor conditions to suit operating parameters is being prepared.</p>
Pump stations cope with effluent volumes	<ul style="list-style-type: none"> No sewage overflows from pump stations. 	<ul style="list-style-type: none"> 100% compliance 	<p>Achieved</p>
Systems operate with minimal disruption due to blockages.	<ul style="list-style-type: none"> Annual blockages are less than six per 10 km of sewer. 	<ul style="list-style-type: none"> Target met 	<p>Achieved</p> <p>There were 19 blockages in 58.9km of sewer, which equates to 3.23 blockages per 10km.</p>

Identified Effects on Community Wellbeing

The Council believes that the Sewerage activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.



Sewerage Cont...

Capital Expenditure

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

Requirement for Work	Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
Burkes Pass		
R Resource Consent	3	-
	3	-
Fairlie		
G Vested Assets	4	-
G Septic tanks discharge to O2 ponds – consultancy	3	-
G Alpine Energy Connection	4	-
	11	-
Tekapo		
G Vested Assets	542	457
R Service Lane Murray Place Replace Pipeline	9	17
	551	474
Twizel		
G Vested Assets	273	172
R Resource Consent	20	4
R & L Treatment/Disposal Area Upgrade	20	368
	313	544
TOTAL	878	1,018

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2006/2007 year

Total capital expenditure for the year was \$1,018,000; \$140,000 greater than the budget of \$878,000. The key variances from budget were:

- Sewer assets vested in Council from Tekapo and Twizel were lower than initially anticipated.
- A new area of Twizel was reticulated to connect developments along Glen Lyon Road to the system. This project was not budgeted for; however, a significant portion will be funded by contributions from the developers.



Sewerage Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
362	Targeted Rates	418	420
537	Financial Contributions	355	131
162	Vested Assets	820	628
-	Other Income	-	1
9	Interest on Capital Reserves	23	11
1,070		1,616	1,191
	DIRECT EXPENDITURE		
7	Consultancy Expenses	-	-
9	Administration	9	9
67	Operational & Maintenance Expenses	73	102
125	Interest on Capital Reserves	117	116
72	Internal Expenses	83	83
196	Funded Depreciation*	201	200
59	Non-Funded Depreciation**	3	3
535		486	513
535	Operating Surplus/(Deficit)	1,130	678
	Operating Surplus transferred to/(Operating Deficit funded by):		
(3)	Ratepayer's Equity	(3)	(3)
-	Burkes Pass Sewer Capital Reserve	-	1
13	Fairlie Sewer Capital Reserve	8	(11)
229	Tekapo Sewer Capital Reserve	581	441
296	Twizel Sewer Capital Reserve	544	250
535		1,130	678

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

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

Commentary on Sewerage Financial Summary

Surplus/(Deficit)

The surplus for the year was \$678,000; \$452,000 less than the budgeted surplus of \$1,130,000.

Revenue

Total revenue for the year was \$1,191,000; \$425,000 less than the budgeted revenue of \$1,616,000. The key variances from budget were:

- Financial contributions for the year were \$224,000 less than budgeted due to the number of new sections being created being fewer than anticipated.
- The value of water assets vested in Council for the year were \$192,000 less than budgeted due to the number of new sections being created being fewer than anticipated.
- Capital reserve interest for Twizel was less than budgeted due to the use of the reserve to fund the Glen Lyon Road sewer project.

Direct Expenditure

The total direct expenditure for the year was \$513,000; \$27,000 greater than the budgeted direct expenditure of \$486,000. The key variances from budget were:

- Operational & maintenance expenses were \$29,000 greater than budgeted due to repairs required in the three urban areas and also the internal pipeline inspection work, which was budgeted for in the previous year, was carried out in the 2006/2007 year.



Sewerage Financial Summary cont...

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
2	Burkes Pass Sewer	3	-
-	Fairlie Sewer	11	-
31	Tekapo Sewer	551	474
215	Twizel Sewer	313	544
248		878	1,018
	Funded by:		
2	Burkes Pass Sewer Capital Reserve	3	-
-	Fairlie Sewer Capital Reserve	11	-
31	Tekapo Sewer Capital Reserve	551	474
215	Twizel Sewer Capital Reserve	313	544
248		878	1,018



Commentary on Sewerage Capital Expenditure

The total capital expenditure for the year was \$1,018,000; \$140,000 greater than the budgeted capital expenditure of \$878,000.

The key variances from budget were:

- Sewer assets vested in Council from Tekapo and Twizel were lower than initially anticipated.
- A new area of Twizel was reticulated to connect developments along Glen Lyon Road to the system. This project was not budgeted for; however, a significant portion will be funded by contributions from the developers.

Stormwater

Background

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

Rationale for the Council's Involvement

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

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

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



Stormwater Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Stormwater control measures minimise damage and inconvenience to property.	<ul style="list-style-type: none"> Specified flood event protection is maintained. 	<ul style="list-style-type: none"> No complaints about damage caused by flooding. 	Achieved No complaints were recorded.
Capital works in Fairlie and Tekapo increase protection to cope with a one in 20 year rainfall event.	<ul style="list-style-type: none"> Completion of works within budget. 	<ul style="list-style-type: none"> Works completed by December 2009. 	Achieved Planning for capital works progressed.
No environmental ill effects arising from stormwater protection work.	<ul style="list-style-type: none"> All resource consents conditions are complied with. 	<ul style="list-style-type: none"> 100% Compliance. 	Achieved Resource Consent conditions were complied with.

Identified Effects on Community Wellbeing

The Council believes that the Stormwater activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.

Capital Expenditure

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

Requirement for Work		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	Fairlie		
G	Vested Assets	3	-
G	Western Catchment Flood Protection Works	20	8
		23	8
	Tekapo		
G	Vested Assets	326	-
		326	-
	Twizel		
G	Vested Assets	164	-
		164	-
	TOTAL	513	8

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

Reasons for Undertaking Capital Expenditure Projects

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

- Work was planned on the Fairlie Western Catchment project to protect Fairlie from flooding.
- Assets vested in Council are the result of development.

Results for the 2006/2007 year

Total capital expenditure for the year was \$8,000; \$505,000 less than the budget of \$513,000.

The key variances from budget were:

- No stormwater assets were vested in Council during the year..



Stormwater Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
62	Targeted Rates	64	64
1	Financial Contributions	60	-
-	Vested Assets	493	-
11	Interest on Capital Reserves	15	13
74	Total Revenue	632	77
	DIRECT EXPENDITURE		
3	Consultancy Expenses	-	-
2	Administration	1	2
4	Operational & Maintenance Expenses	19	14
-	Interest on Capital Reserves	2	-
19	Internal Expenses	22	22
35	Funded Depreciation*	36	35
63		80	73
11	Operating Surplus/(Deficit)	552	4
	Operating Surplus/(Deficit) transferred to/funded from:		
3	Fairlie Works & Services Reserve	6	-
9	Tekapo Works & Services Reserve	330	3
(1)	Twizel Works & Services Reserve	216	1
11		552	4

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

Commentary on Stormwater Financial Summary

Surplus/(Deficit)

The surplus for the year was \$4,000; \$548,000 less than the budgeted surplus of \$552,000.

Revenue

Total revenue for the year was \$77,000; \$555,000 less than the budgeted revenue of \$632,000.

The key variances from budget were:

- Financial contributions for the year were not received during the year, whereas an amount of \$60,000 was budgeted for.
- No stormwater assets were vested in Council, whereas an amount of \$493,000 was budgeted for.

Direct Expenditure

The total direct expenditure for the year was \$73,000; \$7,000 less than the budgeted direct expenditure of \$80,000.

There were no significant variances from budget.

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
41	Fairlie Stormwater	23	8
2	Tekapo Stormwater	326	-
2	Twizel Stormwater	164	-
45		513	8
	Funded by:		
41	Fairlie Stormwater Capital Reserve	23	8
2	Tekapo Stormwater Capital Reserve	326	-
2	Twizel Stormwater Capital Reserve	164	-
45		513	8

Commentary on Stormwater Capital Expenditure

Total capital expenditure for the year was \$8,000; \$505,000 less than the budget of \$513,000.

The key variances from budget were:

- No stormwater assets were vested in Council during the year.



Roading (including land transport programme)

Background

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

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

State Highway 79 Fairlie - Geraldine

State Highway 80 Pukaki Corner - Mt Cook Village

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

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

Rationale for Council's Involvement:

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

Community Outcomes to Which the Activity Contributes:

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

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

Principal Objectives:

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



Roading Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
<p>Sealed Road Smoothness</p> <p>The National Association of Australian State Road Authorities developed a sealed road roughness test resulting in a NAASRA count, which has been adopted by Land Transport New Zealand. The lower the number is, the smoother the road. For example, a hot-mixed street would have an average count of about 60, whilst a rough urban street would have an average count of about 150.</p>	<ul style="list-style-type: none"> The average roughness of urban roads shall not exceed an average of 100 NAASRA counts and no more than 15% shall exceed 150 NAASRA counts. The average roughness of rural roads shall not exceed an average of 80 NAASRA counts and no more than 15% shall exceed 110 NAASRA counts. 	<ul style="list-style-type: none"> NAASRA counts meet targets. NAASRA counts meet targets. 	<p>Achieved</p> <p>The average count for urban roads was 89 with the top 15% being above 150 counts.</p> <p>Achieved</p> <p>The average count for rural roads was 60 with the top 15% being above 106 counts</p>
<p>Unsealed Road Standard</p> <p>Unsealed roads shall be maintained as per specifications in the roading maintenance contract contracts.</p>	<ul style="list-style-type: none"> All contract specifications are met. 	<ul style="list-style-type: none"> For audited sections of the unsealed roading network, contract specifications are fully met or identified defects are remedied within agreed timeframes. 	<p>Achieved</p> <p>On a monthly basis a selection of roads are inspected for compliance. An analysis of those sheets showed very few faults and these were tasked to the contractor for remedial attention. A recent Technical Audit by Land Transport New Zealand noted "the quality and amount of roading works being carried out is very good. The overall condition of the network is holding at a steady rate."</p>
<p>Customer Satisfaction</p> <p>Residents surveyed consider roads and footpaths in the District "Satisfactory" or "Very Satisfactory".</p>	<ul style="list-style-type: none"> At least 80% of respondents to a three yearly community survey have an opinion that town roads in general, rural sealed roads and rural unsealed road are "satisfactory" or "very satisfactory". At least 70% of respondents to a three yearly community survey have an opinion that urban footpaths are "satisfactory" or "very satisfactory" 	<ul style="list-style-type: none"> Measure based on three yearly community survey. Measure based on three yearly community survey. 	<p>Not Measured</p> <p>The customer satisfaction surveys for roading were intended to be completed as part of a wider survey to confirm the Council's progress towards meeting the Community Outcomes. This survey was not completed during the year; therefore the performance cannot be measured.</p> <p>Not Measured</p> <p>As above</p>



Roading Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Safety Improvements Council continues to identify and prioritise key areas for safety improvements and progressively correct these.	<ul style="list-style-type: none"> Not less than two safety projects shall be implemented each year. 	<ul style="list-style-type: none"> At least two safety projects completed annually. 	Achieved Middle Valley traction seal and Lillybank ford improvements completed.
Road Improvement Projects Road improvement projects shall be carried out, in particular seal extensions, when Land Transport New Zealand financial assistance can be achieved	<ul style="list-style-type: none"> All approved road improvement projects qualifying for Land Transport New Zealand financial assistance are undertaken. 	<ul style="list-style-type: none"> 100% of approved projects completed annually. 	Not Achieved Hooker Crescent seal extension completed for a total cost of \$87,347. Stoneleigh Bridge replacement was delayed due to resource consent conditions. LTNZ agreed to hold subsidy rate for another year. The contract for the bridge construction was let in April 2007.

Identified Effects on Community Wellbeing

The Council believes that the Roothing activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.



Roading Cont...

Capital Expenditure

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

Requirement for Work	Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
Fairlie - Subsidised		
R Street Lighting	8	5
R Signs	1	-
R Reseals	2	-
	11	5
Fairlie - Unsubsidised		
R Footpaths - Surfacing	20	13
G Vested Assets	11	-
	31	13
Tekapo - Subsidised		
R Street Lighting	2	-
R Signs	1	1
	3	1
Tekapo - Unsubsidised		
R Footpaths - Surfacing	4	2
G Vested Assets	1,412	370
	1,416	372
Twizel - Subsidised		
L Hooker Crescent Sealing	100	87
R Signs	2	1
R Reseals	80	-
	182	88
Twizel - Unsubsidised		
R Footpaths - Surfacing	36	38
G Vested Assets	712	-
	748	38

Requirement for Work	Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
Rural - Subsidised		
Projects		
R Bridge Replacement - Stoneleigh Bridge	160	-
R Running Course	328	227
R Basecourse – Unsealed	93	124
R Signs	26	35
R Drainage – Culverts	44	27
R&L Minor Safety Works	120	100
R Reseals	125	68
	896	581
Rural – Unsubsidised		
L Sealing Past Houses	10	-
	10	-
TOTAL	3,297	1,098

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2006/2007 year

Total capital expenditure for the year was \$1,098,000; \$2,199,000 less than the budget of \$3,297,000. The key variances from budget were:

- Roothing assets vested in Council from Tekapo and Twizel were lower than initially anticipated.
- Subsidised capital expenditure in the rural area for the year was \$315,000 lower than budgeted.
- Consenting delays have resulted in the Stoneleigh Bridge replacement being deferred until the 2007/08 year



Roading Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
975	Targeted Rates	1,148	1,138
1,215	Subsidies & Grants	1,303	1,072
67	Financial Contributions	-	35
204	Vested Assets	2,136	370
75	Other Income	2	12
16	Interest on Capital Reserves	4	36
53	Internal Income	53	53
2,605		4,646	2,716
	DIRECT EXPENDITURE		
65	Employment Expenses	60	59
41	Consultancy Expenses	26	38
6	Administration	5	5
5	Operational & Maintenance Expenses	5	4
867	Roading Expenses	1,016	1,044
1	Interest on Capital Reserves	6	3
195	Internal Expenses	210	210
5	Funded Depreciation*	4	5
1,307	Non-Funded Depreciation**	1,388	1,333
2,492		2,720	2,701
113	Operating Surplus/(Deficit)	1,926	15
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(1,307)	Ratepayers' Equity	(1,385)	(1,333)
6	Fairlie Roding Capital Reserve	42	18
(5)	Tekapo Roding Capital Reserve	1,419	370
235	Twizel Roding Capital Reserve	882	87
1,216	Rural Roding Capital Reserve	971	892
(32)	Roding Prof Services Operating Reserve	-	(19)
113		1,926	15

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

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

Commentary on Roding Financial Summary

Surplus/(Deficit)

The surplus for the year was \$15,000; \$1,911,000 less than the budgeted surplus of \$1,926,000.

Revenue

Total revenue for the year was \$2,716,000; \$1,930,000 less than the budgeted revenue of \$4,646,000.

The key variances from budget were:

- Subsidies and grants were \$231,000 lower than budget due to the level of subsidisable capital expenditure being lower than budgeted.
- The value of roading assets vested in Council for the year were \$1,766,000 less than budgeted due to the number of new sections being created being fewer than anticipated.
- Petroleum Tax received was \$29,000 greater than budgeted.
- Capital reserve interest was \$32,000 greater than budgeted due to funds being retained in the reserves as the level of capital expenditure was lower than budgeted.

Direct Expenditure

The total direct expenditure for the year was \$2,701,000; \$19,000 less than the budgeted direct expenditure of \$2,720,000.

The key variances from budget were:

- Additional costs relating to the June 2006 snow event took the operational roading expenses over budget by \$28,000.
- Depreciation costs were down on budget by \$54,000, due to various capital projects not being carried out during the financial year.



Roading Financial Summary cont...

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
5	Fairlie Subsidised Roding	11	5
15	Fairlie Unsubsidised Roding	31	13
2	Tekapo Subsidised Roding	3	1
-	Tekapo Unsubsidised Roding	1,416	372
2	Twizel Subsidised Roding	182	88
203	Twizel Unsubsidised Roding	748	38
991	Rural Subsidised Roding	896	581
-	Rural Unsubsidised Roding	10	-
-	Roding Professional Services	-	-
1,218		3,297	1,098
	Funded by:		
20	Fairlie Roding Capital Reserve	42	18
2	Tekapo Roding Capital Reserve	1,419	373
205	Twizel Roding Capital Reserve	930	126
991	Rural Roding Capital Reserve	906	581
-	Roding Prof Services Capital Reserve	-	-
1,218		3,297	1,098



Commentary on Roding Capital Expenditure

Total capital expenditure for the year was \$1,098,000; \$2,199,000 less than the budget of \$3,297,000.

The key variances from budget were:

- Roding assets vested in Council from Tekapo and Twizel were lower than initially anticipated.
- Subsidised capital expenditure in the rural area for the year was \$315,000 lower than budgeted.
- Consenting delays have resulted in the Stoneleigh Bridge replacement being deferred until the 2007/08 year

Solid Waste

Background

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

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

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

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



Solid Waste Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
To maximise the diversion of solid waste from landfills.	<ul style="list-style-type: none"> 70% of all solid waste received at the three resource recovery parks is diverted from landfill. 	<ul style="list-style-type: none"> 70% diverted, with an expectation of 80% by 2009. 	Achieved 78% of the waste received at the recovery parks was diverted away from the Redruth landfill.
To provide a weekly kerbside refuse collection service to each of the main townships in the District – Fairlie, Lake Tekapo and Twizel.	<ul style="list-style-type: none"> To pick up all compliant bags of waste put out for collection at the kerbside. 	<ul style="list-style-type: none"> 99.5% compliance. 	Achieved This was achieved as there were no reports of uncollected compliant bags.
To undertake the solid waste activity with no environmental ill-effects.	<ul style="list-style-type: none"> All resource consents conditions are complied with. 	<ul style="list-style-type: none"> 100% compliance. 	Partially achieved This was partially achieved as minor non compliance was reported by the Canterbury Regional Council.

Identified Effects on Community Wellbeing

The Council believes that the Solid Waste activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.



Solid Waste Cont...

Capital Expenditure

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

Requirement for Work		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
R	Solid Waste Management		
	Computers	5	4
		5	4
L	Fairlie Resource Recovery Park		
	Redevelop the Fairlie Recovery Park to accommodate the recycled plastics from Twizel and Tekapo for processing and sale	5	-
		5	-
R	Twizel Resource Recovery Park		
	Resource Consent Costs	-	10
R	Plant & Equipment	5	-
		5	10
	TOTAL	15	14

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



Reasons for Undertaking Capital Expenditure Projects

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

- Purchase of computer equipment for the Solid Waste Manager was scheduled as part of the replacement policy.
- Other solid waste projects were budgeted to ensure the efficient operation of the resource recovery parks.

Results for the 2006/2007 year

Total capital expenditure for the year was \$14,000; \$1,000 less than the budget of \$15,000.

The key variances from budget were:

- The budgeted amount for plant for Fairlie and Twizel was not spent.
- Additional costs were incurred in securing the appropriate resource consents for the operation of the Twizel resource recovery park and the vertical composting unit.

Solid Waste Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
REVENUE			
284	General Rates	379	379
75	Targeted Rates	80	81
241	Other Income	226	253
223	Internal Income	229	220
823		914	933
DIRECT EXPENDITURE			
215	Employment Expenses	209	228
14	Consultancy Expenses	21	15
16	Administration	18	13
262	Operational & Maintenance Expenses	277	269
63	Interest on Capital Reserves	62	64
263	Internal Expenses	263	263
60	Funded Depreciation*	64	59
4	Non-Funded Depreciation**	4	4
897		918	915
(74)	Operating Surplus/(Deficit)	(4)	18
Operating Surplus transferred to/ (Operating Deficit funded by):			
(4)	Ratepayer's Equity	(4)	(4)
3	Fairlie Refuse Operating Reserve	-	4
6	Tekapo Refuse Operating Reserve	-	3
3	Twizel Refuse Operating Reserve	-	3
(82)	General Reserve	-	12
(74)		(4)	18

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

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

Commentary on Solid Waste Financial Summary

Surplus/(Deficit)

The surplus for the year was \$18,000; \$22,000 greater than the budgeted deficit of \$4,000.

Revenue

Total revenue for the year was \$933,000; \$19,000 greater than the budgeted revenue of \$914,000.

The key variances from budget were:

- Gate fees were down on budget by \$7,000.
- Sales of recoverable and recyclable materials were up on budget by \$6,000.
- Sale of refuse bags was up on budget by \$6,000.
- Sales and production of compost was up on budget by \$23,000.
- Savings in the management cost centre has meant that the internal income has reduced by \$9,000.

Direct Expenditure

The total direct expenditure for the year was \$915,000; \$3,000 less than the budgeted direct expenditure of \$918,000.

The key variances from budget were:

- Due to the labour intensive nature of the increasing amount of recyclable materials, additional employment costs of \$19,000 were incurred during then year.
- Recognised costs associated to the closed landfills were \$3,000 less than was budgeted for.



Solid Waste Financial Summary cont...

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
2	Solid Waste Management	5	4
2	Fairlie RRP	5	-
19	Twizel RRP	5	10
6	Hardfill Sites	-	-
3	Treatment of Organic Waste	-	-
32		15	14
	Funded by:		
2	Solid Waste Mgt Capital Reserve	5	4
2	Fairlie RRP Capital Reserve	5	-
19	Twizel RRP Capital Reserve	5	10
6	Hardfill Sites Capital Reserve	-	-
3	Organic Waste Capital Reserve	-	-
32		15	14

Commentary on Solid Waste Capital Expenditure

Total capital expenditure for the year was \$14,000; \$1,000 less than the budget of \$15,000. The key variances from budget were:

- The budgeted amount for plant for Fairlie and Twizel was not spent.
- Additional costs were incurred in securing the appropriate resource consents for the operation of the Twizel resource recovery park and the vertical composting unit.



Building Control

Background:

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

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

Under the new Act, Council is required to become an accredited building consent authority to carry out its building control functions. The Council is committed to this in order to retain a local building control service.

Rationale for Council's Involvement:

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

Community Outcomes to which the Activity contributes:

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

Principal Objectives:

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



Building Control Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Building consents are processed in accordance with the prescribed legislation.	<ul style="list-style-type: none"> To process building consents and property information memoranda within the statutory timeframe of 20 days 	<ul style="list-style-type: none"> To process 95% of building consents and property information memoranda within the statutory timeframe for the year ended 30 June 2007. 	<p>Not Achieved</p> <p>During the year, Council processed 276 building consents with an average processing time of 11 days. 245, or 88.8%, were processed with the required timeframe.</p> <p>There were 283 property information memoranda processed within that period. 246, or 87%, were issued within the required timeframes.</p>
Council is working to achieve building consent authority accreditation.	<ul style="list-style-type: none"> Council is accredited as a building control authority 	<ul style="list-style-type: none"> Accreditation to be received by November 2007 	<p>In Progress</p> <p>Council has worked on this exercise with a cluster of southern area Councils. It lodged its application for accreditation as a Building Consent Authority with the Department of Building and Housing before the end of the year. An initial desktop review has come back with some minor corrective actions, which were completed and an amended manual sent to the Department on 7 September 2007.</p> <p>The Department proposes to conduct an on-site assessment and inspection with Council in October 2007.</p>

Identified Effects on Community Wellbeing

The Council believes that the Building Control activity has effects on the economic and environmental well-being of the community; however, these have yet to be formally identified.



Building Control Cont...

Capital Expenditure:

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

Requirement for Work	Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
Building Control		
R Computers	-	-
R Vehicles	-	-
TOTAL	-	-

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

Reasons for Undertaking Capital Expenditure Projects

The Computers and Vehicles for the Building Control Activity were not scheduled for replacement during the year; therefore no budget has been allocated.

Results for the 2006/2007 year

No capital expenditure was made during the year, matching the budget.



Building Control Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
46	General Rates	22	22
206	Other Income	202	214
-	Interest on Capital Reserves	-	-
3	Internal Income	3	3
255		227	239
	DIRECT EXPENDITURE		
129	Employment Expenses	114	120
19	Consultancy Expenses	12	30
18	Administration	19	23
8	Operational & Maintenance Expenses	10	10
1	Interest on Capital Reserves	-	-
69	Internal Expenses	81	81
8	Funded Depreciation*	6	6
252		242	270
3	Operating Surplus/(Deficit)	(15)	(31)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
3	General Reserve	(15)	(31)
3		(15)	(31)

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

Commentary on Building Control Financial Summary

Surplus/(Deficit)

The deficit for the year was \$31,000; \$16,000 more than the budgeted deficit of \$15,000.

Revenue

Total revenue for the year was \$239,000; \$12,000 greater than the budgeted revenue of \$227,000.

The key variance from budget was:

- Building consents and recoverable services were \$12,000 greater than budgeted.

Direct Expenditure

The total direct expenditure for the year was \$270,000; \$28,000 greater than the budgeted direct expenditure of \$242,000.

The key variances from budget were:

- Employment costs were \$6,000 greater than budgeted.
- Expenses relating to accreditation as a Building Consent Authority were \$18,000 greater than the amount budgeted for.

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
13	Building Control	-	-
13		-	-
	Funded by:		
13	Building Control Capital Reserve	-	-
13		-	-

Commentary on Building Control Capital Expenditure

No capital expenditure was made during the year, matching the budget.



Resource Management

Background:

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

Rationale for Council's Involvement:

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

Community Outcome to which the Activity contributes:

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



Principal Objectives:

- To maintain an up to date District Plan, providing for sustainable management of the resources of the District in the face of changing development pressures.
- To process 90% of resource consents within the statutory timeframe of 20 working days.

Resource Management cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
To maintain an up to date District Plan, providing sustainable management of the resources of the District in the face of changing development pressures.	<ul style="list-style-type: none"> Review of rural subdivision and development rules completed. Continue township planning exercises. Make Improvements to the District Plan 	<ul style="list-style-type: none"> Review of rules completed by 30 June 2008. Subsequent plan changes released for submission by 30 June 2009. Undertake a town development study for Fairlie during the 2006/2007 year. Relevant plan changes completed by 30 June 2008. To prioritise and complete plan changes identified as necessary by Council. 	<p>In Progress The focus of work to date has been on the outstanding working landscape of the Mackenzie basin and devising rules which preserves that from undesirable subdivision and development. Consultation with landowners has been undertaken. Further related work is underway on a review of engineering standards to be incorporated into a code of practice for subdivision.</p> <p>Not Achieved A proposal and two quotations for a Fairlie township study were considered by the Community Board in April 2007. The Board was concerned at the cost of the exercise and wished to clarify the outcomes it sought from the work.</p> <p>Achieved in Part Eight plan changes commenced in the previous year were made operative during 2006/2007. The most significant of these were two implementing zone changes in Tekapo and one relating to Council's financial contributions policy which had been under appeal. The only plan change initiated during the year was one allowing residential accommodation in the airport zone which was requested for the Pukaki Airport by Mackenzie Holdings Limited</p>
Resource consents and land information memoranda processed in accordance with legislation.	<ul style="list-style-type: none"> To process resource consents within the statutory timeframe of 20 working days. To process land information memoranda within statutory timeframes of 10 working days 	<ul style="list-style-type: none"> 90% compliance till 30 June 2008, 95% compliance thereafter. 100% compliance. 	<p>Not Achieved Council processed 78 resource consents during the year with an average processing time of 12 days. 63, or 81%, were processed within the statutory timeframes.</p> <p>Not Achieved Council processed 209 land information memoranda in 2006/2007 with an average processing time of 6 days. All but three were processed in the statutory timeframe.</p>



Resource Management Cont...

Identified Effects on Community Wellbeing

The Council believes that the Resource Management activity has effects on the economic and environmental well-being of the community; however, these have yet to be formally identified.

Capital Expenditure:

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

Requirement for Work		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	Resource Management		
R	Computers	2	2
G	Landscape Study	10	-
G	Natural Value Study	10	-
	TOTAL	22	2

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

Reasons for Undertaking Capital Expenditure Projects

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

- Purchase of computer equipment was scheduled as part of the replacement policy.
- The landscape study and the natural values study were budgeted to complete aspects of the District Plan.

Results for the 2006/2007 year

Total capital expenditure for the year was \$2,000; \$20,000 less than the budget of \$22,000.

The key variance from budget was:

- Further work on the landscape and natural values studies was deferred until the 2007/2008 year.



Resource Management Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
REVENUE			
203	General Rates	242	242
303	Reserve Contributions	988	95
92	Other Income	96	102
-	Interest on Capital Reserves	-	-
29	Internal Income	29	29
627		1,355	468
DIRECT EXPENDITURE			
171	Employment Expenses	167	113
128	Consultancy Expenses	96	130
18	Administration	19	22
2	Operational & Maintenance Exp	6	5
3	Interest on Capital Reserves	5	4
92	Internal Expenses	103	103
4	Funded Depreciation*	16	3
418		412	380
209	Operating Surplus/(Deficit)	943	88
Operating Surplus transferred to/ (Operating Deficit funded by):			
(71)	General Reserve	-	33
(23)	Real Estate Reserve	(45)	(40)
303	Land Subdivision Reserve	988	95
209		943	88

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

Commentary on Resource Management Financial Summary

Surplus/(Deficit)

The surplus for the year was \$88,000; \$855,000 less than the budgeted surplus of \$943,000.

Revenue

Total revenue for the year was \$468,000; \$887,000 less than the budgeted revenue of \$1,355,000. The key variance from budget was:

- Reserve contributions for the year amounted to \$95,000; \$893,000 short of the anticipated budget.

Direct Expenditure

The total direct expenditure for the year was \$380,000; \$32,000 less than the budgeted direct expenditure of \$412,000.

The key variances from budget were:

- Employment costs were \$54,000 less than budgeted, due to a period during the year when the resource management area was understaffed.
- Additional consultants' costs were incurred while the staffing level was short which amounted to an increase in budget of \$34,000.
- Depreciation expenses were \$13,000 down on budget due to the capital expenditure not being spent during the year.

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
CAPITAL EXPENDITURE			
11	Resource Management	22	2
11		22	2
Funded by:			
11	Resource Planning Capital Reserve	22	2
11		22	2

Commentary on Resource Management Capital Expenditure

Total capital expenditure for the year was \$2,000; \$20,000 less than the budget of \$22,000.

The key variance from budget was:

- Further work on the landscape and natural values studies was deferred until the 2007/2008 year.



Regulatory Services

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

They include:

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

Background:

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

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

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

The Council is part of the South Canterbury Rural Fire Authority, a joint venture of Mackenzie, Timaru and Waimate District Councils, the Department of Conservation and the local forestry company- Blakely Pacific Ltd. The costs of maintaining the rural fire authority are split evenly amongst this group.

Rationale for Council's Involvement:

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

Community Outcomes to which the Activity contributes:

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



Regulatory Services Cont...

Principal Objectives:

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

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
All known dogs in the District registered with Council and entered into the national dog database on a regular basis.	<ul style="list-style-type: none"> • All dogs are registered and national dog database is continually kept up to date. 	<ul style="list-style-type: none"> • 100% of dogs are registered by year end. • All registered dogs on the national database. 	<p>Achieved in Part Council sends out registration forms to all known dog owners and follows up late registrations. However no targeted work was undertaken to identify unregistered dogs. At the end of the year 1,814 dogs belonging to 649 owners were registered.</p> <p>Achieved All known dogs were entered on the national database.</p>
To control the nuisance caused by dogs and wandering stock.	<ul style="list-style-type: none"> • Respond to all complaints of wandering dogs and stock within 12 hours. 	<ul style="list-style-type: none"> • Target met. 	<p>Achieved in Part Complaints are responded to within 12 hours by either phone or a site visit. Due to the part time nature of the Animal Control Officers, a contractor is not always immediately available to attend.</p>
To provide an effective and efficient response to any civil defence emergency in the District.	<ul style="list-style-type: none"> • To carry out two civil defence training sessions per year with staff and volunteers on familiarisation with Council Civil Defence arrangements. 	<ul style="list-style-type: none"> • Target met. 	<p>Not Achieved No training exercise as such was carried out in the 2006/2007 year. Staff familiarisation with Council Civil Defence arrangements began in May 2007.</p>



Regulatory Services Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
To control fire risks in the rural area and to respond to those rural fires that do occur.	<ul style="list-style-type: none"> To promote and carry out fire control measures in the Mackenzie District in accordance with the combined rural fire authority "Rural Fire Plan". 	<ul style="list-style-type: none"> Plan requirements complied with. All volunteer rural fire teams are registered with the NRFA and meet the industry standards. 	<p>Achieved The Principal Rural Fire officer advised that all callouts were responded to by volunteer staff or contractors within the one hour target. 51 incidents were responded to during the year by the rural brigade. These incidences resulted in a cost to the Mackenzie rural fire district of \$72,395 of which \$69,327 was recoverable.</p> <p>Achieved The two registered rural fire teams at Albury and Burkes Pass achieved their training goals for the year completing a total of 428 hours training.</p>
To regularly inspect food premises to ensure the safety of food prepared for sale and consumption and to control the sale and consumption of liquor within the District.	<ul style="list-style-type: none"> To ensure all premises selling liquor are licensed and all registered food premises are licensed. 	<ul style="list-style-type: none"> No premises lack the appropriate licence. 	<p>Achieved Our contractors, Timaru District Council advise that all premises known to be selling liquor were licensed. One to two inspections were made each month. All licensed premises were inspected during the year, often in conjunction with food premises but also for monitoring purposes. In addition to this there were a number of controlled purchase operations undertaken in the District with Police assistance.</p> <p>Our contractors advise that all food premises that are required to be registered were inspected during the year.</p> <p>The new food handling regulations are being promoted by the Timaru District Council in association with Mackenzie.</p>

Identified Effects on Community Wellbeing

The Council believes that the Regulatory Services activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.



Regulatory Services Cont...

Capital Expenditure:

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

Requirement for Work		Budget 2006/07 (\$000)	Actual 2007/08 (\$000)
R	Civil Defence		
	Plant & Equipment	-	6
		-	6
R	Animal Control		
	Plant & Equipment	1	-
		1	-
R	Rural Fire Control		
	Plant & Equipment	8	8
		8	8
	TOTAL	9	14

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2006/2007 year

Total capital expenditure for the year was \$14,000; \$5,000 greater than the budget of \$9,000.

The key variance from budget was:

- Additional communication equipment was purchased for Civil Defence as a result of a donation made after the June 2006 snow event.
- A deposit was made on a new generator for Civil Defence during the financial year.



Regulatory Services Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
67	General Rates	54	54
100	Targeted Rates	108	108
14	Subsidies & Grants	-	3
63	Other Income	60	62
2	Interest on Capital Reserves	2	2
246		224	229
	DIRECT EXPENDITURE		
25	Employment Expenses	26	27
-	Consultancy Expenses	1	-
16	Administration	14	11
143	Operational & Maintenance Expenses	124	98
4	Interest on Capital Reserves	5	7
17	Internal Expenses	19	19
22	Funded Depreciation*	35	37
227		224	199
19	Operating Surplus/(Deficit)	-	30
	Operating Surplus/(Deficit) transferred to/funded by:		
(2)	General Reserve	-	35
21	Rural Works & Services Reserve	-	(5)
19		-	30

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

Commentary on Regulatory Services Financial Summary

Surplus/(Deficit)

The surplus for the year was \$30,000; \$30,000 greater than the budgeted breakeven position.

Revenue

Total revenue for the year was \$229,000; \$5,000 greater than the budgeted revenue of \$224,000.

The key variance from budget was:

- An additional \$28,000 was received in Civil Defence, which was largely a refund of costs relating to the June 2006 snow event.
- Health and Liquor Licensing Fees have been offset against the expenditure.

Direct Expenditure

The total direct expenditure for the year was \$199,000; \$25,000 less than the budgeted direct expenditure of \$224,000.

The key variance from budget was:

- Health and Liquor Licensing Costs have been offset against the income.

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
1	Civil Defence	-	6
1	Animal Control	1	-
64	Rural Fire Control	8	8
66		9	14
	Funded by:		
1	Civil Defence Capital Reserve	-	6
1	Animal Control Capital Reserve	1	-
64	Rural Fire Control Capital Reserve	8	8
66		9	14

Commentary on Regulatory Services Financial Summary

Total capital expenditure for the year was \$14,000; \$5,000 greater than the budget of \$9,000.

The key variance from budget was:

- Additional communication equipment was purchased for Civil Defence as a result of a donation made after the June 2006 snow event.
- A deposit was made on a new generator for Civil Defence during the financial year.



Community Services

Background

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

Rationale for Council's Involvement

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

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

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

Community Outcomes to which the Activities Contribute

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

Principal Objectives

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



Community Services Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
<p>Pensioner Housing</p> <ul style="list-style-type: none"> Provision of seven pensioner units in Fairlie and three pensioner units in Twizel Units are adequately maintained. 	<ul style="list-style-type: none"> Pensioner housing occupancy is maintained at 95% Target rentals set to achieve 80% of market rental. Units are maintained in line with the building maintenance plan. 	<ul style="list-style-type: none"> Actual occupancy on an annual basis. Target is effective for all units leased after June 2005. All other rentals adjusted as per Council policy (increases no more than five dollars per week for existing tenants until target rental is achieved). Programmed maintenance is completed 	<p>Not achieved Occupancy for the year has been 80 %, with two of the ten units unoccupied Proposed development has resulted in a decision not to renovate unoccupied units prior to their sale. While a waiting list remains, prospective tenants wish to wait until the new units are available.</p> <p>Achieved Rentals charged in accordance with the policy.</p> <p>Achieved No maintenance programmed for last year. Unplanned maintenance work was undertaken in Twizel following the June 2006 snow event.</p>
<p>Medical Centres</p> <ul style="list-style-type: none"> Council provides doctors' residences and medical centres in Fairlie and Twizel and buildings are adequately maintained. 	<ul style="list-style-type: none"> Buildings are maintained in line with the building maintenance plan. 	<ul style="list-style-type: none"> Programmed maintenance is completed. 	<p>Not achieved Planned maintenance work was consciously deferred due to the possible sale of one property</p>



Community Services Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
Public Toilets <ul style="list-style-type: none"> Public toilets are provided in the three main townships and at the Pukaki / Mt Cook lookout. These toilets are open 24 hours per day seven days per week. Main public toilets are generally cleaned daily. If demand requires this is increased to twice per day during periods of high use. Summer toilets are provided and cleaned weekly during the summer months and twice weekly during peak periods at Pines Beach Lake Tekapo, Lake Opuha and Lake Wardell. 	<ul style="list-style-type: none"> Toilets maintained in line with contract specifications. 	<ul style="list-style-type: none"> As determined by at least four random audits performed on each set of public toilets per annum and by recording and assessing all customer complaints. 	<p>Achieved Random audits of toilet cleanliness were undertaken, generally in conjunction with other business. No breaches of specifications detected.</p> <p>The Pukaki toilets were temporarily closed for upgrading which led to some complaints.</p> <p>One complaint was received regarding the Tekapo toilets during the peak season. Though justified, the complaint was clearly a result of high usage.</p>
Cemeteries <ul style="list-style-type: none"> Provision of cemetery services and maintenance of cemeteries at Albury, Fairlie, Burkes Pass and Twizel. Provision of RSA sections within Fairlie and Twizel cemeteries. 	<ul style="list-style-type: none"> User charges cover the majority of costs associated with cemeteries. Cemeteries maintained in line with contract specification. 	<ul style="list-style-type: none"> User charges recover 75% of operational cost. As determined by quarterly audits performed by staff. 	<p>Achieved User charges recovered 78 % of the operational costs of all cemeteries.</p> <p>Achieved Periodic inspections undertaken of all cemeteries with no areas of concern emerging</p>
Grants <ul style="list-style-type: none"> Council makes grants to assist the running of the resource centres in Fairlie and Twizel. Council administers the allocation of grants from the SPARC Rural Travel Fund and the Creative Communities scheme. 	<ul style="list-style-type: none"> All contractual requirements are met That all funds are allocated in line with rules from the granting organisations (SPARC and Creative New Zealand) 	<ul style="list-style-type: none"> As determined by six monthly report. No complaints from SPARC or Creative New Zealand received with regards to the allocation of the funds. 	<p>Achieved Reports received and reviewed by Fairlie and Twizel Community Boards</p> <p>Achieved Allocations of \$16,200 made during the year and reported to the funding providers. No complaints or issues raised by them.</p>



Community Services Cont...

Identified Effects on Community Wellbeing

The Council believes that the Community Services activity has effects on the social, economic, environmental and cultural well-being of the community; however, these have yet to be formally identified.

Capital Expenditure

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

Requirement for Work	Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
R&L Fairlie Pensioner Housing New Buildings	900	-
TOTAL	900	-

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

Reasons for Undertaking Capital Expenditure Projects

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

- The building of new pensioner housing units was to meet a community need.

Results for the 2006/2007 year

Total capital expenditure for the year was zero; \$900,000 less than the budget of \$900,000.

The key variance from budget was:

- Work on the pensioner housing units was deferred until the 2007/2008 year.



Community Services Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
173	General Rates	195	191
67	Targeted Rates	72	59
15	Subsidies & Grants	466	17
52	Other Income	66	54
-	Interest on Capital Reserves	-	-
307		799	321
	DIRECT EXPENDITURE		
-	Employment Expenses	-	-
118	Administration	125	113
170	Operational & Maintenance Expenses	178	175
-	Interest on Capital Reserves	-	-
43	Internal Expenses	45	45
-	Funded Depreciation*	8	11
33	Non-Funded Depreciation**	22	22
364		378	366
(57)	Operating Surplus/(Deficit)	421	(45)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(24)	General Reserve	-	(23)
(33)	Ratepayer's Equity	(22)	(22)
-	Capital Expenditure	450	-
-	Building Maintenance Reserve	(7)	-
(57)		421	(45)

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

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

Commentary on Community Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$45,000; \$466,000 less than the budgeted surplus of \$421,000.

Revenue

Total revenue for the year was \$321,000; \$478,000 less than the budgeted revenue of \$799,000.

The key variances from budget were:

- The budgeted Housing New Zealand subsidy of \$450,000 is now expected to be received in the 2007/2008 year.
- Targeted rates were down on budget by \$13,000 due to the level grants being lower than budgeted.
- Cemetery income was down on budget by \$12,000.

Direct Expenditure

The total direct expenditure for the year was \$366,000; \$12,000 less than the budgeted direct expenditure of \$378,000.

The key variance from budget was:

- Grants were \$13,000 less than the level budgeted for the year.

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
99	Fairlie Pensioner Housing	900	-
-	Fairlie Cemetery	-	-
99		900	-
	Funded by:		
-	Surplus from Operating	450	-
-	Real Estate Reserve	450	-
-		900	-

Commentary on Community Services Capital Expenditure

Total capital expenditure for the year was zero; \$900,000 less than the budget of \$900,000.

The key variance from budget was:

- Work on the pensioner housing units was deferred until the 2007/2008 year.



Recreational Facilities

Background

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

Rationale for Council's Involvement

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

Community outcomes to which the Activity Contributes

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

Principal Objectives

- To maintain existing recreational facilities to a standard that ensures they are safe, clean and sustainable;
- To enable a range of activities to take place within these facilities in order to maximise usage;
- To develop and enhance facilities as guided by community planning exercises; and
- To employ and train staff to standards appropriate for the management of these facilities



Recreational Facilities Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
<p>Swimming Pools</p> <ul style="list-style-type: none"> The Swimming Pools at Fairlie and Twizel are operated between November to March each year and are open to the public from 3pm to 5pm week days during school terms and from 1pm to 5pm during weekends, public and school holidays. Public lane swimming sessions are held week day mornings and evenings. Pools are safe for swimming. The pools are available for private sessions outside of these times. 	<ul style="list-style-type: none"> Pools available for use during programmed opening times. Pool water quality meets applicable standards. Facility use is maximised. 	<ul style="list-style-type: none"> The pools are available for use during the specified times. Pool water quality meets New Zealand Standard (NZS 5826: 2000). Increase usage outside public hours by an average of two hours per week of opening. 	<p>Achieved in part Some closures early in the season in Twizel due to poor weather</p> <p>Achieved in part Water tests for Fairlie were fully compliant with the standard. No testing had been carried out for the Twizel pool during the year.</p> <p>Achieved In Fairlie a non competitive swimming group was established</p>
<p>Halls and Community Centres</p> <ul style="list-style-type: none"> The community centres are available seven days per week and usage is only restricted by other bookings. Fees and charges are reviewed annually for the Twizel Events Centre, Mackenzie Community Hall and Lake Tekapo Community Hall. Buildings are adequately maintained. Sherwood and Albury halls are run by their local community committees. Council involvement with these facilities is limited to administration and some contribution to major repairs and maintenance. 	<ul style="list-style-type: none"> Community centres and halls are kept clean and always available for use. Fees and charges are reviewed annually, to ensure they move in line with operational costs. Buildings are maintained in line with the building maintenance plan. 	<ul style="list-style-type: none"> Community centres and halls are kept clean and available for use 365 days per year. List of updated fees and charges published in long-term council community plan or Annual Plan. Programmed maintenance is completed. 	<p>Achieved Halls available for booking 365 days per year, clean and ready for use</p> <p>Achieved Fees and charges published on the Council's website and in the long-term council community plan</p> <p>Not achieved Work this year focused on minor repairs and repairs to snow damage. Programmed small roof replacement at the Mackenzie Community Centre in Fairlie was not achieved.</p>



Recreational Facilities Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
<p>Parks, Reserves and Amenity Areas</p> <ul style="list-style-type: none"> Council maintains a range of parks and reserves across the District ranging from sports grounds, passive reserve areas, public street gardens, play areas, Twizel greenways, lakeside reserves, walkways and undeveloped sites. The service levels for the majority of these sites are specified in the township maintenance contracts and detail items like grass heights, litter collection frequency, shrub bed and annual bed maintenance. Within these reserve areas there are areas that are maintained by community groups and these include passive parks and walkways. 	<ul style="list-style-type: none"> Walkways adequately maintained. All play areas replaced or upgraded will be compliant with appropriate safety standards. As determined by regular audits of work. 	<ul style="list-style-type: none"> Walkways maintained in line with the National Standard for Walkways. All play areas replaced or upgraded comply with New Zealand Standard 5828:2004. Specifications complied with. 	<p>Achieved Some upgrading commenced on the Fairlie walkway in conjunction with the Fairlie Lions club. Ongoing improvement with signage undertaken with the Department of Conservation where required. Walkway improvement proposals being progressed with the Department at Mt John.</p> <p>Achieved One upgrade completed in Scott Street, Tekapo which complied with the NZ Standard.</p> <p>Achieved The Contractor's performance was gauged by regular inspections of sites, generally in conjunction with other work.</p> <p>Specifications had been complied with and no significant issues were identified.</p>
<p>Libraries</p> <ul style="list-style-type: none"> The libraries are run as "Community Libraries" catering for a cross section of educational and recreational reading requirements. They also offer other services such as photocopying, Internet access etc The libraries are open to the public 39 hours per week over six days. 	<ul style="list-style-type: none"> Maintain ratio between borrowers and the District's rateable properties. Hours maintained 	<ul style="list-style-type: none"> Currently 45,573 issues made per year for 3600 rateable properties, therefore the ratio is 12.66 issues per ratepayer per annum. Target met. 	<p>Achieved 50,230 issues were made during the year for 3,900 rateable properties; a ratio of 12.88 issues per ratepayer.</p> <p>Achieved Target has been met by opening hours being maintained throughout the year.</p>



Recreational Facilities Cont...

Identified Effects on Community Wellbeing

The Council believes that the Recreational Facilities activity has effects on the social, economic, environmental and cultural well-being of the community; however, these have yet to be formally identified.

Capital Expenditure

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

Requirement for Work		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	District General		
R	Aerial Photos	-	-
		-	-
	Fairlie Township		
R	Playground Upgrade	25	-
		25	-
	Tekapo Township		
G&L	Implementation of Development Plan	35	5
		35	5
	Twizel Township		
L	Implementation of Development Plan	800	173
		800	173
	TOTAL	860	178

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

Reasons for Undertaking Capital Expenditure Projects

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

- The playground upgrade for Fairlie was scheduled after a planning exercise for the township was to be undertaken.
- Further work in developing a landscape plan for Lake Tekapo was budgeted for to meet the requirements of the community as a result of the planning exercise undertaken in 2002.
- As a result of a planning exercise for Twizel, the Community Board has budgeted for a major upgrade of the Village Centre.

Results for the 2006/2007 year

Total capital expenditure for the year was \$178,000; \$682,000 less than the budget of \$860,000.

The key variances from budget were:

- The playground upgrade for Fairlie was not undertaken as the planning exercise was deferred.
- Only \$5,000 of playground equipment was purchased in Lake Tekapo, with no further work being undertaken on the landscape plan until the Council's sale of the Village Centre land in the township was finalised.
- Tendering delays has meant that only \$173,000 of the budgeted for the Twizel Village Centre Upgrade was carried out, with the balance deferred to the 2007/2008 year.



Recreational Facilities Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
214	General Rates	189	198
737	Targeted Rates	807	834
8	Financial Contributions	-	8
159	Other Income	124	135
2	Interest on Capital Reserves	2	3
1,120		1,122	1,178
	DIRECT EXPENDITURE		
68	Employment Expenses	60	64
120	Administration	100	91
577	Operational & Maintenance Expenses	669	603
24	Interest on Capital Reserves	52	16
166	Internal Expenses	177	177
14	Funded Depreciation*	17	15
172	Non-Funded Depreciation**	175	171
1,141		1,251	1,137
(21)	Operating Surplus/(Deficit)	(129)	41
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(172)	Ratepayer's Equity	(175)	(171)
14	Building Maintenance Reserve	(16)	12
17	General Reserve	-	16
4	Fairlie Works & Services Reserve	-	28
89	Tekapo Works & Services Reserve	-	16
(5)	Twizel Works & Services Reserve	-	37
11	Rural Works & Services Reserve	-	22
-	Tekapo Township Capital Reserve	23	25
55	Twizel Events Centre Capital Reserve	55	55
-	Twizel Township Capital Reserve	(14)	-
1	Sherwood Downs Capital Reserve	-	3
-	Albury Hall Operating Reserve	-	(2)
(35)	Land Subdivision Reserve	(2)	-
(21)		(129)	41

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

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

Commentary on Recreational Facilities Financial Summary

Surplus/(Deficit)

The surplus for the year was \$41,000; \$170,000 greater than the budgeted deficit of \$129,000.

Revenue

Total revenue for the year was \$1,178,000; \$56,000 greater than the budgeted revenue of \$1,122,000.

The key variances from budget were:

- Targeted rates were up on budget by \$27,000 and general rates up on budget by \$9,000 due to the timing difference between approving the budget and the setting of rates.
- Other income was up on budget due to lease rentals being \$10,000 greater than budget and revenue from halls being \$4,000 greater than that budgeted.

Direct Expenditure

The total direct expenditure for the year was \$1,137,000; \$114,000 less than the budgeted direct expenditure of \$1,251,000.

The key variance from budget was:

- Operational & maintenance expenditure was \$66,000 down on budget due to various township project budgets not being fully spent by year end; some of which was deferred to the 2007/2008 year.
- Capital reserve interest costs were \$36,000 down on budget due to the Twizel Township Capital Reserve not being called upon to fund the level of capital expenditure that was budgeted.



Recreational Facilities Financial Summary cont...

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
(2)	District General	-	-
-	Fairlie Township	25	-
13	Tekapo Township	35	5
31	Twizel Township	800	173
2	Tekapo Community Hall	-	-
1	Twizel Events Centre	-	-
45		860	178
	Funded by:		
(2)	District General Capital Reserve	-	-
44	Land Subdivision Reserve	60	110
2	Tekapo Township Capital Reserve	-	-
-	Twizel Township Capital Reserve	800	68
1	Twizel Events Centre Capital Reserve	-	-
45		860	178



Commentary on Recreational Facilities Capital Expenditure

Total capital expenditure for the year was \$178,000; \$682,000 less than the budget of \$860,000. The key variances from budget were:

- The playground upgrade for Fairlie was not undertaken as the planning exercise was deferred.
- Only \$5,000 of playground equipment was purchased in Lake Tekapo, with no further work being undertaken on the landscape plan until the Council's sale of the Village Centre land in the township was finalised.
- Tendering delays has meant that only \$173,000 of the budgeted for the Twizel Village Centre Upgrade was carried out, with the balance deferred to the 2007/2008 year.

Commercial Activities

Background

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

Rationale for Council's Involvement

Investments

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

Mackenzie Forestry Board

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

Real Estate

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

Rental Properties

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

Mackenzie Tourism and Economic Development Board

The Board is a committee of Council given the responsibilities to promote the District as a tourist destination and to provide assistance in enhancing business opportunities within the District.

Pukaki Visitor Information Centre

While providing information for visitors, the Centre is operating successfully as a commercial enterprise with no rate funding required from Council.

Community outcomes to which the Activities Contribute

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



Commercial Activities Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	
Investments The Community expects the investments of the Council to be managed wisely.	<ul style="list-style-type: none"> Council's cash investment portfolio independently reviewed each quarter. Council will review the annual report and statement of intent for its investments in Alpine Energy Limited on an annual basis. 	<ul style="list-style-type: none"> Investments outperform benchmark portfolio. Reviews undertaken. 	<p>Achieved The Council's Investment Portfolio outperformed the benchmark each quarter.</p> <p>Achieved Council reviewed the Annual Report for the year ended 31 March 2006 for Alpine Energy Limited on 1 August 2006 and reviewed the 2007-2010 Statement of Intent for Alpine Energy Limited on 18 April 2007.</p>
Mackenzie Forestry Board The Board is required to operate and administer the Mackenzie District Council's forestry estate as a successful business.	<ul style="list-style-type: none"> Council will approve the statement of intent for the Mackenzie Forestry Board. To achieve the strategic direction for the Council's forestry estate to have 900 planted hectares. To ensure that all new planting should achieve the minimum internal rate of return. 	<ul style="list-style-type: none"> Approval of the statement of intent is made prior 30 June in each year. To complete the final stage of planting at the Fox Peak Plantation. 100% of all new planting should be demonstrated by project analysis to be able to achieve a minimum internal rate of return of 7% pre-tax. 	<p>Not Achieved Council reviewed the Statement of Intent for the Mackenzie Forestry Board on 24 July 2007</p> <p>Achieved The final stage of planting for the Fox Peak Plantation was completed in September 2006</p> <p>Achieved The new plantings at the Fox Peak Plantation were assessed to achieve a Pre-tax Internal Rate of Return of 7.2%.</p>
Real Estate The community expects the Council to achieve the best economic return for any land that the Council deems appropriate to place on the market.	<ul style="list-style-type: none"> Council will progress the disposal of the areas of land identified for sale. Council will progress the land rationalisation process to identify further areas of land deemed surplus to its requirements. 	<ul style="list-style-type: none"> Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy. A full land rationalisation process will be completed by September 2007. 	<p>Achieved Key areas of the land scheduled as identified for sale have been reviewed for disposal.</p> <p>Not Achieved The land rationalisation process will be deferred.</p>



Commercial Activities Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	
Rental Properties It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.	<ul style="list-style-type: none"> Council will ensure that the terms of each commercial lease agreement are adhered to. 	<ul style="list-style-type: none"> All lease agreements are reviewed on a regular basis. 	Achieved Terms of all commercial leases were adhered to.
Mackenzie Tourism and Economic Development Board The Mackenzie Tourism and Development Board is a committee of the Mackenzie District Council, set up to promote and facilitate business development within the District.	<ul style="list-style-type: none"> Board achieves the goals set in its strategic plan 	<ul style="list-style-type: none"> The Board will report to Council on regular basis on its activities and progress towards meeting its goals. 	Achieved The Board reported on a regular basis to Council. In particular the Board was involved in the consultation process for Council's proposal to introduce a targeted rate for tourism.
Pukaki Visitor Information Centre Provision of information services that promote the District and its attractions to visitors.	<ul style="list-style-type: none"> The centre provides information services with no rating input from Council. 	<ul style="list-style-type: none"> The Visitor Information Centre will be self-funding, with a level of surplus provided back to Council. Provision of services to the satisfaction of the Mackenzie Tourism and Economic Development Board. 	Achieved Visitor Information Centre recorded a surplus for the year of \$17,932 and, as a result, did not require any rating input. Achieved The Visitor Information Centre Supervisor reported on a regular basis to the Mackenzie Tourism and Economic Development Board.



Commercial Activities Cont...

Identified Effects on Community Wellbeing

The Council believes that the Commercial Activities activity has effects on the economic and environmental well-being of the community; however, these have yet to be formally identified.

Capital Expenditure

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

Requirement for Work	Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
G Pukaki Airport Board Airport Development	-	823
	-	823
G Real Estate Land Transactions	-	(39)
	-	(39)
R&L Pukaki Visitor Centre Computers	3	-
R&L Building - Air Conditioning	4	-
R&L Plant & Equipment	2	3
	9	3
TOTAL	9	787

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

Reasons for Undertaking Capital Expenditure Projects

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

- Capital expenditure was planned for the Pukaki Visitor Centre to assist in improving the working conditions at the centre.

Results for the 2006/2007 year

Total capital expenditure for the year was \$787,000; \$778,000 greater than the budget of \$9,000.

The key variances from budget were:

- Due to a change in the focus of the Pukaki Airport structure, as determined by the Council through an amendment to the LTCCP, the development expenditure for the Pukaki Airport was recognised as a cost to Council, rather than through Mackenzie Holdings Limited.



Commercial Activities Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
101	General Rates	101	101
480	Gross Real Estate Sales	4,678	150
-	Cost of Real Estate Sales	(425)	-
126	Other Income	126	391
128	Other Gains/Losses	-	259
432	Dividend	375	447
267	External Interest	368	311
207	Internal Interest	260	171
1,741		5,483	1,830
932	Less used to offset Targeted Rates	1,023	1,023
809		4,460	807
	DIRECT EXPENDITURE		
80	Employment Expenses	68	143
-	Members Expenses	1	-
103	Consultancy Expenses	70	74
50	Administration	51	58
174	Operational & Maintenance Expenses	207	189
-	Interest on Capital Reserves	-	-
129	Internal Expenses	129	129
16	Non-Funded Depreciation*	15	14
552		541	607
257	Operating Surplus/(Deficit)	3,919	200

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(1)	Fairlie Works & Services Reserve	-	-
(3)	Tekapo Works & Services Reserve	-	-
(4)	Twizel Works & Services Reserve	-	-
(15)	Rural Works & Services Reserve	-	-
282	Real Estate Reserve	4,127	29
(29)	Forestry Capital Reserve	(199)	(21)
(16)	Ratepayer's Equity	(15)	(14)
-	Pukaki Airport Board Operating Reserve	-	(15)
1	Tourism Operating Reserve	6	(8)
42	General Reserve	-	229
257		3,919	200

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

Commentary on Commercial Activities Financial Summary

Surplus/(Deficit)

The surplus for the year was \$200,000; \$3,719,000 less than the budgeted surplus of \$3,919,000.

Revenue

Total revenue for the year was \$807,000; \$3,653,000 less than the budgeted revenue of \$4,460,000. The key variances from budget were:

- Net real estate sales were budgeted at \$4,253,000; however due to delays in securing key sales, the actual result was only \$150,000.
- Other income was up on budget by \$265,000 due to:
 - Timber sales totalled \$216,000, which was not budgeted for; the decision was made to harvest the Cave plantation earlier due to the snow damage it endured during the 2006 winter.
 - Sales at the Pukaki Visitor Centre were \$35,000 greater than budgeted.
- The Council recorded a gain of \$300,000 on the sale of its shareholding in the Opihi River Development Company, which was offset by a \$41,000 reduction in the value of its Forestry estate.
- Dividend income ended the year \$72,000 greater than budgeted due to a special dividend paid out by Alpine Energy Limited.



Commercial Activities Financial Summary cont...

- Total interest received was down on budget due to the level of capital expenditure being lower than that budgeted resulting in the anticipated capital reserve interest received being lower than the budget.

Direct Expenditure

The total direct expenditure for the year was \$607,000; \$66,000 greater than the budgeted direct expenditure of \$541,000.

The key variances from budget were:

- Employment expenses are \$75,000 greater than budget due to the administrative structure for the Mackenzie Tourism and Development Board reverting back to Council. The employees of the Board were previously employed by Christchurch and Canterbury Tourism.
- Operational and maintenance expenses were down on budget due to the change in the administrative structure of the Mackenzie Tourism and Development Board; this saving was offset by additional forestry costs being incurred with the unbudgeted harvest of the Cave plantation.

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
0	Pukaki Airport Board	-	823
(38)	Real Estate	-	(39)
7	Lake Pukaki Visitor Centre	9	3
(31)		9	787
	Funded by:		
0	Pukaki Airport Board Capital Reserve	-	823
(38)	Real Estate Reserve	-	(39)
7	Tourism Operating Reserve	9	3
(31)		9	787

Commentary on Commercial Activities Capital Expenditure

Total capital expenditure for the year was \$787,000; \$778,000 greater than the budget of \$9,000.

The key variance from budget was:

- Due to a change in the focus of the Pukaki Airport structure, as determined by the Council through an amendment to the LTCCP, the development expenditure for the Pukaki Airport was recognised as a cost to Council, rather than through Mackenzie Holdings Limited.



Corporate Services

Background

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

Principal Objective

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

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

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

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
The service levels are internally agreed between the Corporate Services and the area of the organisation that it provides services to. The key organisation wide function is compliance with the Local Government Act 2002.	<ul style="list-style-type: none"> • All plans and reports completed in accordance with the Local Government Act 2002. 	<ul style="list-style-type: none"> • Completion of Annual Reports by 31 October each year. • Adoption of Annual Plans by 30 June in the years when a long term council community plan is not required. 	<p>Achieved: Council's Annual Report for the year ended 30 June 2006 was adopted on 24 October 2006.</p> <p>Achieved: Council's 2007/2008 Annual Plan was adopted by Council on 29 June 2007.</p>

Identified Effects on Community Wellbeing

The Council believes that the Corporate Services activity has effects on the social, economic, environmental and cultural well-being of the community; however, these have yet to be formally identified.



Corporate Services Cont...

Capital Expenditure

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

Requirement for Work		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	Administration		
R	Computers	4	3
R	Plant & Equipment	3	-
R	Vehicle Replacement	10	10
		17	13
	Chief Executive Department		
R	Computers	5	5
R	Vehicle Replacement	-	-
		5	5
	Information Technology Department		
R&L	Plant & Equipment	20	28
		20	28
	Community Facilities Department		
R	Computers	-	-
		-	-
	Engineering Department		
R	Computers	6	5
R	Vehicle Replacement	19	25
		25	30
	TOTAL	67	76

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2006/2007 year

Total capital expenditure for the year was \$76,000; \$9,000 greater than the budget of \$67,000.

The key variances from budget were:

- Information Technology purchases were \$8,000 greater than budget, which included a new printer that was budgeted to be purchased in the 2007/2008 year.
- The replacement of the Asset Manager's vehicle was \$6,000 greater than budgeted.



Corporate Services Financial Summary

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	REVENUE		
111	Other Income	82	108
-	Interest on Capital Reserves	2	1
1,553	Internal Income	1,630	1,601
1,664		1,714	1,710
	DIRECT EXPENDITURE		
776	Employment Expenses	807	813
129	Consultancy Expenses	116	107
274	Administration	255	255
159	Operational & Maintenance	182	192
6	Interest on Capital Reserves	6	7
264	Internal Expenses	280	280
63	Funded Depreciation*	78	63
40	Non-Funded Depreciation**	40	49
1,711		1,764	1,766
(47)	Operating Surplus/(Deficit)	(50)	(56)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(3)	General Reserve	-	-
(40)	Ratepayer's Equity	(40)	(49)
(4)	Building Maintenance Reserve	(10)	(7)
(47)		(50)	(56)

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

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

Commentary on Corporate Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$56,000; \$6,000 greater than the budgeted deficit of \$50,000.

Revenue

Total revenue for the year was \$1,710,000; \$4,000 less than the budgeted revenue of \$1,714,000.

The key variances from budget were:

- Other income was \$26,000 greater than budget due to an increase in the recoverable services for both the Administration and Engineering Departments.

- Savings recorded in the Corporate Services area has meant that the amounts funded from Internal Charges were \$29,000 less than budgeted.

Direct Expenditure

The total direct expenditure for the year was \$1,766,000; \$2,000 greater than the budgeted direct expenditure of \$1,764,000.

There were no significant variances from budget for the year

Actual 2005/06 (\$000)		Budget 2006/07 (\$000)	Actual 2006/07 (\$000)
	CAPITAL EXPENDITURE		
1	Administration	17	13
-	Chief Executive Dept	5	5
17	Information Technology Dept	20	28
3	Community Facilities Dept	-	-
-	Engineering Dept	25	30
21		67	76
	Funded by:		
1	Administration Capital Reserve	17	13
-	CEO Dept Capital Reserve	5	5
17	IT Department Capital Reserve	20	28
3	Comm Fac Dep Capital Res	-	-
-	Engineering Dept Capital Res	25	30
21		67	76

Commentary on Corporate Services Capital Expenditure

Total capital expenditure for the year was \$76,000; \$9,000 greater than the budget of \$67,000.

The key variances from budget were:

- Information Technology purchases were \$8,000 greater than budget, which included a new printer that was budgeted to be purchased in the 2007/2008 year.
- The replacement of the Asset Manager's vehicle was \$6,000 greater than budgeted.



Council Controlled Organisations

Mackenzie Holdings Limited



Council Controlled Organisations

Mackenzie Holdings Limited

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

Council's Significant Policies and Objectives

2004-2014 and 2006-2016 Long-term Council Community Plans

In the 2004-2014 long-term council community plan, the Council stated that a public airfield at Pukaki was a strategic asset that it wanted to retain. To achieve this, the Council purchased the freehold land surrounding the operational airfield, which had an airport designation over it.

It was also stated in the 2004-2014 long-term council community plan, that the Council was considering a recommendation for the operation of the airfield as well as reviewing its ultimate operational and ownership structure.

In October 2004, after public consultation, the Council resolved to create Mackenzie Holdings Limited as a Council Controlled Trading Organisation.

Council's policies and objectives for Mackenzie Holdings Limited were re-confirmed in the 2006-2016 long-term council community plan.

Amendment to the 2006-2016 Long-term Council Community Plan

In September 2006, the Council reviewed the operating and ownership structure of the airfield and determined that the Company structure was considered inappropriate and resolved that the structure be changed to a committee of Council named the Pukaki Airport Board. The key reasons for this change were:

Taxation:

Under the current tax rules, any profits anticipated by Mackenzie Holdings Limited are taxable, as it is a Council Controlled Trading Organisation. However, there is no tax liability if the profits are made as an integral part of the Council's operations. In addition, the Mackenzie District Council has been providing funding to Mackenzie Holdings Limited in the form of short term advances. The interest earned by the Council from these advances is also taxable as it is deemed to be income derived from a CCTO.

Audit:

Under the Local Government Act 2002, any CCTO must be audited as a separate entity and under the Public Finance Act; the Auditor-General is appointed the auditor. The Auditor-General, in turn, has delegated this responsibility to Audit New Zealand.

The cost incurred with a separate audit is eliminated if the operation reverts to an integral part of the Council's operation.

Financing:

Under the Local Government Act, the Council cannot provide a guarantee for any borrowings the CCTO undertakes. Furthermore, the Council cannot provide finance to a CCTO at terms more favourable than it would normally obtain on the open market. Council can attract lower interest rates on its borrowings because it is seen as low risk, but the law prevents this benefit being relayed through to a CCTO.

Key Performance Targets for Mackenzie Holdings Limited

The change to the operating structure of the Pukaki Airfield was formally confirmed by Council in the final amendments to the long-term council community plan adopted on 29 June 2007. The result of the decision is that Mackenzie Holdings Limited will cease to operate as a trading organisation during the first six months of the 2007/2008 financial year, with the assets and liabilities of the Company being assumed by the Council. As a result, the 2006/2007 Annual Report for Mackenzie Holdings Limited has been prepared on a disestablishment basis. Any key performance targets, as set out in the Company's Statement of Intent, will be the responsibility of the members of the Pukaki Airport Board, who will report directly to Council.



Development of Māori Capacity to Contribute to Decision-making Processes



Māori Capacity to Contribute to Decision-making Processes

Local Government Act 2002

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

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

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

A local authority must ensure that it has in place processes for consulting with Māori.

Te Runaka O Arowhenua

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

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

Result for the year

To ensure that there was capacity for Māori to contribute to the decision-making processes of Council, it provided Te Runaka O Arowhenua with copies of its 2007-2008 annual plan and the amendments to the 2006-2016 long-term council community plan and encouraged comment.

During the 2006/2007 year, the Council did not formally meet with the Runaka.



Statement of Accounting Policies



Statement of Accounting Policies

Reporting Entity

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

The Mackenzie District Council group consists of Mackenzie District Council, and a subsidiary, Mackenzie Holdings Ltd (100% owned).

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

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

This is the first set of financial statements prepared using NZ IFRS and comparatives for the year ended 30 June 2006 have been restated to NZ IFRS accordingly. Reconciliations of equity and net surplus/(deficit) for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements are detailed in note 1.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2005 for the purposes of the transition to NZ IFRS.

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

The financial statements of Mackenzie District Council are for the year ended 30 June 2007. The financial statements were authorised by Council on 30 October 2007.

Standards and Interpretations issued and not yet adopted

Council has chosen to early adopt *NZ IFRS 7 Financial Instruments: Disclosures*. *NZ IFRS 7* replaces the disclosure requirements of *NZ IAS 32 Financial Instruments Presentation* and requires new disclosures about financial instruments. Council has elected to apply this standard early for the period beginning 1 July 2006 in accordance with the transitional provisions of the standard.

A number of new Interpretations and Standards are not yet effective for the year ended 30 June 2007 and have not been applied in preparing these financial statements:

- *NZ IFRS 8: Operating Segments* supersedes NZ IAS 14 Segment Reporting and provides guidance on the disclosure requirement in respect of the operating segments of entities. Council has not yet determined the potential effect of the Standard
- *NZ IFRIC 10: Interim Financial Reporting and Impairment* addresses the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in equity instrument or a financial asset carried at cost. It is not anticipated that this interpretation will impact on the Council's financial statements as Council does not currently prepare interim financial statements under NZ IAS 34.
- *NZ IFRIC 11: Group and Treasury Share Transactions* addresses several accounting issues that arise in the interpretation of share based schemes. It is not anticipated that this interpretation will impact on the Council's financial statements.

Measurement Base

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

Subsidiaries

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

Basis of Consolidation

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

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



Statement of Accounting Policies

Summary of Accounting Policies

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

Critical accounting estimates and assumptions

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

Landfill closure costs:

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

Infrastructural assets:

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, sewerage and water supply pipes which are underground. This risk is minimised by inspection of a range of infrastructural assets.
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under

estimating the annual depreciation charge recognised as an expense in the Statement of Financial Performance. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience and experience with other entities. Asset inspections, deterioration and condition modeling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

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

1 Goods and Services Tax (GST)

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

2 Revenue Recognition

Revenue is measured at the fair value of consideration received.

- Sales of goods are recognised when the significant risks and rewards of ownership of the assets have been transferred to the buyer which is usually when the goods are delivered and title has passed.
- Rates revenue is recognised by Council as income on a straight line basis over the rating period.
- Excess water charges are recognised based on the volumes delivered. Revenue is recognised on an accrual basis..
- 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.
- Land Transport New Zealand roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.
- 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 assets vested in Council, with or without restrictions, are recognised when control over the assets is obtained.



Accounting Policies Cont...

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

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

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

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.



Accounting Policies Cont...

Accumulated General Funds

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

4 Trade and Other Receivables

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

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

5 Inventories

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

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The writedown 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 the income statement 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 income statement 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 income statement 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 available-for-sale, 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 available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss 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.



Accounting Policies Cont...

Revaluation

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

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

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

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

Disposals

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

Subsequent costs

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

Infrastructural Assets

These are fixed utility systems, which are available for open and unrestricted use by the community. They provide a continuing service to the community and are not regarded as tradable. Infrastructural assets include sewerage, stormwater, water supply, bridges and roading systems. Council's infrastructural assets, except rural water races, village projects and resource consents, have been included in this document at their 1 July 2004 valuations, plus additions at cost, less associated depreciation. The valuation of the infrastructural assets, conducted on a three yearly basis, was conducted by a registered valuer, Maunsell, and these assets have been valued at depreciated replacement cost as at 1 July 2004. Subsequent additions have been valued at cost and depreciated. Rural water races, landfills and village projects are stated at their cost or deemed cost less depreciation. Costs incurred in obtaining any resource consents are capitalised and depreciated over the life of the resource consent. If a resource consent application is declined then all capitalised costs are written off.

Vested Assets

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

Land Under Roads

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

Land & Buildings

All land has been revalued to rating valuation as at 1 August 2003, determined by Valuation New Zealand. Future valuations will be carried out on a three yearly basis. Buildings have been revalued as at 1 July 2004 by Quotable Value. Future valuations will be carried out on a three yearly basis. Buildings have been valued using market values where a market exists for that asset, or at depreciated replacement cost. These valuations have been adopted as a deemed cost. Each building has also been componentised into: structure; services and internal fitout. Additions since that date have been valued at cost less depreciation for buildings, and at cost for land.

Plant & Machinery

Plant & machinery comprises of the Vertical Composting Unit. The Vertical Composting Unit has been revalued as at 1 July 2004 by registered valuer, Maunsell, using depreciated replacement cost. Subsequent additions have been valued at cost and depreciated.



Accounting Policies Cont...

Heritage Assets

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

Other Assets

All other assets are valued at the lower of cost and net realisable value.

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	60 - 100 years
▪ Box Culverts	100 years
▪ Manholes	100 years

Stormwater Network

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

Buildings

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

Other Assets

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

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



Accounting Policies Cont...

8 Forestry

Forests were valued as at 30 June 2007, 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 which exclude transportation costs required to get the logs to market. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

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

9 Intangible Assets

Software

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

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

Amortisation

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

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

- Computer Software 3 years

10 Impairment

At each balance date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The Council measures the value in use of assets whose future economic benefits are not directly related to their ability to generate net cash inflows held, at depreciated replacement cost. Where

it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

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

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

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

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

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

11 Employee Entitlements

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

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



Accounting Policies Cont...

13 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.

14 Trade and other Payables

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

15 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.

16 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 income statement. All financial instruments are recognised in the balance sheet, at their fair value when the Council becomes a party to the contractual provisions of the instrument.

17 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.

18 Cost of Service Statements

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

19 Cost Allocation

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

Cost Allocation Policy

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

Criteria for Direct and Indirect Costs

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

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

Cost Drivers for Allocation of Indirect Costs

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

20 Cash and Cash Equivalents

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



Financial Statements

Statement of Financial Performance

Statement of Changes in Equity

Statement of Financial Position

Statement of Cashflows

Statement of Commitments and Contingencies

Notes to the Accounts



Statement of Financial Performance

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Note	Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
REVENUE						
1,698	1,698	General Rates		1,792	1,797	1,797
2,026	2,026	Targeted Rates	3	2,348	2,370	2,370
1,244	1,244	Subsidies & Grants	4	1,769	1,092	1,092
727	719	Investment Income	5	743	861	861
507	507	Vested Assets		4,064	1,424	1,424
1,244	1,257	Other	6	948	1,438	1,446
480	480	Real Estate Sales		4,253	148	148
1,078	1,078	Financial Contributions		952	461	461
303	303	Reserve Contributions		988	95	95
105	105	Other – Gains/(losses)	7	-	161	161
9,412	9,417	Total Revenue		17,857	9,847	9,855
OPERATING EXPENSES						
1,578	1,578	Employment Expenses		1,557	1,617	1,617
187	187	Member Expenses		185	192	232
464	464	Consultancy Expenses		360	397	397
687	756	Administration		654	635	635
1,867	1,867	Operational & Maintenance Expenses		2,009	1,956	1,989
867	867	Roading Expenses		1,016	1,044	1,044
2,273	2,273	Depreciation & Loss on Sale		2,361	2,267	2,267
7,923	7,992	Total Expenditure	8	8,142	8,108	8,181
1,489	1,425	OPERATING SURPLUS (DEFICIT) BEFORE TAXATION		9,715	1,739	1,674
-	-	Provision For Taxation	17	-	-	-
1,489	1,425	OPERATING SURPLUS (DEFICIT) AFTER TAXATION		9,715	1,739	1,674

Statement of Changes in Equity

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
105,183	105,132	Equity at the Start of the Period	98,847	106,896	106,781
1,489	1,425	Net Surplus/(Deficit)	9,715	1,739	1,674
14	14	Prior Period Adjustment	-	8	8
210	210	Increase/(Decrease) in Revaluation Reserves	-	30,873	30,873
1,713	1,649	Total Recognised Revenues & Expenses for the Period	9,715	32,620	32,555
106,896	106,781	Equity at the End of the Period	108,562	139,516	139,335

Statement of Financial Position

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Note	Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
84,832	84,717	Accumulated General Funds		95,663	87,158	86,977
(2,369)	(2,369)	Capital Reserves	13	(3,536)	(3,277)	(3,277)
497	497	Operational Reserves	14	1,430	872	872
6,420	6,420	Special Funds	11	6,420	6,368	6,368
19	19	Other Reserves	12	19	25	25
17,497	17,497	Asset Revaluation Reserve	10	8,566	48,370	48,370
106,896	106,781	PUBLIC EQUITY		108,562	139,516	139,335
		NON CURRENT LIABILITIES				
58	58	Accrued landfill Closure Costs	27	64	61	61
58	58	Total Non Current Liabilities		64	61	61
		CURRENT LIABILITES				
1,899	1,924	Trade & other payables	28	812	1,834	1,957
170	170	Employee Entitlements		-	130	130
2,069	2,094	Total Current Liabilites		812	1,964	2,087
109,023	108,933	TOTAL PUBLIC EQUITY & LIABILITIES		109,438	141,541	141,483
		NON CURRENT ASSETS				
93,075	93,156	Property, Plant & Equipment	19	95,486	126,352	127,047
9	9	Intangible Assets	21	-	5	5
1,683	1,683	Forestry	22	-	1,642	1,642
10,281	10,281	Investments	18	12,332	9,453	9,453
105,048	105,129	Total Non Current Assets		107,818	137,452	138,147
		CURRENT ASSETS				
2,288	2,116	Trade & other receivables	16	1,342	2,173	1,407
66	66	Inventories		66	92	92
896	897	Cash and Cash Equivalents	15	212	805	818
725	725	Current portion of Investments	18	-	1,019	1,019
3,975	3,804	Total Current Assets		1,620	4,089	3,336
109,023	108,933	TOTAL ASSETS		109,438	141,541	141,483



Statement of Cashflows

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
		OPERATING ACTIVITIES			
		Cash was Provided From			
3,684	3,684	Rates	4,140	4,166	4,166
3,726	3,852	Other Income	9,335	2,925	3,462
183	175	Interest Received	368	620	620
352	352	Dividends Received	492	447	447
7,945	8,063		14,335	8,158	8,695
		Cash was Applied To:			
4,544	4,603	Payment to Suppliers and Employees	5,781	6,076	6,095
3,401	3,460	Net Cashflow from Operating Activities	8,555	2,082	2,600
		INVESTING ACTIVITIES			
-	-	Provided from: Sale of Assets/Investments	-	975	975
2,256	2,329	Applied to: Purchase assets/investments	8,589	3,148	3,653
(2,256)	(2,329)	Net Cashflow from Investing Activities	(8,589)	(2,173)	(2,678)
		FINANCING ACTIVITIES			
-	-	Provided from: Debt borrowed	-	-	-
166	166	Applied to: Debt repayment	3	-	-
(166)	(166)	Net cashflow from Financing Activities	(3)	-	-
		SUMMARY OF NET CASHFLOWS			
3,401	3,460	Net cashflow from Operating Account	8,555	2,082	2,600
(2,256)	(2,329)	Net cashflow from Investing Account	(8,589)	(2,173)	(2,678)
(166)	(166)	Net cashflow from Financing Account	(3)	-	-
979	965	Net increase/(decrease) in cash & cash equivalents	(37)	(91)	(78)
(83)	(32)	Cash & cash equivalents at beginning of period (1 July 2006)	250	896	897
896	897	Cash & cash equivalents at end of period (30 June 2007)	212	805	819

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

Statement of Cashflows

RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
1,489	1,425	Net Surplus/(Deficit)	9,715	1,739	1,674
		Add (subtract) non cash items			
(507)	(507)	Assets Vested in Council	(4,064)	(1,424)	(1,424)
15	14	Prior Period Adjustment	-	-	-
2,273	2,273	Depreciation	2,361	2,267	2,267
-	-	Movements in Current assets (other than Cash)	542	-	-
-	-	Movements in Landfill Liability	-	(7)	(7)
3,270	2,205		8,554	2,575	2,510
		Movements in Working Capital Items			
(971)	(858)	Accounts Receivable & Prepayments	-	128	657
1,577	1,588	Creditors & Provisions	-	(322)	(344)
(35)	(35)	Inventories	-	(26)	(26)
3,841	3,900		8,554	2,355	2,797
		Other Movements			
(440)	(440)	Fixed Asset related payables	-	-	-
-	-	Employee Entitlements	-	10	10
-	-	Net GST	-	(4)	72
-	-	Gain/(Loss) on Sale included in Investing Activities	-	(279)	(279)
3,401	3,460	Net Cashflow from Operating Activities	8,554	2,082	2,600

Statement of Commitments and Contingencies

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

This statement indicates the total funds that the Council is committed to spending in the future on projects in excess of \$10,000. The items listed cover all activities of the Council including its social and trading activities.

Council Actual 2005/06 \$000's		Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
	Community Services		
47	Contribution to Twizel Library	48	48
48	Contribution to Mackenzie Community Library	50	50
5	Heritage Museum	5	5
100		103	103

Council has provided a principal's bond for the development of the Pukaki Airfield of \$250,000 (2006: nil)

Other Non-Cancellable Contracts

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

Council Actual 2005/06 \$000's		Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
1,426	Not later than one year	1,208	1,208
611	Later than one years & not later than two years	-	-
686	Later than two year & not later than five years	-	-
582	Capital Projects approved and contracted not later than one year	367	367
3,305		1,575	1,575

Non-Cancellable Leases

Council leases one property as lessor. This lease is non-cancellable and expires in August 2013. The future aggregate minimum lease payments to be collected under the non-cancellable lease are as follows:

	\$000's
No later than one year	12
Later than one year but no later than five years	48
Later than five years	12
	72

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

Contingencies

Council has no contingent liabilities or assets as at 30 June 2007 (2006: nil).

Notes to the Accounts



Notes to the Accounts

Note 1: Explanation of Transition to NZ IFRS

Transition to NZ IFRS

Mackenzie District Council's financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. Mackenzie District Council has applied NZ IFRS 1 in preparing these financial statements.

Mackenzie District Council's transition date is 1 July 2005. Mackenzie District Council prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2007. The Mackenzie District Council's NZ IFRS adoption date is 1 July 2006.

In preparing these consolidated financial statements in accordance with NZ IFRS 1, Mackenzie District Council has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by Mackenzie District Council:

Mackenzie District Council has elected to apply the following optional exemption from full retrospective application:

- Business combinations exemption

Mackenzie District Council has applied the business combinations exemption in NZ IFRS 1. It has not restated business combinations that took place prior to the 1 July 2005 transition date.

Mackenzie District Council is required to make the following mandatory exception from retrospective application:

- Estimates exception

Estimates under NZ IFRS at 1 July 2005 are consistent with estimates made for the same date under previous NZ GAAP.



Notes to the Accounts cont...

Reconciliation of equity

The following table shows the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2005 and 30 June 2006.

COUNCIL	Note	Previous NZ GAAP 1 July 2005 \$000's	Effect on Transition to NZ IFRS 1 July 2005 \$000's	NZ IFRS 1 July 2005 \$000's	Previous NZ GAAP 30 June 2006 \$000's	Effect on Transition to NZ IFRS 30 June 2006 \$000's	NZ IFRS 30 June 2006 \$000's
ASSETS							
Current assets							
Trade and other receivables		1,242	-	1,242	2,288	-	2,288
Inventories		32	-	32	66	-	66
Properties intended for disposal	a	849	(849)	-	17	(17)	-
Cash and cash equivalents		642	-	642	1,621	-	1,621
Total current assets		2,765	(849)	1,916	3,992	(17)	3,975
Non current assets							
Property plant and equipment	a, b, d, g	93,979	(828)	93,151	93,773	(698)	93,075
Investments	f	8,788	1,243	10,031	8,997	1,284	10,281
Properties intended for sale		-	-	-	1,049	(1,049)	-
Intangible assets	g	-	9	9	-	9	9
Forestry	d	-	1,597	1,597	-	1,683	1,683
Total non current assets		102,767	2,021	104,788	103,819	1,229	105,048
TOTAL ASSETS		105,532	1,172	106,704	107,811	1,212	109,023
LIABILITIES							
Current liabilities							
Trade & other payables							
Creditors		1,094	-	1,094	1,040	-	1,040
Rates & income in advance		76	-	76	852	-	852
Employee entitlements	e	117	10	127	156	14	170
Current portion of non current liabilities		160	-	160	6	-	6
Total current liabilities		1,447	10	1,457	2,054	14	2,068
Non current liabilities							
Accrued landfill closure costs		64	-	64	58	-	58
Total non current liabilities		64	-	64	58	-	58
TOTAL LIABILITIES		1,511	10	1,521	2,112	14	2,126
EQUITY							
Accumulated general funds	b, c, e, f	83,568	1,355	84,923	83,355	1,478	84,833
Capital reserves		(3,769)	-	(3,769)	(2,369)	-	(2,369)
Operational reserves		526	-	526	497	-	497
Special funds		6,207	-	6,207	6,420	-	6,420
Other reserves		9	-	9	19	-	19
Asset revaluation reserve	c	17,480	(193)	17,287	17,777	(280)	17,497
TOTAL EQUITY		104,021	1,162	105,183	105,699	1,198	106,897
TOTAL LIABILITIES AND EQUITY		105,532	1,172	106,704	107,811	1,212	109,023



Notes to the Accounts cont...

GROUP	Note	Previous	Effect on	NZ IFRS		Previous	Effect on	NZ IFRS
		NZ GAAP 1 July 2005 \$000's	Transition to NZ IFRS 1 July 2005 \$000's	1 July 2005 \$000's		NZ GAAP 30 June 2006 \$000's	Transition to NZ IFRS 30 June 2006 \$000's	30 June 2006 \$000's
ASSETS								
Current assets								
Trade and other receivables		1,198	-	1,198		2,116	-	2,116
Inventories		32	-	32		66	-	66
Properties intended for sale	a	849	(849)	-		17	(17)	-
Cash and cash equivalents		657	-	657		1,622	-	1,622
Total current assets		2,736	(849)	1,887		3,821	(17)	3,804
Non current assets								
Property plant and equipment	a, b, d, g	93,987	(828)	93,159		93,854	(698)	93,156
Investments	f	8,788	1,243	10,031		8,997	1,284	10,281
Properties intended for disposal		-	-	-		1,049	(1,049)	-
Intangible assets	g	-	9	9		-	9	9
Forestry	g	-	1,597	1,597		-	1,683	1,683
Total non current assets		102,775	2,021	104,796		103,900	1,229	105,129
TOTAL ASSETS		105,511	1,172	106,683		107,721	1,212	108,933
LIABILITIES								
Current liabilities								
Trade & other payables								
Creditors		1,124	-	1,124		1,066	-	1,066
Rates & income in advance		76	-	76		852	-	852
Employee entitlements	e	117	10	127		156	14	170
Current portion of non current liabilities		160	-	160		6	-	6
Total current liabilities		1,477	10	1,487		2,080	14	2,094
Non current liabilities								
Accrued landfill closure costs		64	-	64		58	-	58
Total non current liabilities		64	-	64		58	-	58
TOTAL LIABILITIES		1,541	10	1,551		2,138	-	2,152
EQUITY								
Accumulated general funds	b, c, e, f	83,517	1,355	84,872		83,239	1,478	84,717
Capital reserves		(3,769)	-	(3,769)		(2,369)	-	(2,369)
Operational reserves		526	-	526		497	-	497
Special funds		6,207	-	6,207		6,420	-	6,420
Other reserves		9	-	9		19	-	19
Asset revaluation reserve	c	17,480	(193)	17,287		17,777	(280)	17,497
TOTAL EQUITY		103,970	1,162	105,132		105,583	1,198	106,781
TOTAL LIABILITIES AND EQUITY		105,511	1,172	106,683		107,721	1,212	108,933



Notes to the Accounts cont...

Explanatory notes – Reconciliation of equity

a: Properties intended for sale

As at 30 June 2005, Mackenzie District Council categorised properties that it was developing for future sale as current assets. In 2006, Council reported a portion of properties intended for disposal as a current asset and the balance as a non current asset. NZ IFRS requires that properties can only be recognised as a current asset if they are immediately available for sale in their present condition. As the properties recorded as identified for sale do not meet this requirement, Mackenzie District Council has recategorised them to property, plant and equipment on transition to NZ IFRS.

b: Land

Mackenzie District Council has taken the opportunity of transition to NZ IFRS to reconcile the land showing in property, plant and equipment to the land items recorded in the rating database. This reconciliation process has resulted in a decrease in land values of \$39,000 and a decrease in Work in Progress of \$32,500.

c: Forestry revaluation reserve

Mackenzie District Council owns forestry assets. Under NZ IAS 41 all agricultural assets are revalued every year with the movement in values recorded in the Statement of Financial Performance. Mackenzie District Council does revalue its forestry assets each year, however in accordance with NZ GAAP any resulting movement in the values has been recorded in the asset revaluation reserve. On transition to NZ IFRS, Mackenzie District Council has transferred the Forestry revaluation reserve to accumulated general funds. The revaluation reserve balance of \$193,000 at transition date and \$87,000 at 30 June 2006 has been transferred to accumulated general funds.

d: Forestry

Mackenzie District Council has recorded forestry as part of property, plant & equipment in accordance with NZ GAAP. On transition to NZ IFRS, forestry has been reclassified and disclosed as a separate non current asset. This has no effect on the amount recorded.

e: Sick Leave

Sick leave was not recognised as a liability under NZ GAAP. NZ IAS 19 requires Mackenzie District Council to recognise employees' unused sick leave entitlement that can be carried forward at balance date, to the extent that Mackenzie District Council anticipates it will be used by staff to cover future absences.

f: Investments

Mackenzie District Council's investment in Alpine Energy Ltd was recognised at the lower of cost or net realisable value under previous NZ GAAP. Mackenzie District Council has designated this investment as an equity investment held in another company under NZ IAS 39. The effect on transition to NZ IFRS is an increase in the carrying amount of the investments and accumulated general funds of \$1,243,000. The investment has been revalued in the year ended 30 June 2006 in accordance with accounting policies.

g: Intangible assets

Mackenzie District Council included computer software costs in property, plant & equipment under NZ GAAP. Under NZ IFRS, computer software is required to be disclosed as intangible assets. The effect of the reclassification is to reduce property, plant & equipment by \$9,000 and increase intangible assets by \$9,000.



Notes to the Accounts cont...

Reconciliation of surplus for the year ended 30 June 2006

	Note	COUNCIL			GROUP		
		Previous NZ GAAP 30 June 2006 \$000's	Effect on Transition to NZ IFRS 30 June 2006 \$000's	NZ IFRS 30 June 2006 \$000's	Previous NZ GAAP 30 June 2006 \$000's	Effect on Transition to NZ IFRS 30 June 2006 \$000's	NZ IFRS 30 June 2006 \$000's
REVENUE							
General rates		1,698	-	1,698	1,698	-	1,698
Targeted rates		2,026	-	2,026	2,026	-	2,026
Subsidies & grants		1,244	-	1,244	1,244	-	1,244
Investment income		704	-	704	696	-	696
Vested assets		507	-	507	507	-	507
Other		1,244	-	1,244	1,257	-	1,257
Real estate sales		480	-	480	480	-	480
Financial contributions		1,078	-	1,078	1,078	-	1,078
Reserve contributions		303	-	303	303	-	303
Other – Gains/(losses)	a,b	-	128	128	-	128	128
TOTAL REVENUE		9,284	128	9,412	9,289	128	9,417
OPERATING EXPENSES							
Employment expenses	c	1,573	5	1,578	1,573	5	1,578
Member expenses		187	-	187	187	-	187
Consultancy expenses		464	-	464	464	-	464
Administration		687	-	687	756	-	756
Operational & maintenance expenses		1,867	-	1,867	1,867	-	1,867
Roading expenses		867	-	867	867	-	867
Depreciation & Loss on sale		2,273	-	2,273	2,273	-	2,273
TOTAL EXPENSES		7,918	5	7,923	7,987	5	7,992
OPERATING SURPLUS/(DEFICIT) BEFORE TAX		1,366	123	1,489	1,302	123	1,425
Provision for taxation		-	-	-	-	-	-
OPERATING SURPLUS/(DEFICIT) AFTER TAX		1,366	123	1,489	1,302	123	1,425

Notes to the Accounts cont...

Explanatory notes

a: Forestry valuation

Forestry valuation movements were reflected in a change to the Forestry revaluation reserve. NZ IFRS requires revaluation movements to be recognised in the statement of financial performance.

b: Investment valuation

Movements in the valuation of equity investments are recorded as a change in the investment revaluation reserve. NZ IFRS requires revaluation movements to be recognised in the statement of financial performance.

c: Sick leave liability

This represents the increase in sick leave provision, which was not recognised under previous NZ GAAP

Notes to the Accounts cont...

Note 2 Summary of cost of services

	Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
INCOME			
Governance	683	683	683
Water supplies	1,752	1,485	1,485
Sewerage	1,616	1,191	1,191
Stormwater	632	77	77
Roading	4,646	2,716	2,716
Solid waste	913	933	933
Building control	227	239	239
Resource management	1,355	468	468
Regulatory services	224	229	229
Community services	799	321	321
Recreational facilities	1,122	1,178	1,178
Commercial activities	4,460	807	815
Corporate services	1,714	1,710	1,710
	20,143	12,037	12,045
Less Interest on Capital Reserves	(342)	(285)	(285)
Less internal income	(1,944)	(1,906)	(1,906)
TOTAL INCOME	17,857	9,847	9,855
EXPENDITURE			
Governance	683	649	649
Water supplies	730	723	723
Sewerage	486	513	513
Stormwater	80	73	73
Roading	2,719	2,701	2,701
Solid waste	917	915	915
Building control	242	270	270
Resource management	412	380	380
Regulatory services	224	199	199
Community services	378	366	366
Recreational facilities	1,251	1,137	1,137
Commercial activities	541	607	680
Corporate services	1,764	1,766	1,766
	10,427	10,299	10,372
Less Interest on Capital Reserves	(342)	(285)	(285)
Less internal expenditure	(1,944)	(1,906)	(1,906)
TOTAL EXPENDITURE	8,141	8,108	8,181

Note 3 – Targeted Rates Income

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

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

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
		Targeted Rates Required			
70	70	Governance	73	73	73
510	510	Water Supplies	602	617	617
362	362	Sewerage	418	419	419
62	62	Stormwater	64	64	64
975	975	Roading	1,147	1,138	1,138
75	75	Solid Waste	80	81	81
-	-	Building Control	-	-	-
-	-	Resource Management	-	-	-
100	100	Regulatory Services	108	108	108
67	67	Community Services	72	59	59
737	737	Recreational Facilities	807	834	834
-	-	Commercial Activities	-	-	-
-	-	Corporate Services	-	-	-
2,958	2,958	Total Targeted Rates Required	3,371	3,393	3,393
		Less Distribution of Investment Income			
(932)	(932)	Budgeted Contribution to Rates from Commercial Activities	(1,023)	(1,023)	(1,023)
2,026	2,026	Targeted Rates Struck	2,348	2,370	2,370



Notes to the Accounts cont...

Note 4-Subsidies and Grants

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
29	29	Grants	16	19	19
1,129	1,129	LTNZ Subsidies	1,214	983	983
-	-	Housing NZ	450	-	-
68	68	Petroleum Tax	52	72	72
18	18	Transit	37	18	18
1,244	1,244	Total Subsidies and Grants	1,769	1,092	1,092

Note 5-Investment Income

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
382	374	External Interest	368	414	414
189	189	Internal Interest	260	171	171
345	345	Dividend	375	447	447
916	908		1,003	1,032	1,032
(189)	(189)	Less Internal Interest	(260)	(171)	(171)
727	719	Total Investment Income	743	861	861

Note 6 -Other Income

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
9	9	Contributions towards projects	6	6	6
146	159	Rental Income	115	127	130
831	831	User Fees & Donations	517	610	615
258	258	Other Sales	300	695	695
1,244	1,257	Total Other Income	948	1,438	1,446

Note 7 -Other - Gains/(losses)

Council Actual 2005/06 \$000's	Group Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's
87	87	Gain on changes in fair value of forestry assets	-	(41)	(41)
41	41	Gain on changes in fair value of equity investments	-	-	-
(23)	(23)	Change in value of investment portfolio	-	(98)	(98)
-	-	Gain on sale of ORDC Shares	-	300	300
105	105	Total Other Gains/(losses)	-	161	161

Note 8-Expenditure

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

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
1,578	Salaries and Wages	1,557	1,617
	Audit Fees		
51	Fees paid to principal auditor - Annual Report	65	59
34	Fees paid to principal auditor - LTCCP	-	6
-	Other services provided by the principal auditor	-	-
85	Total Audit Fees for the year	65	65



Notes to the Accounts cont...

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
	Depreciation		
213	Building	218	213
26	Light Plant & Machinery	28	26
36	Plant & Machinery	36	36
46	Motor Vehicles	49	50
13	Office Equipment	10	11
12	Furniture & Fittings	11	12
53	Computer Equipment	66	47
7	Resource Recovery Parks	7	11
1	Heritage Assets	1	1
2	Resource Consents	7	3
-	Studies	13	-
198	Sewerage Schemes	202	203
34	Stormwater Schemes	34	34
46	Rural Water Supplies	50	46
185	Urban Water Supplies	188	188
4	Landfills	4	4
43	Village Projects	50	38
1,307	Roading	1,387	1,333
2,226	Total Depreciation for the year	2,361	2,256

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
	Elected Member Fees		
13	Barry Stringer	13	15
13	John Gallagher	13	15
16	Simon McDermott	18	18
12	Dave Pullen	13	15
12	Evan Williams	13	15
13	Graeme Page	13	15
46	John O'Neill	45	46
6	Fairlie Community Board Members	8	8
7	Tekapo Community Board Members	8	8
7	Twizel Community Board Members	8	7
145	Total Councillors Fees for the year	152	162
106	Insurance	106	104
22	Subscriptions	23	23
115	Donations & Grants	119	100
42	Loss on Sale of Assets and Assets Written Off	-	10



Notes to the Accounts cont...

Note 9 –Reconciliation of Internal Income & Internal Expenses

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

Internal Expenses

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

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
	Internal Income		
53	Roading	53	53
223	Solid Waste	229	220
3	Building Control	3	3
29	Resource Management	29	29
1,553	Corporate Services	1,630	1,584
1,861	Total Internal Income	1,944	1,889
	Internal Expenses		
431	Governance	420	365
102	Water Supplies	113	113
72	Sewerage	83	83
19	Stormwater	21	21
195	Roading	210	210
263	Solid Waste	263	263
69	Building Control	81	81
92	Resource Management	103	103
16	Regulatory Services	19	19
43	Community Services	45	45
166	Recreational Services	177	177
129	Commercial	129	129
264	Corporate Services	280	280
1,861	Total Internal Expenses	1,944	1,889

Note 10 –Revaluation Reserve

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
-	Forestry Revaluation Reserve	-	-
2,442	Share Revaluation Reserve	2,227	2,438
	Infrastructural Assets Revaluation Reserves		
-	- Land	-	30,933
1,845	- Water Supplies	1,027	1,845
1,355	- Wastewater Schemes	790	1,355
493	- Stormwater Schemes	737	493
7,490	- Rooding	3,785	7,490
96	- Plant	-	96
3,776	- Buildings	-	3,720
17,497	Total Revaluation Reserves	8,566	48,370

Note 11 –Special Fund Reserve

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
40	Albury Water Fund	40	40
(40)	Ashwick/Opuha Water Fund	(40)	(40)
31	Building Maintenance	31	34
7	Housing Replacement	7	7
200	Insurance Reserve	200	200
633	Land Subdivision	633	617
2	Pensioner Housing Amenities	2	2
5,546	Real Estate Investment	5,546	5,506
1	Strathconan Pool Capital	1	2
6,420	Total Special Fund Reserves	6,420	6,368



Notes to the Accounts cont...

Note 12 – Other Reserves

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
4	Albury War Memorial	4	5
2	Ashwick/Allandale War Memorial	2	2
1	Davidson Bequest	1	1
1	Gillingham Bequest	1	1
1	Gould Bequest	1	1
10	Paterson Ponds	10	10
-	Enid Hutt Fairlie Beautifying Fund	-	5
19	Total Other Reserves	19	25

Note 13 – Capital Reserve

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
9	Administration	34	34
(294)	Allandale Water	(816)	(774)
-	Animal Control	(1)	-
24	Ashwick/Opuha Water	21	36
(9)	Asset Management	(21)	(28)
(11)	Burkes Pass Sewer	(14)	(10)
4	Burkes Pass Water	(3)	5
(3)	CEO Department	(1)	(1)
35	Civil Defence	37	31
(3)	Community Facilities	(1)	(2)
(3)	District Council	(3)	(2)
(19)	District General	(17)	(5)
-	Fairlie Pensioner Housing	7	6
(22)	Fairlie Rooding	(5)	(22)
(97)	Fairlie RRP	(94)	(93)
(145)	Fairlie Sewer	(132)	(128)
1	Fairlie Stormwater	(21)	4
(31)	Fairlie Township	(34)	(22)

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
(186)	Fairlie Water	(486)	(243)
226	Forestry	(69)	246
(6)	Hardfill Sites	(12)	(5)
(9)	Inspectorate	(1)	(3)
(45)	IT Department	(56)	(65)
5	Kimbell Water	4	6
(5)	Lake Tekapo Rooding	(1)	(3)
(139)	Lake Tekapo RRP	(129)	(134)
(1,876)	Lake Tekapo Sewer	(1,232)	(1,810)
27	Lake Tekapo Stormwater	40	32
1	Lake Tekapo Township	-	41
(348)	Lake Tekapo Water	(12)	(266)
(53)	Planning	(61)	(52)
-	Pukaki Airport Board	-	(823)
-	Punaroa/Eversley Water	(15)	-
(3)	Rooding Professional Business Unit	2	2
(92)	Rural Fire Control	(43)	(66)
349	Rural Rooding	38	608
(1)	School Road Water	(5)	(4)
7	Sherwood Downs Hall	-	8
28	Sherwood Downs Recreation Reserve	27	30
(2)	Spur Road Water	(107)	(143)
(375)	Treatment of Organic Waste	(345)	(339)
(162)	Twizel Events Centre	(124)	(107)
-	Twizel Pensioner Housing	5	5
30	Twizel Rooding	(75)	68
(151)	Twizel RRP	(140)	(153)
289	Twizel Sewer	402	67
149	Twizel Stormwater	218	168
-	Twizel Township	(810)	(69)
549	Twizel Water	525	708
(12)	Waste Management	(10)	(10)
(2,369)	Total Capital Reserves	(3,536)	(3,277)



Notes to the Accounts cont...

Note 14 – Operating Reserve

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
5	Albury Hall	5	3
14	Albury Water Supply	21	37
(655)	District – General	(514)	(350)
7	Downlands Water Supply	7	9
(1)	Fairlie Community Refuse Collection	-	3
6	Fairlie Works & Services	(34)	28
5	Lake Tekapo Community Refuse Collection	-	8
20	Lake Tekapo Works & Services	-	20
-	Pukaki Airport Board	-	(16)
(79)	Roading Professional Services Business Unit	(56)	(98)
1,067	Real Estate	1,921	1,097
35	Rural Works & Services	-	17
86	Tourism & Development	80	75
(3)	Twizel Community Refuse Collection	-	-
(10)	Twizel Works & Services	-	39
497	Total Operating Reserves	1,430	872

Note 15 – Cash and Cash Equivalents

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
54	National Bank Current Account	-	120
137	Westpac Banking Corporation	212	392
705	Funds on Call	-	293
896	Total Cash Resources	212	805

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

The total value of cash that can only be used for a specified purpose as outlined in the relevant trust deeds is \$25,000 (2006: \$19,000).

Note 16 – Trade & other receivables

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
86	Rates	86	86
135	Accrued dividend	-	135
426	Accrued Interest	-	122
1,409	Sundry Receivables	1,256	1,731
42	Prepayments	-	114
190	Accrued Land Sales	-	-
-	Provision for doubtful debts	-	(17)
2,288	Total Accounts Receivable	1,342	2,173

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

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

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

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

As at 30 June 2007 and 2006, All overdue receivables, except rates receivables, have been assessed for impairment. No impairment has been indicated. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.



Notes to the Accounts cont...

Note 17 – Taxation

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
1,377	Surplus (Deficit) From Operations	9,715	1,739
454	Prima Facie Taxation @33%	3,206	574
(284)	Taxation Effect of Permanent Differences	(3,021)	(354)
(170)	Imputation Credit Adjustment	(185)	(220)
-	Prior Period Adjustments	-	-
-	Tax Loss Not Recognised	-	-
-		-	-
The Taxation Charge Is Represented By:			
-	Prior Years over Provision	-	-
-	Current Taxation	-	-
-	Deferred Taxation	-	-
-		-	-

The Council has unrecognised tax losses \$152,577 (2006: \$142,681), with the tax effect \$50,350 (2006: \$47,085) available for carry forward in offsetting assessable income in future years.

Note 18 – Investments

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
	<i>Held for trading</i>		
500	Other Registered Banks	3,729	1,251
2,754	Strongly Rated Corporates	2,754	2,644
496	Local Government Stock	-	-
	<i>Fair value through equity</i>		
658	Downlands Water Scheme	658	654
	<i>Loans & receivables</i>		
60	Mortgages	60	60
	<i>Held to maturity debt securities</i>		
675	Shares – Opihi River Dev. Co. – Preference	675	-
	<i>Equity investment held in other company</i>		
5,863	Shares – Alpine Energy Limited	4,456	5,863
11,006		12,332	10,472
725	Less Current Portion of Investments	-	1,019
10,281		12,332	9,453

Interest Rates

The weighted average effective interest rates on investments were:

2005/06		2006/07
7.15%	Call accounts	7.90%
6.17%	Local authority stock	-
7.22%	State owned enterprises and strongly rated corporates	7.15%
7.10%	Trading bank stock	7.10%

Notes to the Accounts cont...

Investment in the Opuha Dam Entities

During the year ended 30 June 2007, the Council resolved to sell its interests in the Opuha Dam. As at 1 July 2006, the Council held the following investments in Opihi River Development Company Ltd:

	<u>Number</u>	<u>Value</u>
Ordinary Shares	1,200,000	\$0.00 per share
Redeemable Preference Shares	679,000	\$1.00 per share

In December 2006, the Council disposed of the 1.2 million ordinary shares for \$0.25 per share, resulting in a gain on sale of \$300,000.

In April 2007, the 675,000 redeemable preference shares were redeemed at \$1.00 per share.

Downlands Water Supply

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

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

Council's investment in the scheme is stated at deemed cost, amounting to \$654,112.

Investment in Alpine Energy limited

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

No	Value
2,049,870	\$2.86 per share

Movements in value of investments

Movements of those investments held for trading are recorded in the statement of financial performance as per Note 7.

Movements in investments categorised as fair value through equity was recognised in the change in the share revaluation reserve of \$4,000. The only investment categorised as fair value through equity is Downlands Water Supply.

Disposal of Shareholding in Opihi River Development Company Limited

During the year, the Council disposed of its interest in this Company to the Opuha Water partnership, a consortium of irrigators in the area. Its shareholding was defined as a strategic asset and any decision to dispose of the shares should have been subject to a special consultative procedure under section 97(1)(b) of the Local Government Act 2002.

Council had invested in the Opuha Dam in the 1990s as a means of boosting the economic development of the District and the wider South Canterbury area. When the investment was capitalized in 1999, the Council received \$675,000 of redeemable preference shares and 1,200,000 ordinary shares, with a par value of 50 cents per share, in Opihi River Development Company Limited.

The ordinary shares lost value over the seven years since 1999 in line with the net asset backing of the Company. In 2005, the Council determined to reduce the value of the ordinary shares to zero. The redeemable preference shares were due to be redeemed over a period of three years from 30 September 2006.

An approach to purchase the shares was made on 7 December 2006 and reported to the Council five days later. The provisions relating to consultation were considered but the Council took the view that the significance of the decision was reduced by the zero value of the ordinary shareholding and the fact that the redeemable preference shares were due to be redeemed over the next three years.

The total repayment to Council was \$1,370,620.29, made up of \$300,000 for the ordinary shares, \$675,000 for the redeemable preference shares and accrued dividend of \$395,620.29.



Notes to the Accounts cont...

Note 19 –Property, plant & equipment

	COUNCIL						GROUP	
	Net Book Value 30 June 2006 \$000's	Current year Additions/ (Disposals) \$000's	Revaluation \$000's	Current Year Depreciation \$000's	Total Assets Valued at Cost or Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2007 \$000's	Net Book Value 30 June 2007 \$000's
Operational Assets								
Land	2,103	663	18,581	-	21,347	-	21,347	21,347
Buildings	8,616	(50)	-	(213)	8,987	634	8,353	8,353
Light Plant & Machinery	108	17	-	(26)	413	314	99	99
Plant & Machinery	446	-	-	(36)	514	104	410	410
Motor Vehicles	226	26	-	(50)	459	257	202	202
Office Equipment	33	2	-	(11)	166	142	24	24
Furniture & Fittings	68	1	-	(12)	406	349	57	57
Computer Equipment	81	40	-	(47)	417	343	74	74
Properties identified for disposal	1,065	25	9,616	-	10,706	-	10,706	10,706
Resource Recovery Parks	204	-	-	(11)	244	51	193	193
Heritage Assets	21	-	-	(1)	30	10	20	20
	12,971	724	28,197	(407)	43,689	2,204	41,485	41,485
Restricted Assets								
Land	1,016	-	2,895	-	3,911	-	3,911	3,911
Total Operational & Restricted Assets	13,987	724	31,092	(407)	47,600	2,204	45,396	45,396
Infrastructural Assets								
Sewerage Schemes	7,702	1,013	-	(203)	9,066	554	8,512	8,512
Stormwater Schemes	2,099	-	-	(34)	2,168	103	2,065	2,065
Rural Water Supplies	1,424	1	-	(44)	1,578	197	1,381	1,381
Rural Water Races	79	-	-	(2)	94	17	77	77
Urban Water Supplies	6,073	473	-	(188)	6,914	556	6,358	6,358
Landfills	111	-	-	(4)	136	29	107	107
Village Projects	579	-	-	(38)	736	195	541	541
Land Under Roads	5,872	-	-	-	5,872	-	5,872	5,872
Roading	54,745	1,096	-	(1,333)	58,428	3,920	54,508	54,508
Resource Consents	69	31	-	(3)	103	6	97	97
Total Infrastructural Assets	78,753	2,614	-	(1,849)	85,095	5,577	79,518	79,518
Capital Work In Progress								
Operational	72	17	-	-	89	-	89	89
Infrastructural	266	1,083	-	-	1,349	-	1,349	2,044
Total Capital Work in Progress	338	1,100	-	-	1,438	-	1,438	2,133
Total Property, Plant & equipment	93,078	4,438	31,092	(2,256)	134,133	7,781	126,352	127,047



Notes to the Accounts cont...

Note 20 – Fixed Assets – Council Only (cont)

Fair Values

The Council considers the latest rating valuation for land (excluding land under roads) as an indication of fair value.

The latest rating valuations of land, as at 1 August 2006, show the following amounts:

Council Actual 2005/06 \$000's		Council Actual 2006/07 \$000's
4,184	Land	35,964
4,184		35,964

Included in the fair value of land is \$3,911,000 of restricted land. Council has pledged no property, plant and equipment as security for liabilities.

Note 21 – Intangible assets

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
88	Cost as at 1 July	-	88
-	Additions from acquisitions	-	-
(79)	Accumulated Amortisation	-	(83)
9	Balance as at 30 June	-	5

Note 22 – Forestry

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
1,597	Balance as at 1 July	-	1,683
86	Gains/(losses) arising from changes in fair value less estimated point of sale costs.	-	(41)
1,683	Balance as at 30 June	-	1,642

Financial risk management strategies:

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

Note 23 – Financial Instruments

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

Market risk

Price Risk

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

Currency Risk

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

Interest rate risk

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

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

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



Notes to the Accounts cont...

Credit Risk

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

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

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

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

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

Liquidity Risk

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

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

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2006: \$500,000). Despite having this facility, it is rarely utilised.

Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market. Furthermore, Council requires that

the duration of the Council's portfolio must be within a range of 25% shorter or longer than the benchmark portfolio set in conjunction with the Council's investment adviser.



Notes to the Accounts cont...

Note 24 – Components of Equity – Council Only

	Total \$000's	Ratepayers \$000's	Revaluation \$000's	Operating \$000's	Special \$000's	Other \$000's	Capital \$000's
Equity at the Start of the Period	106,896	84,832	17,497	497	6,420	19	(2,369)
Net Surplus (Deficit)	1,739	1,739	-	-	-	-	-
Prior Period Adjustments	8	8	-	-	-	-	-
Increase/(Decrease) In Revaluation Reserves	30,873	-	30,873	-	-	-	-
Recognised Revenue & Expenditure	32,620	1,747	30,873	-	-	-	-
Reserve Transfers							
Appropriation of Net Surplus	-	(1,739)	-	1,739	-	-	-
Transfers between Reserves	-	2,318	-	(1,364)	(52)	6	(908)
Equity at the End of the Period	139,516	87,158	48,370	872	6,368	25	(3,277)

Note 25 –Related Party Transactions

Council is the ultimate parent of the group and controls Mackenzie Holdings Limited. As at 30 June 2007 there are no balances outstanding between Council and Mackenzie Holdings Limited. No debts have been forgiven during the year ended 30 June 2007. The following transactions were carried out with related parties:

	Council Actual 2005/06 \$000's	Council Actual 2006/07 \$000's
Mackenzie Holdings Limited		
Loans payable to Council	180	785
Interest paid to Council	7	33
	187	818

Key Management and Members of the Council

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags etc).

Except for these minor transactions (ie transactions with a value of less than \$2,000), no Councillors or senior management have entered into related party transactions with the Council.

Key management personnel compensation

	Council Actual 2005/06 \$000's	Council Actual 2006/07 \$000's
Salaries and other short term employee benefits	596	619
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
	596	619

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.



Notes to the Accounts cont...

Note 26 –Chief Executive Officer's Remuneration

As at 30 June 2007, the Chief Executive Officer of the Mackenzie District Council receives a salary of \$133,365 (2006 \$125,126).

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

	Council Actual 2005/06 \$000's	Council Actual 2006/07 \$000's
Vehicle	13,989	13,989
Telephone	441	675
Professional Subscriptions	210	210
Total Additional Benefits	14,640	14,874

The total cost, including benefits and gratuities, to the Mackenzie District Council is calculated at \$148,239 (2006 \$139,766).

Note 27 –Accrued landfill closure costs

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
	Current Portion of Debt		
6	Accrued Landfill Closure Costs	6	6
6		6	6
	Non-Current Portion of Debt		
58	Accrued Landfill Closure Costs	64	61
58		64	61

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

Note 28 –Trade & other payables

Council Actual 2005/06 \$000's		Council Budget 2006/07 \$000's	Council Actual 2006/07 \$000's
1,041	Creditors	806	1,117
25	Rates in Advance	-	33
827	Income in Advance	-	678
6	Current Portion of accrued landfill closure costs	6	6
1,899		812	1,834

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

Note 29 –Events Subsequent to Balance Date

Since 30 June 2007, Council has initiated the formal winding up of Mackenzie Holdings Ltd. This was the result of a change in the operating and ownership structure of the Pukaki Airfield consulted on in the amendments to the Long term council community plan 2006-16 during early 2007.

Note 30 –Remission of Rates

Revenue is shown net of rates remissions and non-rateable land. Under the Local Government (Rating) Act 2002 a number of properties cannot be rated for general rates. In addition, under Council's Rate Remissions Policies which provide for rates to be remitted for sporting and community organisations, the Council committed itself at the start of the year to certain remissions which at year end totalled \$5,039, and during the year decided not to provide any further remissions.



Council Structure

Council Structure

Division of Responsibility between Council and Management

Community Board Structure

Organisational Chart



Council Structure

Governance, Management and Employees

Role of the Council

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

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

Structure of the Council

The Council structure has changed since the Community Plan was prepared in 2004. Following a review of its representation and subsequent determinations by the Local Government Commission, the Council is now made up of a Mayor and six Councillors elected from two wards.

After the 2004 election, with a smaller number of elected members around the Council table it was decided to disband the Finance, Operations and Planning Committees that operated previously. The Council has recently re-instated these committees. All Councillors are members of each committee with the following Councillor appointed to Chair the meetings:

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

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

Council Operations

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

Appointed Boards of Council

Responsibility for both Tourism and Economic Development and Forestry has been delegated to Committees of Council.

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

The Mackenzie Tourism and Economic Development Board is a mix of Council representatives and independent business people.

The Forestry Board and the Tourism and Economic Development Board both meet as required.

It is proposed, as an amendment to the Long-term Council Community Plan, that a new Board be formed, which will assume the responsibilities of operating the Pukaki Airport, named the Pukaki Airport Board.

Community Boards

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



Division of Responsibility between Council and Management

Governance Framework

Independent Election

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

Communication/Reporting;

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

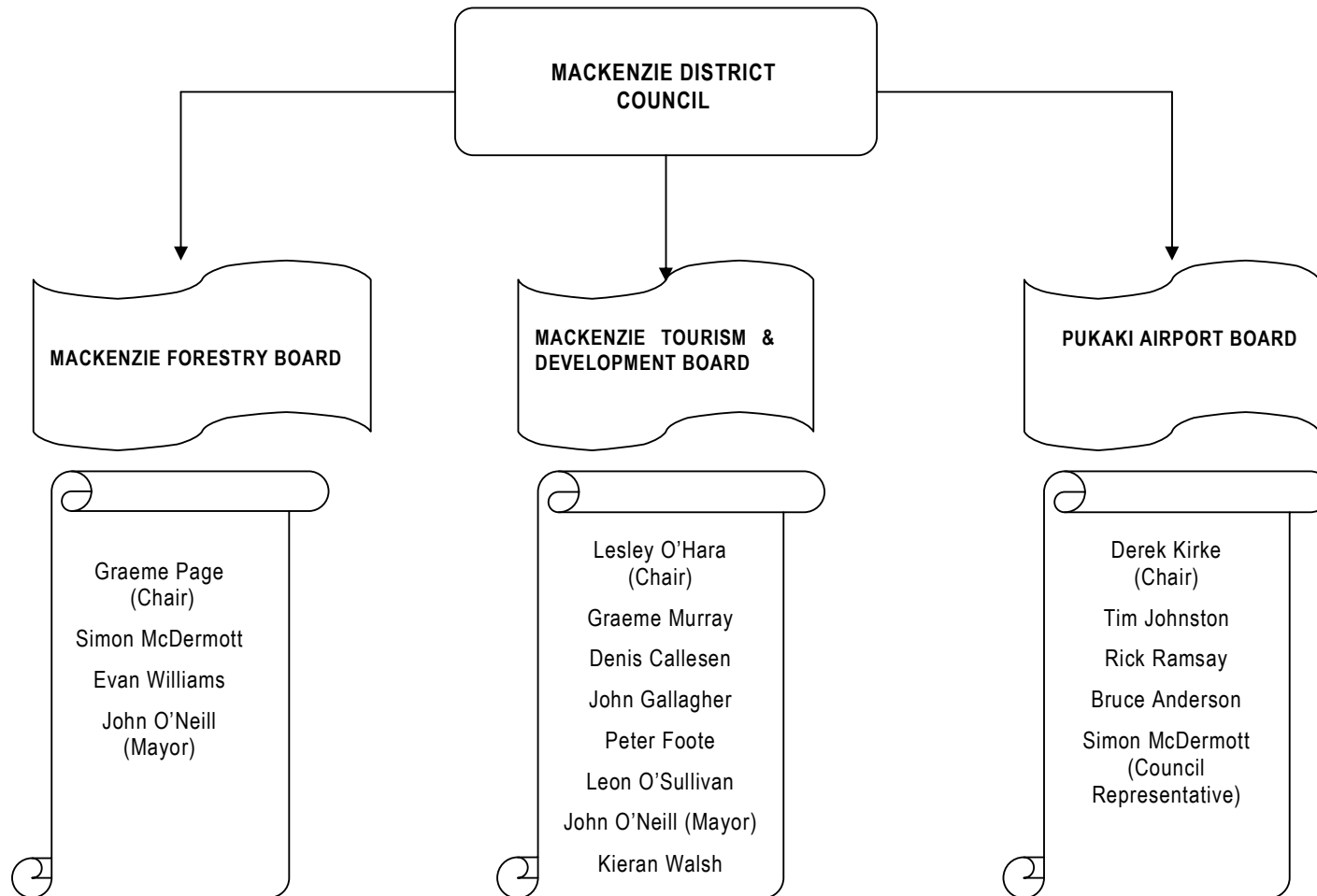
While many of the Council’s functions have been delegated, the overall responsibility for achieving the vision and goals of the District ultimately rests with the Council. The Council helps discharge this responsibility by maintaining effective systems of internal control. Internal control includes the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

Legislative Compliance

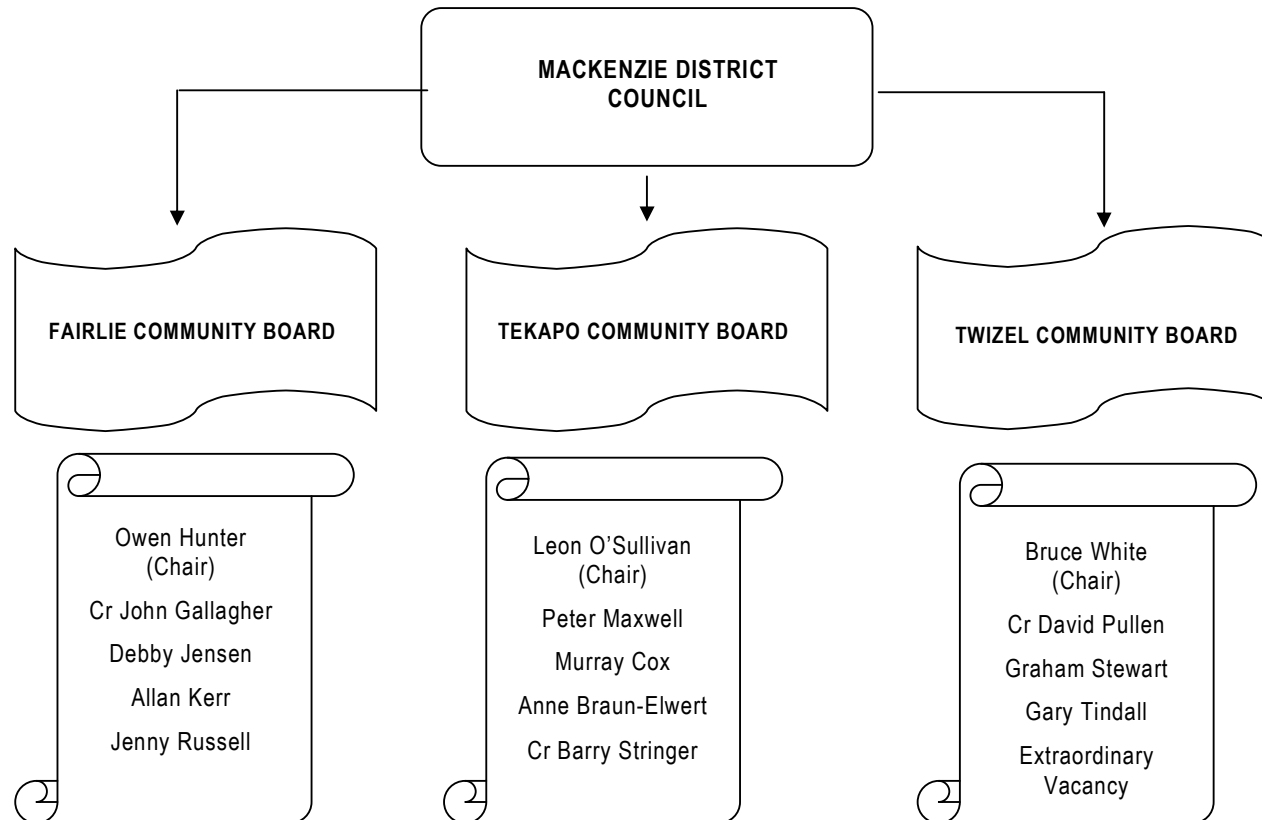
As a regulatory body, the Council administers various regulations and laws. As such, it is vital that it complies with all relevant legislation. The Council makes use of external lawyers and consultants as appropriate to ensure it does comply.



Council Committee Structure (as at June 2007)



Community Board Structure (as at June 2007)



Organisational Chart (as at June 2007)

