



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

Membership of the Finance Committee:

Cr Graham Smith (Chairman)

Claire Barlow (Mayor)

Cr Russell Armstrong

Cr Murray Cox

Cr Noel Jackson

Cr James Leslie

Cr Evan Williams

Notice is given of a meeting of the Finance Committee to be held on Tuesday, September 1, 2015, following the conclusion of the Asset and Services Committee meeting.

VENUE: Mackenzie District Council Chambers, Fairlie

BUSINESS: As per agenda attached

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER



FINANCE COMMITTEE

Agenda for Tuesday, September 1, 2015

APOLOGIES:

DECLARATIONS OF INTEREST:

VISITOR:

At 11.30am Kelvin Cross from JLT will attend to talk about insurance.

MINUTES:

Confirm and adopt as the correct record the minutes of Finance Committee meeting held on August 4, 2015.

REPORTS:

1. Financial Activity Report (attached).
2. Bancorp Quarterly Report (attached).
3. Aoraki Development & Business Trust Economic Development Services Annual Report 2014-2015 (attached).

PUBLIC EXCLUDED:

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

1. Alpine Energy Ltd Share Valuations

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Alpine Energy Ltd Share Valuations	Commercial Sensitivity	48(1)(a)(i)

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

ADJOURNMENTS: 10.30am - Morning Tea
12pm - Lunch

**MACKENZIE DISTRICT COUNCIL
MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN
THE MACKENZIE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY,
AUGUST 4, 2015, AT 10.33AM**

PRESENT:

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

IN ATTENDANCE:

Wayne Barnett
Paul Morris
Julie Jongen
Toni Morrison
Arlene Goss
Garth Nixon
Pauline Jackson
Suzy Ratahi

APOLOGIES:

No Apologies were received.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

Resolved that the minutes of the meeting of the Finance Committee held on May 12, 2015, including such parts as were taken with the public excluded, be confirmed and adopted as the correct record of the meeting.

Cr Smith /Cr Cox

SUB COMMITTEE MINUTES:

Resolved that the minutes of the Tekapo Property Group meeting held on July 14, 2015 including such parts as were taken with the public excluded.

Cr Cox/Cr Armstrong

REPORTS:

FINANCIAL ACTIVITY REPORT TO MAY 2015:

Finance Manager Paul Morris took councillors through the financial report.

Resolved that the report be received.

Mayor/Cr Smith

Suzy Ratahi spoke on the roading finances.

Cr Leslie questioned about the \$28,000 spent on the collaboration and asked if this was consultancy fees, Mrs Ratahi confirmed yes it is and it doesn't include her time.

Garth Nixon spoke on Community Facilities.

Mr Morris will check the figures for the Twizel Medical Centre as this was queried. He stated it could be a case of eleven months worth of figures and not twelve.

Lawnmowing – there has been an increase in the costs but this reflects with an increase of services.

The Mayor spoke of the need for good explanations on why budgets are under or over. There is not enough detail in the explanations for Councillors to get a good understanding of the variances.

Corporate Services – The Mayor mentioned there is a need for money in the budgets for maintenance on both Council buildings, Fairlie and Twizel and that when the money is allocated for a particular building, the funds should stay with the allocated building.

The Mayor requested a break down of the Brannigan expenses and more explanation on over budgeting for administration, employment and consultancy.

Governance – The question was asked if employment expenses were higher due to the LTP and should this come under "governance".

Sewer – Variances were not well explained. The chief executive will speak with staff to include more details.

Planning – Have the budget for Plan Change 13 and the District Plan but haven't had the staff to do the work.

Commercial Activities – Interest rates have not gone where it was hoped they would be. Property sales haven't happened this year as was first thought, they have been budgeted for next year.

ALPINE ENERGY LTD ANNUAL REPORT 31 MARCH 2015:

Purpose of Report:

To brief Council on the results for Alpine Energy Ltd full year to 31 March 2015.

Resolved that the report be received and the contents noted.

Cr Leslie/Cr Armstrong

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 4.25pm

CHAIRMAN: _____

DATE: _____

Unconfirmed

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE

SUBJECT: FINANCIAL REPORT

MEETING DATE: 1 SEPTEMBER 2015

REF: FIN 1/2/1

FROM: MANAGER – FINANCE AND ADMINISTRATION

ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

Attached is the financial report for Council for the period ended June, 2015.

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS
MANAGER – FINANCE AND ADMIN

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	GOVERNANCE	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
317,844	General Rates	358,344	358,358	(14)	✗		358,358
30,192	Targeted Rates	25,488	25,500	(12)	✗		25,500
49,835	Other Income	29,715	36,750	(7,035)	✗	1	36,750
397,871	Total Income	413,547	420,608	(7,061)			420,608
	Expenses						
57,219	Employment Expenses	67,010	52,708	(14,302)	✗	2	52,708
347,681	Members Expenses	299,054	315,250	16,196	✓	3	315,250
10,581	Consultancy Expenses	720	-	(720)	✗		-
42,512	Administration Expenses	45,482	46,050	568	✓		46,050
-	Internal interest Expense	-	308	308	✓		308
69	Depreciation	288	292	4	✓		292
3,213	Internal Charges	5,141	6,000	859	✓		6,000
461,275	Total Expenses	417,696	420,608	2,912			420,608
(63,404)	Operating Surplus/(Deficit)	(4,149)	-	(4,149)			-

Variance Analysis:

1. Other Income variance due to budget timing. Budget is phased evenly across the 12 months but Water Zone committee income is invoiced and received quarterly. The billing for the June quarter will not be done until July to ensure all costs are recovered.
2. Employment Expenses - costs associated with support for Council were higher than anticipated.
3. Members Expenses - Conference and training expenses less than budget year to date. Election costs budgeted but not required this year.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	GOVERNANCE	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
Operating and Capital Reserves					
69	Add back Non Cash Items	288	292		292
(69)	Transfer Funded Depreciation to Capital Reserve	(288)	(292)		(292)
63,404	Transfers between Reserves	-	-		-
(63,404)	Operating Surplus/(Deficit)	(4,149)	-		-
	- Total Operating Reserves	(4,149)	-		-
Equity					
(4,839)	Opening Balance	(4,771)	-		-
69	Transfer Funded Depreciation from Operating Reserves	288	292		292
	(4,771) Total Capital Reserves	(4,483)	292		292

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	CORPORATE SERVICES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
1,873,164	General Rates	1,862,028	1,862,112	(84)	✗		1,862,112
121,872	Other Income	138,160	133,000	5,160	✓	1	133,000
101,900	Internal Income	110,884	130,342	(19,458)	✗	2	130,342
(400)	Internal Interest Income	(773)	78	(851)	✗		78
-	Gain on Sale - Assets	15,435	-	15,435	✓	3	-
2,096,536	Total Income	2,125,735	2,125,532	203			2,125,532
	Expenses						
1,143,084	Employment Expenses	1,313,770	1,321,752	7,982	✓	4	1,321,752
173,786	Consultancy Expenses	253,981	122,513	(131,468)	✗	5	122,513
335,820	Administration Expenses	352,019	308,454	(43,565)	✗	6	308,454
239,958	Operational and Maintenance	225,962	272,506	46,544	✓	7	272,506
7,570	Internal interest Expense	9,144	13,854	4,710	✓		13,854
133,973	Depreciation	122,792	122,710	(82)	✗		122,710
52,419	Internal Charges	61,071	66,137	5,066	✓		66,137
2,086,610	Total Expenses	2,338,740	2,227,926	(110,814)			2,227,926
9,926	Operating Surplus/(Deficit)	(213,006)	(102,394)	(110,612)			(102,394)

Variance Analysis:

1. Other Income - Slightly ahead of budget as includes two years share of valuation costs recovered.
2. Internal Income - motor vehicle usage behind budget year to date.
3. Gain on Sale - Assets - Sale of Nissan Ute (\$8,696), Suzuki Carry Truck (\$6,522) and miscellaneous office furniture (\$217).
4. Employment Expenses less than budgeted for Administration - District. Information Centre costs included under Commercial Activities.
5. Consultancy Expenses - over budget as at 30 June 2015 due to valuation fees for insurance and annual reporting purposes relating to June 2014 year plus additional unbudgeted consultant costs for monthly reporting.
6. Administration Expenses - audit fees for the LTP ahead of budget.
7. Operational and Maintenance costs less than budget due to motor vehicle costs less than forecast. There is also a favourable electricity variance in Fairlie Council buildings of \$3,434 due to the new heatpumps.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	CORPORATE SERVICES	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
Operating and Capital Reserves					
9,926	Operating Surplus/(Deficit)	(213,006)	(102,394)		(102,394)
9,926	Total Operating Reserves	(213,006)	(102,394)		(102,394)
Equity					
(65,314)	Opening Balance	(112,900)	(155,000)		(155,000)
122,052	Transfer Funded Depreciation from Operating Reserves	122,652	133,019		133,019
(751)	Transfer from Operating Reserve	-	-		-
(168,886)	Transfer Capital Expenditure from Operating Reserve	(143,858)	(173,118)		(173,118)
(112,900)	Total Capital Reserves	(134,105)	(195,099)		(195,099)

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	CORPORATE SERVICES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Capital Expenditure						
	Administration - District						
1,800	0018925. Plant and Equipment	535	3,000	2,465	✓		3,000
(1,800)	0018999. Transfer to Assets	-	-	-	✓		-
-	Total Administration - District	535	3,000	2,465			3,000
	Council Building - Fairlie						
16,666	0088916. Building Renovations	-	-	-	✓		-
-	0088925. Plant and Equipment	-	20,000	20,000	✓		20,000
19,707	0088935. Furniture & Fittings - Admin	1,768	2,118	350	✓		2,118
260	0088940. Furniture & Fittings - Other	1,681	8,000	6,319	✓		8,000
(36,632)	0088999. Transfer to Assets	-	-	-	✓		-
0	Total Council Building - Fairlie	3,449	30,118	26,669		1	30,118
	Council Building - Twizel						
5,171	0098916. Building Renovations	13,112	3,000	(10,112)	✗		3,000
4,730	0098940. Furniture & Fittings - Other	2,731	-	(2,731)	✗		-
(9,901)	0098999. Transfer to Assets	-	-	-	✓		-
-	Total Council Building - Twizel	15,843	3,000	(12,843)		2	3,000

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	CORPORATE SERVICES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Information Technology Support						
-	0788001. Records Mngt Program	2,399	8,000	5,601	✓		8,000
51,073	0788002. PC Server	-	-	-	✓		-
28,741	0788006. GIS Aerials	-	-	-	✓		-
4,766	0788010. Network Infrastructure	174	-	(174)	✗		-
36,943	0788011. Communications Equipment	1,502	-	(1,502)	✗		-
17,600	0788012. Software	25,700	35,000	9,300	✓	3	35,000
-	0788014. Web site development	5,125	7,000	1,875	✓		7,000
2,415	0788925. Plant and Equipment	-	-	-	✓		-
(141,538)	0788999. Transfer to Assets	-	-	-	✓		-
-	Total Information Technology Support	34,901	50,000	15,099			50,000
	Plant Operations						
(20,986)	2658930. Vehicles	80,821	87,000	6,179	✓	4	87,000
20,986	2658999. Transfer to assets	-	-	-	✓		-
-	Total Plant Operations	80,821	87,000	6,179			87,000
-	Total Capital Expenditure	135,549	173,118	37,569			173,118

Variance Analysis:

1. Budget phasing. No progress yet on this project
2. The overspend on the Council building in Twizel will be covered by the underspending on the Council building in Fairlie.
3. Budget under spent for 2015 year. Remaining budget will be carried over to 2016.
4. Final vehicles purchased in December, better prices than forecast.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	WATER	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
-	General Rates	-	-	-	✓		-
890,616	Targeted Rates	964,732	964,858	(126)	✗		964,858
4,786	Investment Income	-	-	-	✓		-
121,079	Other Income	67,012	86,054	(19,042)	✗	1	86,054
134,587	Financial Contributions	11,649	158,716	(147,067)	✗	2	158,716
3,000	Internal Income	3,000	3,000	-	✓		3,000
52,763	Internal Interest Income	47,005	26,373	20,632	✓	3	26,373
-	Vested Assets	-	77,000	(77,000)	✗	4	77,000
1,206,830	Total Income	1,093,398	1,316,001	(222,603)			1,316,001
	Expenses						
10,350	Employment Expenses	-	-	-	✓		-
13,823	Consultancy Expenses	3,618	13,678	10,060	✓	5	13,678
29,513	Administration Expenses	11,469	11,731	262	✓		11,731
454,135	Operational and Maintenance	395,501	439,647	44,146	✓	6	439,647
67,853	Internal interest Expense	58,851	164,545	105,694	✓	7	164,545
(51,424)	Asset Impairment	-	-	-	✓		-
477,105	Depreciation	472,392	472,425	33	✓		472,425
3,000	Internal Charges	3,000	3,000	-	✓		3,000
1,004,355	Total Expenses	944,831	1,105,026	160,195			1,105,026
202,475	Operating Surplus/(Deficit)	148,567	210,975	(62,408)			210,975

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	WATER	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
<i>Variance Analysis:</i>					
1.	Other Income - under budget due to write off in 2015 year of errors in water meter readings from 2014 year. Also write off water bills arising from leaks.				
2.	Financial Contributions are less than budget as they are dependent upon developer activity.				
3.	Internal Interest Income is ahead of budget due to capital expenditure not spent at the beginning of the year which has resulted in capital reserve balances earning higher interest income.				
4.	Vested Assets - year end accounting for vested assets has not yet been completed.				
5.	Consultancy Expenses - below budget due to lower than forecast costs associated with engineers.				
6.	Operational and Maintenance - Consent Monitoring and Quality Monitoring costs below budget for the year.				
7.	Internal Interest expense is below budget due to capital expenditure spent at the beginning of the year which has resulted in capital reserve balances being charged lower interest expense.				

Operating and Capital Reserves

202,475	Operating Surplus/(Deficit)	148,567	210,975			210,975
202,475	Total Operating Reserves	148,567	210,975			210,975

Equity						
788,802	Opening Balance	1,014,566	(886,000)			(886,000)
134,587	Transfer - Financial Contributions	11,649	158,716			158,716
28,293	Transfer - from Operating Reserve	-	1,023			1,023
429,983	Transfer Funded Depreciation from Operating Reserves	445,596	445,621			445,621
7,860	Transfer - Op Surplus from Op Reserve	-	-			-
-	Transfer - Vested Assets	-	77,000			77,000
(377,765)	Transfer Capital Expenditure from Operating Reserve	(1,360,404)	(2,990,852)			(2,990,852)
2,807	Transfer from Operating reserves	-	707			707
1,014,566	Total Capital Reserves	111,407	(3,193,785)			(3,193,785)

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	WATER	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Capital Expenditure						
	Allandale Water Supply						
-	0158211. Treatment	-	5,400	5,400	✓		5,400
-	Total Allandale Water Supply	-	5,400	5,400			5,400
	Fairlie Community Water Supply						
141,311	0118201. Town Reticulation - Renewal	110,000	110,000	-	✓		110,000
-	0118204. Head Works - Renewal	303	-	(303)	✗		-
810	0118206. Service Connections - Renewal	15,449	26,000	10,552	✓		26,000
26,020	0118211. Treatment - New	14,365	35,000	20,635	✓		35,000
3,518	0118215. Plant	-	-	-	✓		-
-	0118982. Water Meters	-	2,500	2,500	✓		2,500
(171,660)	0118999. Transfer to Assets	-	-	-	✓		-
-	Total Fairlie Community Water Supply	140,116	173,500	33,384		1	173,500
	Manuka Terrace Water Supply						
-	0238210. Headworks	13,860	-	(13,860)	✗	2	-
-	Total Manuka Terrace Water Supply	13,860	-	(13,860)			-
	Tekapo Community Water Supply						
18,709	0128211. Treatment - New	5,100	37,000	31,900	✓		37,000
-	0128212. Service Connections - Renew	-	1,075	1,075	✓		1,075
-	0128216. Vested Assets	-	77,000	77,000	✓		77,000
-	0128251. Reticulation - Renewal	2,213	5,377	3,164	✓		5,377
-	0128981. Water Meters	-	3,000	3,000	✓		3,000
(18,709)	0128999. Transfer to Assets	-	-	-	✓		-
-	Total Tekapo Community Water Supply	7,313	123,452	116,139		3	123,452

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	WATER	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Twizel Community Water Supply						
6,454	0138201. Town Reticulation - Renewal	-	-	-	✓		-
57,821	0138204. Headworks - Renewal	-	-	-	✓		-
42,488	0138206. Service Connections - Renewal	25,876	26,000	124	✓		26,000
-	0138210. HeadWorks - New	70,288	200,000	129,712	✓		200,000
76,985	0138211. Treatment - New	1,106,085	2,450,000	1,343,915	✓		2,450,000
-	0138212. Servie Connections - New	536	-	(536)	✗		-
2,537	0138251. Fire Hydrant Markers	303	10,000	9,697	✓		10,000
-	0138807. Resource Consent Costs	3,578	-	(3,578)	✗		-
-	0138980. Community Assets- Water Supply	3,390	-	(3,390)	✗		-
1,110	0138984. Water Meters	444	2,500	2,056	✓		2,500
(187,396)	0138999. Transfer to Assets	-	-	-	✓		-
-	Total Twizel Community Water Supply	1,210,499	2,688,500	1,478,001		4	2,688,500
-	Total Capital Expenditure	1,371,788	2,990,852	1,619,064			2,990,852

Variance Analysis:

1. Fairlie Community Water Supply - Renewal project currently behind budget. Investigation stage complete. Do not expect to incur further expenditure.
2. Manuka Terrace Water Supply - unbudgeted investigation expenses covered by a targeted rate.
3. Tekapo Community Water Supply - Project currently behind budget due to timing of budget phasing. Project has now started.
4. Twizel Community Water Supply - budget spread per quarter across the year. Actual spend behind budget for the year. Expected completion October 2015.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	SEWER	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
426,452	Targeted Rates	461,051	461,198	(147)	✗		461,198
6,103	Other Income	6,901	-	6,901	✓	1	-
160,457	Financial Contributions	9,536	132,965	(123,429)	✗	2	132,965
31,972	Internal Interest Income	39,074	37,442	1,632	✓		37,442
-	Vested Assets	-	160,000	(160,000)	✗	3	160,000
624,984	Total Income	516,561	791,605	(275,044)			791,605
	Expenses						
9,388	Consultancy Expenses	-	10,677	10,677	✓	4	10,677
7,086	Administration Expenses	7,390	10,426	3,036	✓		10,426
133,503	Operational and Maintenance	147,618	157,898	10,280	✓	5	157,898
11,752	Internal interest Expense	4,490	13,073	8,583	✓	6	13,073
317,807	Depreciation	296,388	296,397	9	✓		296,397
479,535	Total Expenses	455,886	488,471	32,585			488,471
145,450	Operating Surplus/(Deficit)	60,675	303,134	(242,459)			303,134

Variance Analysis:

1. Other Income - unbudgeted fees for effluent disposal received during the year.
2. Financial Contributions are not budgeted for as they are dependent upon developer activity.
3. Vested Assets - year end accounting for vested assets has not been completed yet.
4. Consultancy Expenses - budgeted allowances for Fairlie and Twizel have not been required this year to date.
5. Operational and Maintenance behind budget due to internal pipeline inspection work yet to be carried out in Fairlie and Twizel.
6. Internal Interest expense is below budget due to capital expenditure spent at the beginning of the year which has resulted in capital reserve balances being charged lower interest expense.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	SEWER	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
Operating and Capital Reserves					
145,450	Operating Surplus/(Deficit)	60,675	303,134		303,134
145,450	Total Operating Reserves	60,675	303,134		303,134
Equity					
977,571	Opening Balance	1,399,313	1,007,000		1,007,000
160,457	Transfer - Financial Contributions	9,536	132,965		132,965
(23,788)	Transfer - from Operating Reserve	-	-		-
317,807	Transfer Funded Depreciation from Operating Reserves	296,388	296,397		296,397
-	Transfer - Vested Assets	-	160,000		160,000
(32,735)	Transfer Capital Expenditure from Operating Reserve	(104,930)	(268,500)		(268,500)
1,399,313	Total Capital Reserves	1,600,307	1,327,862		1,327,862

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended June 2015

LYTD Actual June 2014	SEWER	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
Capital Expenditure							
	Fairlie Community Sewerage						
-	0278401. Sewer Reticulation Renewal	7,648	-	(7,648)	✗	1	-
-	0278403. Sewer Pump Station Renewal	13,366	-	(13,366)	✗	2	-
-	0278410. New Reticulation - Eversley	862	-	(862)	✗		-
-	Total Fairlie Community Sewerage	21,875	-	(21,875)			-
	Tekapo Community Sewerage						
-	0288193. Vested Assets	-	160,000	160,000	✓	3	160,000
-	0288265. Pump Station - new work	5,837	-	(5,837)	✗	4	-
-	0288401. Sewer Reticulation - Renewal	5,762	6,000	238	✓		6,000
-	Total Tekapo Community Sewerage	11,598	166,000	154,402			166,000
	Twizel Community Sewerage						
-	0298410. Sewer Reticulation - New	1,073	2,500	1,427	✓		2,500
32,735	0298411. Sewer Treatment - New	70,383	60,000	(10,383)	✗	5	60,000
-	0298807. Resource Consent Costs	-	40,000	40,000	✓	6	40,000
(32,735)	0298999. Transfer to Assets	-	-	-	✓		-
-	Total Twizel Community Sewerage	71,456	102,500	31,044			102,500
-	Total Capital Expenditure	104,930	268,500	163,570			268,500

Variance Analysis:

1. Fairlie - new pump station. Unbudgetd works approved by council.
2. Unbudgeted works - Holiday Park.
3. Vested Assets - year end accounting for vested assets has not been completed yet.
4. Tekapo - new pump for pump station. Unbudgeted works approved by council.
5. Project overspent to 30 June.
6. Project has now commenced. Behind schedule year to date. Budget carried over to 2016.

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended June 2015**

LYTD Actual June 2014	STORMWATER	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
72,492	Targeted Rates	81,552	81,546	6	✓		81,546
3,860	Financial Contributions	1,062	20,677	(19,615)	✗	1	20,677
9,171	Internal Interest Income	9,492	13,802	(4,310)	✗	2	13,802
-	Vested Assets	-	132,000	(132,000)	✗	3	132,000
85,523	Total Income	92,106	248,025	(155,919)			248,025
	Expenses						
5,726	Consultancy Expenses	-	-	-	✓		-
307	Administration Expenses	291	3,226	2,935	✓		3,226
20,631	Operational and Maintenance	28,309	30,179	1,870	✓		30,179
60,635	Depreciation	61,932	61,943	11	✓		61,943
87,298	Total Expenses	90,532	95,348	4,816			95,348
(1,775)	Operating Surplus/(Deficit)	1,574	152,677	(151,104)			152,677

Variance Analysis:

1. Financial Contributions are less than budget as they are dependent upon developer activity.
2. Internal Interest Income is below budget due to capital expenditure spent at the beginning of the year which has resulted in capital reserve
3. Vested Assets - year end accounting for vested assets has not yet been completed.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended June 2015

LYTD Actual June 2014	STORMWATER	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
Operating and Capital Reserves							
(1,775)	Operating Surplus/(Deficit)	1,574	152,677				152,677
(1,775)	Total Operating Reserves	1,574	152,677				152,677
Equity							
338,349	Opening Balance	397,208	402,000				402,000
-	Transfer - Financial Contributions	1,062	20,677				20,677
776	Transfer - from Flie W&S Operat Rsv	-	-				-
(2,917)	Transfer - from Tkp W&S Operat Rsv	-	-				-
367	Transfer - from Twl W&S Operat Rsv	-	-				-
60,635	Transfer Funded Depreciation from Operating Reserve	61,932	61,943				61,943
-	Transfer - Vested Assets	-	132,000				132,000
-	Transfer Capital Expenditure from Operating Reserve	(58,042)	(172,000)				(172,000)
397,208	Total Capital Reserves	402,161	444,620				444,620
Capital Expenditure							
Tekapo Stormwater							
-	0578193. Vested Assets	-	132,000	132,000	✓	1	132,000
-	0578456. S/Water Structure - New	58,042	40,000	(18,042)	✗	2	40,000
-	Total Tekapo Stormwater	58,042	172,000	113,959			172,000
-	Total Capital Expenditure	58,042	172,000	113,959			172,000

Variance Analysis:

1. Vested Assets - year end accounting for vested assets has not yet been completed.
2. Project dependent on Tekapo development. Currently budget overspent by \$18,042, approved by community board and council.

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended June 2015**

LYTD Actual June 2014	ROADING	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
1,319,781	Targeted Rates	1,318,728	1,318,781	(53)	✗		1,318,781
1,912,509	Subsidies and Grants	2,410,885	1,505,430	905,455	✓	1	1,505,430
51,087	Other Income	33,509	37,300	(3,791)	✗		37,300
17,576	Upgrade Contributions	-	-	-	✓		-
7,513	Internal Interest Income	5,540	373	5,167	✓		373
-	Vested Assets	-	290,000	(290,000)	✗	2	290,000
3,308,466	Total Income	3,768,662	3,151,884	616,778			3,151,884
	Expenses						
85,748	Employment Expenses	118,498	106,677	(11,821)	✗		106,677
80,506	Consultancy Expenses	91,212	21,342	(69,870)	✗	3	21,342
2,528	Administration Expenses	2,953	5,602	2,649	✓		5,602
10,782	Internal interest Expense	2,803	959	(1,844)	✗		959
1,668,237	Roading	1,265,520	1,183,185	(82,335)	✗	4	1,183,185
1,860,188	Depreciation	1,886,526	1,886,574	49	✓		1,886,574
10,630	Internal Charges	10,099	13,294	3,195	✓		13,294
3,718,620	Total Expenses	3,377,611	3,217,633	(159,978)			3,217,633
(410,154)	Operating Surplus/(Deficit)	391,052	(65,749)	456,801			(65,749)

Variance Analysis:

1. Subsidies and Grants - NZTA subsidies received ahead of forecast due to timing of capital works programme and additional special project funding received.
2. Vested Assets - year end accounting for vested assets yet to be completed.
3. Consultancy Expenses - unbudgeted footbridge consultancy costs \$8,845, Cass River bridge options report \$12,800 and Roding Collaboration Project \$28,748 year to date. Further costs expected to be incurred before year end. Unbudgeted RAMM database consultancy costs of \$13,779 also incurred in relation to ONRC.
4. Roding - expenditure year to date higher than forecast. Further details can be found in the Roding Expenses Report. Emergency Reinstatement expenditure results from the snow events and is funded 57% by NZTA.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	ROADING	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
Operating and Capital Reserves					
(410,154)	Operating Surplus/(Deficit)	391,052	(65,749)		(65,749)
(410,154)	Total Operating Reserves	391,052	(65,749)		(65,749)
Equity					
1,031,049	Opening Balance	580,439	45,000		45,000
875,133	Transfer Funded Depreciation from Operating Reserves	1,886,484	889,170		889,170
(185,677)	Transfer - to/from Capital Reserve	-	-		-
210,514	Transfer - to/from Op Rsve	-	-		-
707,837	Transfer NZTA Capital Subsidy	-	801,398		801,398
-	Transfer Vested Assest from Op reserve	-	290,000		290,000
(1,900,644)	Transfer Capital Expenditure from Operating Reserve	(2,615,808)	(1,961,871)		(1,961,871)
(206,328)	Transfers between Reserves	-	-		-
531,883	Total Capital Reserves	(148,885)	63,697		63,697

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	ROADING	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Capital Expenditure						
	District Roading						
-	2548193. Vested Assets	-	290,000	290,000	✓	1	290,000
447,199	2548211. Unsealed Road Metalling	456,995	425,000	(31,995)	✗	2	425,000
589,528	2548212. Sealed Road Resurfacing	526,615	520,000	(6,615)	✗		520,000
139,914	2548213. Drainage Renewal	33,543	44,000	10,457	✓		44,000
-	2548214. Sealed Road Pavement Rehabilitation	155,283	121,000	(34,283)	✗	3	121,000
4,239	2548215. Structures Component replacements bridges	40,267	15,700	(24,567)	✗	4	15,700
3,369	2548215.1. Structures Component replacements cattelstops	-	10,000	10,000	✓	5	10,000
54,793	2548222. Traffic Services Renewals	40,791	74,200	33,409	✓	6	74,200
-	2548231. Associated Improvements	3,928	5,000	1,072	✓		5,000
228,645	2548310. Footpaths - Surfacing	76,278	70,000	(6,278)	✗		70,000
80,838	2548341. Minor Improvements	494,141	250,000	(244,141)	✗	7	250,000
-	2548390. Streetscape Improvements	-	21,300	21,300	✓		21,300
-	2548395. Sealing Past Houses	-	10,000	10,000	✓		10,000
343,450	2548396. Manuka Terrace	80,000	80,000	-	✓		80,000
-	2548451. Walking?and?Cycling?Projects	696,816	-	(696,816)	✗	8	-
(1,891,975)	2548999. Transfer to Assets	-	-	-	✓		-
-	Total District Roading	2,604,658	1,936,200	(668,458)			1,936,200
	Roading Professional Services						
8,669	0868001. Computers	17,511	25,671	8,160	✓		25,671
-	0868925. Plant and Equipment	532	-	(532)	✗		-
(8,669)	0868999. Transfer to Assets	-	-	-	✓		-
-	Total Roading Professional Services	18,043	25,671	7,628			25,671
-	Total Capital Expenditure	2,622,701	1,961,871	(660,830)			1,961,871

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	ROADING	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
<i>Variance Analysis:</i>					
1.	Vested Assets - year end accounting for vested assets yet to be completed.				
2.	Expenditure exceeds full year forecast. This overspend will be covered by reduced spend in other roading areas, including operational expenditure.				
3.	Expenditure exceeds full year forecast. This overspend will be covered by reduced spend in other roading areas, including operational expenditure.				
4.	Expenditure exceeds full year forecast. This overspend will be covered by reduced spend in other roading areas, including operational expenditure.				
5.	Timing of budget spend for the year does not match actual expenditure. This underspend will be offset by increased spend in other roading areas.				
6.	Timing of budget spend for the year does not match actual expenditure. This underspend will be offset by increased spend in other roading areas.				
7.	Expenditure exceeds full year forecast for this year. This overspend has arisen due to budgets underspent in the previous 2 years. NZTA programme is forecast over 3 years so projects were required to be completed in the 2015 year.				
8.	Unbudgeted project approved by Council. Expenditure funded 63% by NZTA.				

Actual June 2014		Actual June 2015	Budget June 2015	Variance		Budget June 2015
	Roading Expenses					
166,083	2546111. Sealed Pavement Mtce	187,023	172,300	(14,723)	✗	172,300
362,809	2546112. Unsealed Pavement Mtce	316,141	353,000	36,859	✓	353,000
75,249	2546113. Routine Drainage Mtce	98,313	71,200	(27,113)	✗	71,200
24,800	25461131. Drainage Mtce - St Cleaning	24,189	53,000	28,811	✓	53,000
52,269	2546114. Structures Maintenance Bridges	54,944	76,200	21,256	✓	76,200
4,670	25461141. Structures Maintenance Cattlestops	11,146	25,600	14,454	✓	25,600
197,115	2546121. Environmental Mtce	166,327	150,000	(16,327)	✗	150,000
31,582	2546122. Traffic Services Mtce	69,578	61,400	(8,178)	✗	61,400
35,491	25461221. Street Lighting - Maintenanc	33,023	48,600	15,577	✓	48,600
50,237	25461222. Street Lighting - Electricit	50,198	45,900	(4,298)	✗	45,900
600,000	2546288. Emergency Reinstatement	114,270	-	(114,270)	✗	-
5,699	2546301. Street Lights - Mtce - Trans	10,052	18,200	8,148	✓	18,200
9,755	2546302. Street Lights-Elect - Transi	10,990	11,700	710	✓	11,700
23,007	2546303. Drainage Mtce - St Cleaning Transit	23,076	24,500	1,424	✓	24,500
29,029	2546304. Footpaths	78,716	70,945	(7,771)	✗	70,945
-	2546305. New Year Road Sweep	-	640	640	✓	640
441	2546306. Alps2ocean	17,535	-	(17,535)	✗	-
1,668,237		1,265,520	1,183,185	(82,335)		1,183,185

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	SOLID WASTE	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
183,288	General Rates	132,060	132,074	(14)	✗		132,074
512,770	Targeted Rates	506,438	502,608	3,830	✓		502,608
142,263	Other Income	144,565	140,100	4,465	✓	1	140,100
-	Gain on Sale - Assets	500	-	500	✓		-
838,322	Total Income	783,563	774,782	8,781			774,782
	Expenses						
21,729	Employment Expenses	38,903	26,118	(12,785)	✗	2	26,118
12,483	Consultancy Expenses	18,057	31,143	13,086	✓	3	31,143
8,754	Administration Expenses	8,927	5,266	(3,661)	✗		5,266
682,700	Operational and Maintenance	645,139	687,200	42,061	✓	4	687,200
17,204	Internal interest Expense	11,983	26,532	14,549	✓	5	26,532
20,106	Depreciation	20,460	20,479	19	✓		20,479
3,441	Internal Charges	3,533	10,916	7,383	✓	6	10,916
766,416	Total Expenses	747,002	807,654	60,652			807,654
71,906	Operating Surplus/(Deficit)	36,561	(32,872)	69,433			(32,872)

Variance Analysis:

1. Other Income - higher than forecast levels of income received from Resource Recovery Park gate sales.
2. Employment Expenses are higher than forecast due to increased hours.
3. Consultancy Expenses - variance to budget is a result of timing issues - legal fees and hazardous waste contribution costs not incurred.
4. Operational and Maintenance - higher volumes has resulted in waste cartage costs ahead of budget for the year.
5. Internal Interest expense is below budget due to capital expenditure spent at the beginning of the year which has resulted in capital reserve balances being charged lower interest expense.
6. Internal Charges - motor vehicle charges less than forecast.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	SOLID WASTE	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
Operating and Capital Reserves					
71,906	Operating Surplus/(Deficit)	36,561	(32,872)		(32,872)
71,906	Total Operating Reserves	36,561	(32,872)		(32,872)
Equity					
(464,156)	Opening Balance	(448,033)	(444,000)		(444,000)
16,123	Transfer Funded Depreciation from Operating Reserves	15,876	15,890		15,890
(448,033)	Total Capital Reserves	(432,157)	(428,110)		(428,110)

**MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended June 2015**

LYTD Actual June 2014	PLANNING	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
157,164	General Rates	235,908	235,913	(5)	✗		235,913
97,192	Other Income	100,324	96,300	4,024	✓	1	96,300
187,241	Reserve Contributions	16,440	120,000	(103,560)	✗	2	120,000
14	Internal Interest Income	12	24	(12)	✗		24
441,611	Total Income	352,683	452,237	(99,554)			452,237
	Expenses						
293,746	Employment Expenses	269,156	350,488	81,332	✓	3	350,488
222,879	Consultancy Expenses	255,116	285,000	29,884	✓	4	285,000
20,736	Administration Expenses	10,944	25,672	14,728	✓	5	25,672
2,273	Operational and Maintenance	753	8,728	7,975	✓	6	8,728
158	Depreciation	24	30	6	✓		30
7,942	Internal Charges	5,189	6,500	1,311	✓		6,500
547,734	Total Expenses	541,182	676,418	135,236			676,418
(106,123)	Operating Surplus/(Deficit)	(188,498)	(224,181)	35,683			(224,181)

Variance Analysis:

1. Other Income favourable variance due to a higher number of LIMs processed compared to forecast.
2. Reserve Contributions are not budgeted for as they are dependent upon developer activity.
3. Employment Expenses - behind budget year to date due to senior planner not yet replaced for District Plan review.
4. Consultancy Expenses overall behind budget year to date. Legal expenses are currently \$18,995 behind budget. Plan Change 13 costs over budget by \$11,228 and District Plan review costs behind budget \$28,610.
5. Administration Expenses - expenditure on publications and legislation behind budget year to date due to timing of annual subscription renewals.
6. Operational and Maintenance - Noise control costs less than forecast due to decrease in number of incidents. Heritage fund behind budget year to date due to timing of payments - 2015 payment has not yet been made.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	PLANNING	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
Operating and Capital Reserves					
(106,123)	Operating Surplus/(Deficit)	(188,498)	(224,181)		(224,181)
(106,123)	Total Operating Reserves	(188,498)	(224,181)		(224,181)
Equity					
473	Opening Balance	631	(1,000)		(1,000)
158	Transfer Funded Depreciation from Operating Reserve	24	30		30
-	Transfer From Operating Reserves	-	1,030		1,030
631	Total Capital Reserves	655	60		60

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	REGULATORY	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
94,176	General Rates	39,876	39,882	(6)	✗		39,882
147,660	Targeted Rates	154,872	154,882	(10)	✗		154,882
488,060	Other Income	390,521	435,373	(44,852)	✗	1	435,373
833	Internal Interest Income	533	624	(91)	✗		624
20,986	Gain on Sale - Assets	-	-	-	✓		-
751,714	Total Income	585,802	630,761	(44,959)			630,761
	Expenses						
235,735	Employment Expenses	308,415	284,015	(24,400)	✗	2	284,015
18,124	Consultancy Expenses	30,537	47,000	16,463	✓	3	47,000
46,181	Administration Expenses	54,500	60,432	5,932	✓	4	60,432
172,060	Operational and Maintenance	124,294	180,447	56,153	✓	5	180,447
6,272	Internal interest Expense	4,832	5,957	1,125	✓		5,957
49,857	Depreciation	45,372	45,375	3	✓		45,375
22,821	Internal Charges	25,987	40,789	14,802	✓	6	40,789
551,049	Total Expenses	593,936	664,015	70,079			664,015
200,665	Operating Surplus/(Deficit)	(8,134)	(33,254)	25,120			(33,254)

Variance Analysis:

1. Other Income less than budget due to Health and Liquor licensing income less than forecast.
2. Employment Expenses ahead of budget year to date due to additional resource employed for Building Control.
3. Consultancy Expenses - legal fees for Building Control activity less than forecast year to date.
4. Administration Expenses less than forecast due to Animal Control - tools & equipment expenditure less than forecast and Rural Fire insurance less than budgeted.
5. Operational and Maintenance - behind budget due to Health and Liquor licensing contractor costs less than forecast.
6. Internal Charges for motor vehicle costs less than forecast.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended June 2015

LYTD Actual June 2014	REGULATORY	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
Operating and Capital Reserves							
200,665	Operating Surplus/(Deficit)	(8,134)	(33,254)				(33,254)
200,665	Total Operating Reserves	(8,134)	(33,254)				(33,254)
Equity							
(49,280)	Opening Balance	(86,294)	(96,000)				(96,000)
49,857	Transfer Funded Depreciation from Operating Reserves	45,372	45,375				45,375
(86,871)	Transfer Capital Expenditure from Operating Reserve	(9,246)	(26,600)				(26,600)
(86,294)	Total Capital Reserves	(50,168)	(77,225)				(77,225)
Capital Expenditure							
Animal Control							
409	0698925. Plant and Equipment	-	-	-	✓		-
(409)	0698999. Transfer to Assets	-	-	-	✓		-
-	Total Animal Control	-	-	-			-
Civil Defence							
10,963	0108925. Plant and Equipment	9,246	1,600	(7,646)	✗	1	1,600
(10,963)	0108999. Transfer to Assets	-	-	-	✓		-
-	Total Civil Defence	9,246	1,600	(7,646)			1,600
Rural Fires							
8,000	0838925. Plant and Equipment	-	-	-	✓		-
67,500	0838930. Vehicles	-	20,000	20,000	✓	2	20,000
(75,500)	0838999. Transfer to Assets	-	-	-	✓		-
-	Total Rural Fires	-	20,000	20,000			20,000
-	Total Capital Expenditure	9,246	21,600	12,354			21,600

Variance Analysis:

1. Plant & Equipment - purchase of generator and fire station fitout that were budgeted in 2014.
2. Motor Vehicle purchased in 2014 financial year. Budget in 2015 year.

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended June 2015

LYTD Actual June 2014	COMMUNITY FACILITIES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
281,336	General Rates	328,200	328,208	(8)	✗		328,208
435	Subsidies and Grants	757	757	-	✓		757
117,761	Other Income	127,468	117,893	9,575	✓	1	117,893
2,551	Internal Interest Income	2,840	3,833	(993)	✗		3,833
402,083	Total Income	459,264	450,691	8,574			450,691
	Expenses						
5,079	Consultancy Expenses	-	-	-	✓		-
26,648	Administration Expenses	28,490	21,741	(6,749)	✗	2	21,741
336,476	Operational and Maintenance	344,941	367,751	22,810	✓	3	367,751
1,168	Internal interest Expense	14,604	28,366	13,762	✓	4	28,366
68,584	Depreciation	49,224	49,236	12	✓		49,236
437,955	Total Expenses	437,258	467,094	29,836			467,094
(35,872)	Operating Surplus/(Deficit)	22,006	(16,403)	38,410			(16,403)

Variance Analysis:

- Other Income - Plot fees and Pensioner rental income ahead of budget (\$12,753) but this favourable variance is offset by Twizel Medical Centre rental income and public toilet donations less than forecast (\$3,179).
- Administration Expenses - Over expenditure due to rates expense for pensioner housing not budgeted for under this activity.
- Operational and Maintenance Expenses - Repairs and maintenance is under spent by \$12,981 however this favourable variance is offset by township projects being over budget by \$1,354 respectively.
- Internal Interest Expense is under budget due to no interest charged on capital reserve.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	COMMUNITY FACILITIES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
Operating and Capital Reserves							
(35,872)	Operating Surplus/(Deficit)	22,006	(16,403)				(16,403)
(35,872)	Total Operating Reserves	22,006	(16,403)				(16,403)
Equity							
98,429	Opening Balance	8,745	(187,000)				(187,000)
30,136	Transfer Funded Depreciation from Operating Reserves	49,224	32,122				32,122
(119,820)	Transfer Capital Expenditure from Operating Reserve	(332,370)	(317,652)				(317,652)
8,745	Total Capital Reserves	(274,401)	(472,530)				(472,530)
Capital Expenditure							
Public Toilets							
119,820	1518916. Buildings	378,385	317,652	(60,733)	✗	1	317,652
(119,820)	1518999. Transfer to Assets	-	-	-	✓		-
-	Total Public Toilets	378,385	317,652	(60,733)			317,652
-	Total Capital Expenditure	378,385	317,652	(60,733)			317,652

Variance Analysis:

- Public Toilets - Buildings - final cost over budget.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	RECREATIONAL FACILITIES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
137,810	General Rates	115,200	115,199	1	✓		115,199
1,119,388	Targeted Rates	1,372,790	1,372,893	(103)	✗		1,372,893
17,048	Subsidies and Grants	18,411	21,407	(2,996)	✗		21,407
216,911	Other Income	271,708	197,813	73,895	✓	1	197,813
2,565	Internal Interest Income	4,700	6,082	(1,382)	✗		6,082
1,493,723	Total Income	1,782,809	1,713,394	69,415			1,713,394
	Expenses						
82,673	Employment Expenses	89,111	91,322	2,211	✓		91,322
244,073	Administration Expenses	181,291	258,364	77,073	✓	2	258,364
806,141	Operational and Maintenance	967,715	1,111,513	143,798	✓	3	1,111,513
33,269	Internal interest Expense	25,469	35,299	9,830	✓	4	35,299
258,409	Depreciation	233,724	233,769	45	✓		233,769
1,463	Internal Charges	42	-	(42)	✗		-
1,426,028	Total Expenses	1,497,352	1,730,267	232,915			1,730,267
67,695	Operating Surplus/(Deficit)	285,457	(16,873)	302,330			(16,873)

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	RECREATIONAL FACILITIES	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
<p><i>Variance Analysis:</i></p> <ol style="list-style-type: none"> 1. Other income - includes two years lease rental income. 2. Administration Expenses are less than forecast due to budgeted donations and grants not yet paid out. 3. Operational and Maintenance - Fairlie, Tekapo & Twizel township projects are under budget by \$143,798 year to date. Expecting to be on budget for the full year. Contractor costs are over budget by \$20,000 due to: <ul style="list-style-type: none"> - unbudgeted works being carried out on the Alps 2 Ocean and Tasman Valley track, and - costs for cleaning the Twizel Community Centre are higher than budget however to date this unfavourable variance has been offset by the management contract being unused. Lawn mowing costs are over budget by \$24,000 largely due to Twizel mowing costs being higher than planned. Litter bin collection over budget by \$12,000, mainly as a result of costs to empty the recycling station being more than forecast. Repairs and maintenance over budget by \$18,000 largely due to: <ul style="list-style-type: none"> - Lake Alexandrina grant for Scotts Creek enhancement of \$16,400 being miscoded/unbudgeted - Mackenzie District Council courtyard upgrade being \$17,000 over budget These overruns have been partially offset by planned repairs and maintenance on the Twizel swimming pool for \$6,250 and reserves for \$5,000 being deferred. 4. Internal Interest Expense is under budget due to no interest charged on capital reserve. 					

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended June 2015

LYTD Actual June 2014	RECREATIONAL FACILITIES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
Operating and Capital Reserves							
67,695	Operating Surplus/(Deficit)	285,457	(16,873)				(16,873)
67,695	Total Operating Reserves	285,457	(16,873)				(16,873)
Equity							
(683,740)	Opening Balance	(589,269)	(763,000)				(763,000)
1,605	Transfer - from Hall Operating Rsve	-	-				-
59,193	Transfer Funded Depreciation from Operating Reserves	126,924	64,325				64,325
91,090	Transfer - to/from Op Rsve	-	88,689				88,689
(57,417)	Transfer Capital Expenditure from Operating Reserve	(13,569)	(25,000)				(25,000)
(589,269)	Total Capital Reserves	(475,913)	(634,986)				(634,986)
Capital Expenditure							
Fairlie Township							
600	0528965. Comm Asset - Public Amenities	80	-	(80)	✗		-
(600)	0528999. Transfer to Assets	-	-	-	✓		-
-	Total Fairlie Township	80	-	(80)			-
Mackenzie Community Hall							
-	1228925. Plant and Equipment	499	20,000	19,501	✓	1	20,000
-	1228940. Furniture & Fittings - Other	2,783	5,000	2,217	✓	2	5,000
-	Total Mackenzie Community Hall	3,282	25,000	21,718			25,000
Strathconan Swimming Pool							
4,753	1408215. Plant	-	-	-	✓		-
(4,753)	1408999. Transfer to Assets	-	-	-	✓		-
-	Total Strathconan Swimming Pool	-	-	-			-

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	RECREATIONAL FACILITIES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Tekapo Community Hall						
5,066	1248917. Aorangi Cres Upgrade	-	-	-	✓		-
20,444	1248940. Furniture & Fittings - Other	10,207	-	(10,207)	✗	3	-
4,587	1248950. Community Assets - Buildings	-	-	-	✓		-
15,076	1248978. Resurfacing Tennis Court	-	-	-	✓		-
(45,173)	1248999. Transfer to Assets	-	-	-	✓		-
-	Total Tekapo Community Hall	10,207	-	(10,207)			-
	Tekapo Township						
11,294	1068192. Other Projects	18,418	-	(18,418)	✗	4	-
-	1068925. Plant and Equipment	22,462	-	(22,462)	✗	5	-
(11,294)	1068999. Transfer to Assets	-	-	-	✓		-
-	Total Tekapo Township	40,880	-	(40,880)			-
	Twizel Reserves						
4,753	1428215. Plant	-	-	-	✓		-
(4,753)	1428999. Transfer to Assets	-	-	-	✓		-
-	Total Twizel Swimming Pool	-	-	-			-
-	Total Capital Expenditure	54,448	25,000	(29,448)			25,000

Variance Analysis:

1. Budgeted spend not yet occurred.
2. Budgeted spend not yet occurred.
3. Carry over from completion of Capex from 2014 year. Budgeted last year.
4. Work budgeted in the 2014 year. Completed in this financial year.
5. Work budgeted in the 2014 year. Completed in this financial year.

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	COMMERCIAL ACTIVITIES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
	Income						
(1,188,505)	General Rates	(1,070,736)	(1,070,778)	42	✓		(1,070,778)
126,806	Targeted Rates	223,450	223,630	(180)	✗		223,630
849,005	Investment Income	656,861	1,016,620	(359,759)	✗	1	1,016,620
417,386	Other Income	146,033	194,616	(48,583)	✗	2	194,616
(406,934)	Other Gains and Losses	(41,386)	1,897,666	(1,939,052)	✗	3	1,897,666
175,689	Internal Interest Income	147,047	266,828	(119,781)	✗	4	266,828
(26,554)	Total Income	61,270	2,528,582	(2,467,313)			2,528,582
	Expenses						
70,032	Employment Expenses	88,298	-	(88,298)	✗	5	-
20,077	Members Expenses	20,077	20,000	(77)	✗		20,000
103,894	Consultancy Expenses	164,324	87,491	(76,833)	✗	6	87,491
76,620	Administration Expenses	85,956	78,140	(7,816)	✗		78,140
396,869	Operational and Maintenance	356,438	463,481	107,043	✓	7	463,481
126,803	Internal interest Expense	123,295	81,207	(42,088)	✗	8	81,207
(144,865)	Asset Impairment	-	30,000	30,000	✓		30,000
70,194	Depreciation	78,723	78,669	(54)	✗		78,669
719,623	Total Expenses	917,110	838,988	(78,122)			838,988
(746,177)	Operating Surplus/(Deficit)	(855,841)	1,689,594	(2,545,435)			1,689,594

MACKENZIE DISTRICT COUNCIL
 FINANCE REPORT
 For The Period Ended June 2015

LYTD Actual June 2014	COMMERCIAL ACTIVITIES	YTD Actual June 2015	YTD Budget June 2015	Variance	Full year Budget June 2015
<p><i>Variance Analysis:</i></p> <ol style="list-style-type: none"> 1. Investment Income is below budgeted due to interest income less than forecast and interest rates less than forecast. 2. Other Income is below budget due to forestry rentals and Pukaki Airport Board rental income phased evenly through the year but not due to be received until year end. Other Gains and Losses (\$41,386) are costs relating to Market Place subdivision and the sale to Meridian. Revenue was forecast to be received in February. The forecast income relates to anticipated sales in the Tekapo land development which will not finalise until after titles are issued. This is now likely to be next year. 3. Internal Interest Income is below budget due to capital expenditure spent at the beginning of the year which has resulted in capital reserve balances earning the commercial activity lower interest income and increased interest expense. 4. Employment Expenses - costs associated with the Information Centre. Budget is held in Administration activity. 5. Consultancy Expenses - ahead of budget due to legal fees associated with Tekapo land sales over budget to date and development fees associated with the Tekapo development. 6. Operational and Maintenance - Costs for A20 are lower than budget due to timing. Tourism service contributions are lower than budget as CCT have not billed us as per budget. 7. Internal Interest Expense is over budget due to higher capital expenditure spent at the beginning of the year which has resulted in capital reserve balances costing the commercial activity higher interest expense. 8. 					

MACKENZIE DISTRICT COUNCIL
FINANCE REPORT
For The Period Ended June 2015

LYTD Actual June 2014	COMMERCIAL ACTIVITIES	YTD Actual June 2015	YTD Budget June 2015	Variance			Full year Budget June 2015
Operating and Capital Reserves							
(746,177)	Operating Surplus/(Deficit)	(855,841)	1,689,594				1,689,594
(746,177)	Total Operating Reserves	(855,841)	1,689,594				1,689,594
Equity							
(46,228)	Opening Balance	(431,554)	716,000				716,000
(77,226)	Transfer - from Operating Reserve	-	-				-
(249,063)	Transfer Capital Expenditure from Operating Reserve	-	-				-
(51,404)	Transfer from Operating reserves	-	80,000				80,000
(7,634)	Transfers between Reserves	-	-				-
(431,554)	Total Capital Reserves	(431,554)	796,000				796,000
Capital Expenditure							
Old Library Café							
-	0668920. Building - Renewal	671,851	-	(671,851)	✗	1	-
-	Total Library Café	671,851	-	(671,851)			-
Real Estate							
249,063	0818906. Twizel Industrial Subdivision	1,391,265	3,700,000	2,308,735	✓	2	3,700,000
(249,063)	0818999. Transfer to Assets	-	-	-	✓		-
-	Total Real Estate	1,391,265	3,700,000	2,308,735			3,700,000
-	Total Capital Expenditure	2,063,116	3,700,000	1,636,884			3,700,000

Variance Analysis:

1. Old Library Café costs are unbudgeted as Council was unsure whether building was to be repaired or rebuilt. Costs are covered by insurance monies.
2. Tekapo lake front development expected to be further progressed at this time. Delayed due to resource consent issues around stormwater.

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE
SUBJECT: BANCORP QUARTERLY REPORT – JUNE 2015
MEETING DATE: 1 SEPTEMBER 2015
REF: FIN 9/1/9
FROM: MANAGER – FINANCE AND ADMINISTRATION
ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

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

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS
MANAGER – FINANCE & ADMINISTRATION

ATTACHMENTS:

Appendix 1: Quarterly report from Bancorp Treasury Services to 30 June 2015.

PARTICULAR POINTS TO NOTE:

Comparison with the Benchmark

The Council's portfolio increased in value by 1.77%, whereas the benchmark portfolio increased in value by 1.67% over the quarter, therefore the Council's Portfolio outperformed compared to the benchmark. The main reason why Council's portfolio outperformed the benchmark index is as follows;

Council's portfolio had a shorter duration (2.66 years) than the benchmark (2.82 years) which in periods of longer term rates rising the benchmark was more exposed as it had a higher concentration of longer dated bonds than Council's portfolio.

Movements in the Portfolio

The portfolio stands at \$2.027 Million.

At the end of March the weighted average running yield of Council's bond portfolio was 5.97%.

Policy Adherence

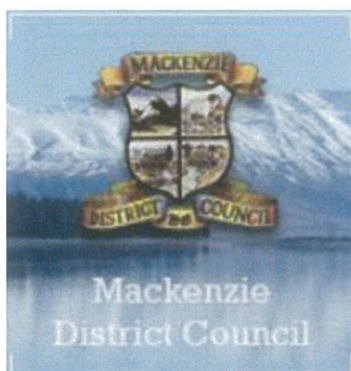
- All financial market investments comply with the counterparty exposure limits as outlined in the Treasury Policy.
- All investments are readily tradable (liquid) on the secondary market.
- The duration of MDC's portfolio at 2.66 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.82 years.
- Assets category percentages are as follows (excluding the call deposit):
 - Registered Banks 75.33%
 - Local Authorities 24.67%

Financial Market Movements

The Official Cash rate fell to 3.25% during the period.

QUARTERLY PORTFOLIO REPORT

PREPARED FOR



For the quarter ended 30 June 2015

PREPARED BY BANCORP TREASURY SERVICES LIMITED



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

PORTFOLIO REPORT

Below is a summary of the performance of Mackenzie District Council's ("MDC") Long Term Funds Portfolio ("LTFP") and the benchmark portfolio for the quarter ended 30 June 2015.

MDC's LTFP, on an open to close valuation basis with coupons received during the quarter included, increased in value by 1.77%.

MDC portfolio value at 31 March 2015	\$ 2,664,701
MDC portfolio value at 30 June 2015	\$ 2,161,003
Add coupon payments	\$ 50,948
Maturities	\$ 500,000
Net purchases/sales/maturities	\$ Nil
Total	<u>\$ 2,711,951</u>
Percentage change in effective cash value	+ 1.77%

The benchmark portfolio, on an open to close valuation basis with coupons received during the quarter included, increased in value by 1.67%.

Benchmark portfolio value at 31 March 2015	\$ 11,787,523
Benchmark portfolio value at 30 June 2015	\$ 11,865,253
Add coupon payments	\$ 118,700
Total	<u>\$11,983,953</u>
Percentage change in effective cash value	+ 1.67%

OVERVIEW

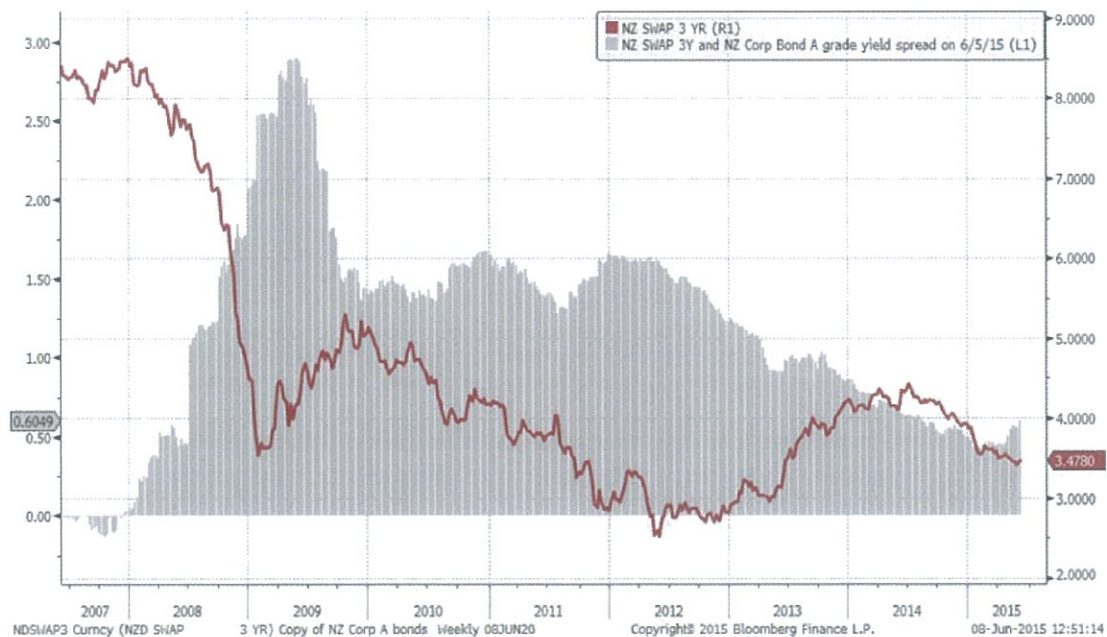
A summary of the performance of MDC's LTFP during the June 2015 quarter is as follows:

- The LTFP outperformed the benchmark index, increasing in value by 1.77% compared to the benchmark portfolio's increase of 1.67%.
- The running yield of the portfolio as at 30 June 2015 was 5.97%.
- The nominal value of the portfolio declined by \$0.50 million to \$2.027 million due to the maturity of the BNZ bond on 27 April 2015. As at 30 June 2015, MDC had \$6.5 million invested on call with Westpac Bank.

	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
31 Mar 15	3.50%	3.63%	3.54%	3.52%	3.55%	3.62%	3.75%
30 Jun 15	3.25%	3.26%	3.09%	3.10%	3.17%	3.43%	3.90%
Change	-0.25%	-0.37%	-0.45%	-0.42%	-0.38%	-0.19%	+0.15%

During the June quarter, short to medium term interest rates fell as the Reserve Bank of New Zealand ("RBNZ") embarked on an easing cycle in response to a benign inflation outlook and lower dairy prices. At the longer end of the yield curve interest rates increased in line with moves in offshore bond markets, due to an abatement of deflationary concerns in Europe and a belief that the US Federal Reserve ("Fed") will start to hike the Fed Funds rate later this year.

Credit spreads for non sovereign bonds increased slightly during the quarter, not because of any meaningful concerns about conditions in the credit markets but because of a perception that credit got too cheap and therefore a correction was needed. The chart below shows credit spreads for the Corporate 'A' Grade Bond index (the grey shaded area) and the 3 year swap (red line) dating back to mid 2007.



PORTFOLIO ACTIVITY

The LTFP outperformed the benchmark portfolio over the June 2015 quarter, increasing in value by 1.77% compared to the benchmark portfolio's increase of 1.67%. MDC outperformed the benchmark due to its portfolio having a shorter duration (2.66 years) than the benchmark portfolio (2.82 years). With longer term rates rising, the benchmark was more exposed as it had a higher concentration of longer dated bonds than the LTFP. The LTFP portfolio also outperformed the ANZ Corporate 'A' Grade bond index which increased by 1.66% during the quarter. This index incorporates coupon reinvestment in its performance calculations whereas the LTFP does not. If it did, its performance would be enhanced.

Looking at the longer term performance of the LTFP, the industry standard for assessing a fund manager's performance is the return over the previous three years, thus smoothing out any short term aberrations. The LTFP has returned 6.39% per annum over the past three years, while the benchmark index has returned 5.71% per annum.

As at 30 June 2015, MDC had \$6.5 million invested on call. It was not invested in term deposits as, following directions from Audit New Zealand, MDC have advised that there is a different accounting treatment for this type of investment compared to 'on call' and MDC wished to avoid any accounting issues over year end. In the new financial year, MDC will revert to investing in term deposits. These still provide a higher yield than equivalent corporate bonds, the yields for the latter are detailed in the following table.

Security	Maturity	Coupon	Rating	Yield
BNZ	15-08-15	6.16%	AA-	3.50%
ANZ	16-02-16	6.31%	AA-	3.39%
Tauranga CC	15-04-16	6.25%	A+	3.44%
Dunedin City Treasury	15-11-16	6.79%	A+	3.32%
ASB Bank	08-06-17	6.06%	AA-	3.48%
Transpower	30-11-18	5.14%	AA-	3.64%
BNZ	20-12-18	6.10%	AA-	3.82%
Rabobank	19-03-19	6.10%	AA-	4.07%
Fonterra	25-02-20	5.52%	A+	3.95%
Auckland Airport	28-05-21	5.52%	A-	4.22%
Spark Finance	25-03-22	4.50%	A-	4.40%

As at 30 June 2015, MDC complied with the credit rating criteria contained in the Treasury Policy. Bancorp Treasury continues to classify the ANZ Bank April 2018 bond under the Moody's Investors Service ("Moody's") 'equivalent test' which is permissible under the Treasury Policy. Currently, Moody's long term rating is 'A3'.

The running yield of 5.97% still delivers considerable benefits over the interest rates available for shorter term money market investments.

GLOBAL MARKETS OVERVIEW

The June quarter started out with financial markets focussed on the lack of inflation and weak economic growth in the major economies (especially Europe) and, as a consequence, bond yields hovered close to the lows recorded in February. There was a subtle change in the markets focus in May amid signs that the immediate threat of deflation in Europe and the UK had all but disappeared. Even though inflation looked set to rise, it was still expected to remain low compared to historical outcomes for some time, meaning the 'new normal' for interest rates would also be lower.

In June, the financial markets attention shifted to the impending Greek debt deadline, the timing of Federal Reserve ("Fed") interest rate rises and the implications of the slowdown in China's economic growth. Greece's likely non-payment of a EUR1.55 billion to the IMF at the end of June generated increasing financial market volatility as month end approached.

US data showed that the US economy rebounded after another harsh winter although the Fed eased market fears once again by emphasising that any tightening path will be gradual, while at the same time firming expectations that the first Fed interest rate hike would occur in 2015.

At its June meeting, the Fed upgraded its assessment of the US economy, concluding that economic activity had expanded moderately after stalling during the March quarter. Specifically, the Fed highlighted that jobs growth has picked up and underutilisation of labour resources has fallen. The Fed wants to see "*evidence of some further progress*" in the labour market to affirm its expectations for inflation to reach the 2.0% target over the medium term. While the Fed members' forecast interest rate normalisation path - the 'dot plot' - showed a median projection of two interest rate hikes this year, it also showed a shallower pace of interest rate rises in 2016.

The European Central Bank ("ECB") again held its monetary policy settings steady at its June meeting despite raising its inflation forecast for this year to 0.3% from zero, in a sign that the immediate deflation threat had eased. The ECB also affirmed that it is committed to the full extent of its bond buying programme, i.e., EUR1.1 trillion to September 2016 at least, even though there were early signs that the ECB's bond buying programme is having the desired effect and is contributing to a *"broad-based easing of financial conditions."*

The Greek debt crisis dented market sentiment towards the wider European Union even though the immediate threat is one of contagion within the Eurozone should Greece default and abandon the euro. Nevertheless, Europe remains tarnished by weak growth, low inflation and high unemployment.

Bond yields experienced a volatile quarter. In the US, the 10 year Treasury bond climbed off an early April low of 1.80% and rose to 2.50% by mid June, but eased back to close the quarter at 2.37% as the Greek deadline drew closer. In Germany, it was much the same pattern, albeit with even wider trading ranges than in the US. The 10 year bund yield touched a somewhat unbelievable low of 0.07% in mid April, rose to 0.99% by mid June and closed the quarter at 0.76%.

Worried about signs of slowing economic growth and a sharply falling sharemarket (whose recent stellar rise has been driven by borrowed money), the People's Bank of China again cut its benchmark interest rates by 25 basis points in late June, taking its one year lending and deposit rates to 4.85% and 2.00%.

NEW ZEALAND MARKET OVERVIEW

The economic outlook for New Zealand deteriorated during the June quarter, weighed down by weak data prints, further falls in the prices of New Zealand's export commodities (notably dairy) and the Reserve Bank of New Zealand ("RBNZ") embarking on a path of Official Cash Rate ("OCR") cuts.

GDP rose by 0.2% over the March quarter. This was down from 0.7% in the December quarter, the lowest rise since March 2013 and well below market and RBNZ forecasts. GDP rose 2.6% over the March year, from 3.5% in December. The main contributor to the weaker than expected growth figure was a 2.9% fall in the primary industries sector (agriculture, forestry and mining) led by a 2.3% fall in agriculture (because of drought conditions and lower dairy prices) and lower oil and gas exploration and extraction (because of lower international prices).

Migration was one of the few bright spots during the quarter with a net gain of 57,800 people over the May year, a new high, as monthly migration gains returned to above 5,000. There are a number of factors supporting the rise in migration; net departures to Australia have hit the lowest level since 1992, on a combination of less New Zealanders leaving for Australia (down 22.0% from the year to May 2014) and more New Zealander's returning home, as the Australian economy struggles to revitalise itself.

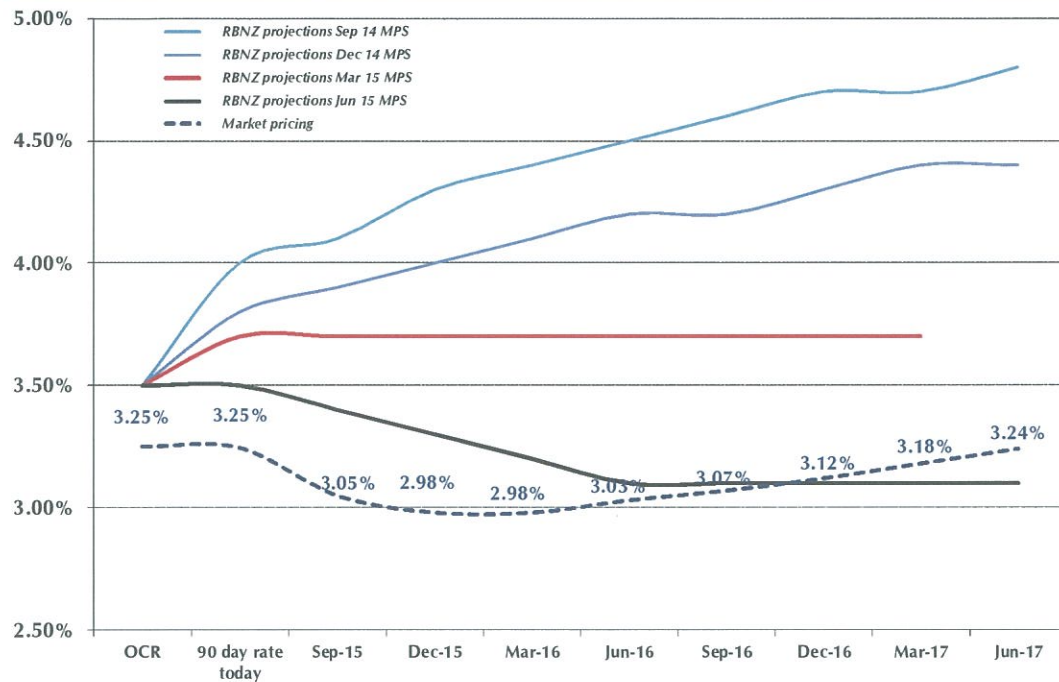
Prices at the two GlobalDairyTrade ("GDT") auctions in June fell by 4.3% and 1.3% with Whole Milk Powder Prices, a critical component of Fonterra's farmgate payout, fell 3.1% and 0.1%. That took the number of consecutive falls in the GDT Price Index to seven, i.e., GDT auction prices fell consistently during the June quarter. It is too early in the 2015/16 season for lower GDT auction prices to cause a revision of Fonterra's 2015/16 payout but, the longer it takes for GDT prices to rebound, the more susceptible Fonterra's payout will be to a downward revision, with negative consequences for dairy farmers, their suppliers and their lenders.

In probably the most anticipated OCR decision in years, the RBNZ cut the OCR by 25 basis points to 3.25% in its June *Monetary Policy Statement* ("MPS"). The RBNZ all but guaranteed a 3.00% OCR at, or by, the September MPS, saying it expected *"further easing may be appropriate,"* and reducing its 90 day bank bill track to 3.10% (3.70% in the March MPS). The RBNZ deemed the OCR cut appropriate given *"low inflationary pressures and the expected weakening in demand, and to ensure that medium term inflation converges towards the middle of the target range."* Market pricing at the end of June implied an OCR cut in September (to 3.00%) and an 80% chance of another 25 basis points OCR cut in early 2016.

The New Zealand yield curve steepened dramatically over June. By quarter end, the short end of the yield curve had been pulled lower by the OCR cut and expectations for more cuts in 2015, while the longer end was held up by higher global bond yields. The benchmark yield curve measure, the spread between the 2 and 10 years swap rates, rose to 80 basis points at the end of June, up from 23 basis points at the beginning of April.

The chart on the following page shows the prevailing 90 day bank bill futures pricing compared to the RBNZ's projections for the 90 day rate in the September, December, March and June MPSs.

90 day bank bill futures



LOCAL AUTHORITY SECTOR

The Local Government Funding Agency ("LGFA") held its last tender for the quarter on 3 June. In total, \$180 million of fixed rate bonds and Floating Rate Notes ("FRN") were issued, with \$462 million of bids received, representing a bid to cover ratio of 2.6 times. Results of the tender were as follows:

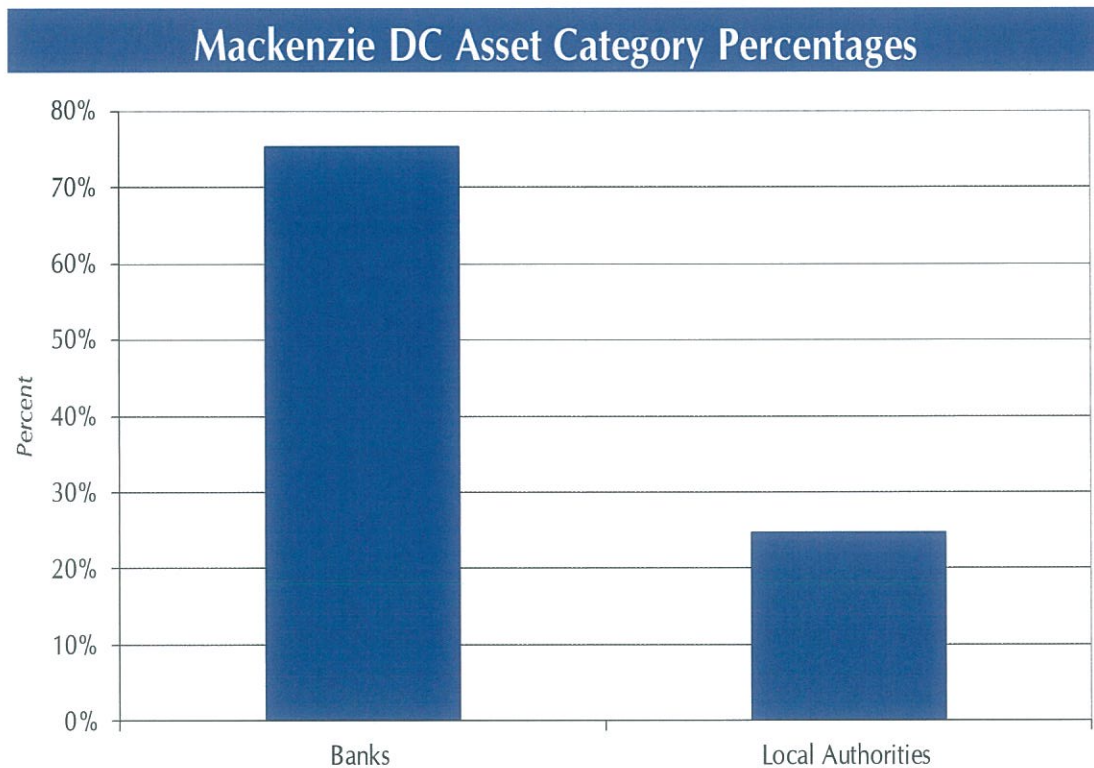
- 15 April 2020 maturity - \$35 million issued at a margin of 38 basis points over swap for an 'A+' rated borrower.
- 15 April 2023 maturity - \$70 million issued at a margin of 46 basis points for an 'A+' rated borrower.
- 15 April 2027 maturity - \$75 million issued at a margin of 54 basis points over swap for an 'A+' rated borrower.

There has been little standalone bond issuance from the sector so far this year with the LGFA filling a gap in its product suite by offering bespoke lending whereby the borrower can nominate the maturity date as far out as April 2027 and the issuance able to be done at any time. Up until recently, the borrower could only access LGFA funding at the specified tender dates which were usually six weeks apart. If a standalone issuer does come to market, we would expect a very favourable outcome given the scarcity of supply this year.

POLICY ADHERENCE

- As at 30 June 2015, MDC was compliant with the investment parameters contained in its Treasury Policy.
- The duration of the LTFP at 2.66 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.82 years.
- As far as liquidity is concerned, all of the bonds in the LTFP portfolio have been traded regularly on the secondary market during the June quarter. We are confident that the portfolio would be able to be sold at short notice if required.
- As at 30 June 2015, the asset category percentages, as detailed below, complied with the Treasury Policy.
 - Banks 75.33%
 - Local Authorities 24.67%

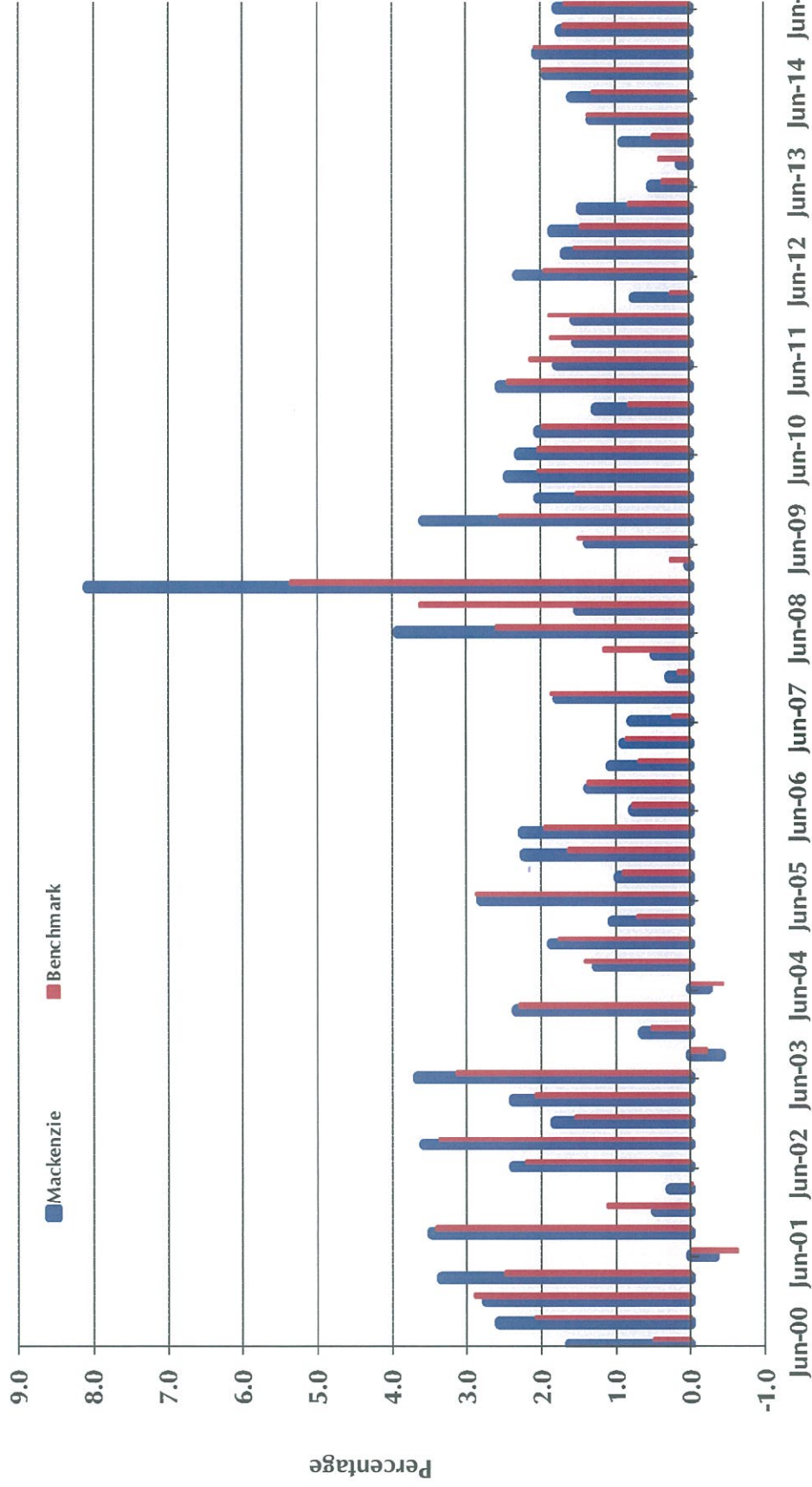
These are illustrated as follows:



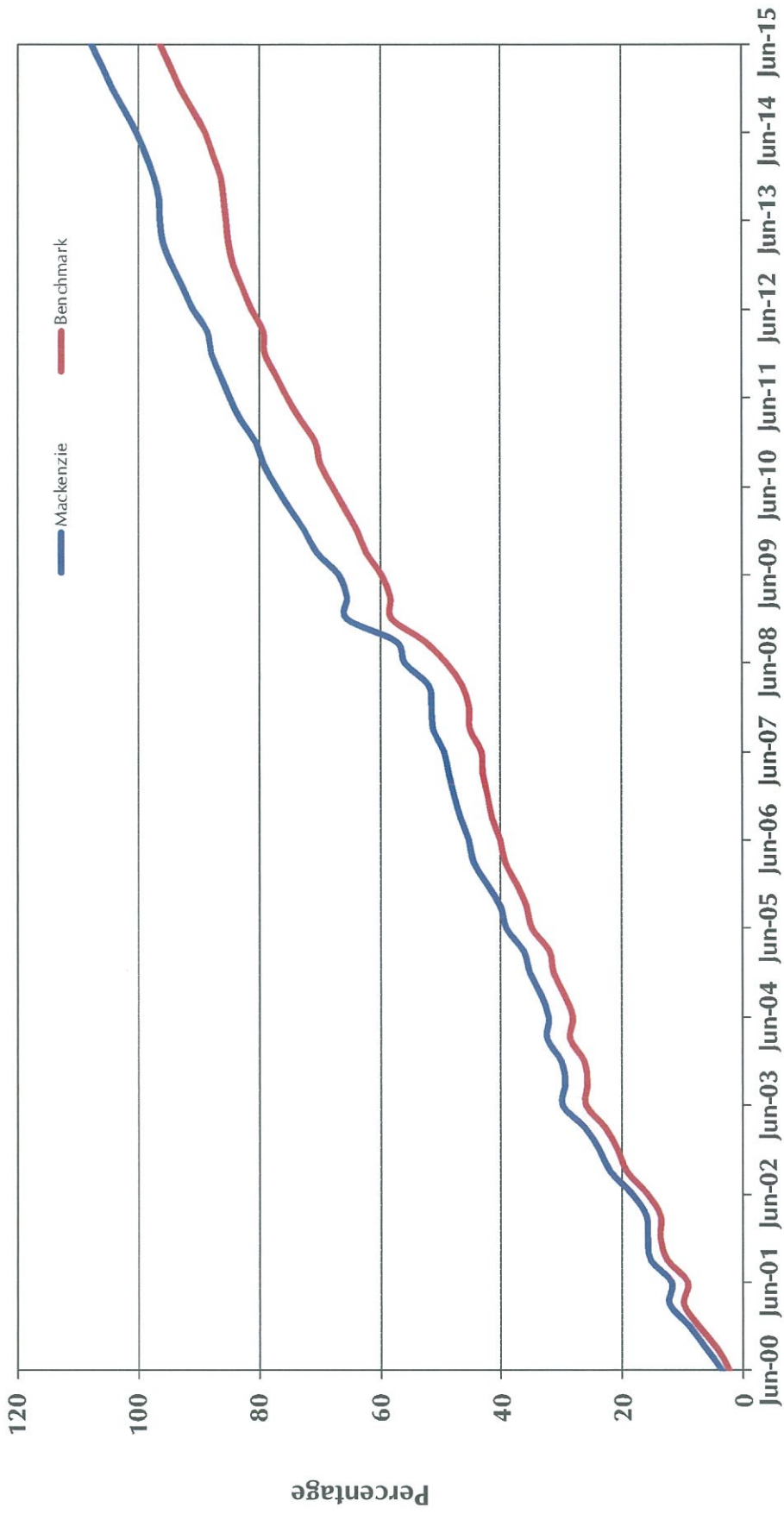
Benchmark Security	Issue Date	Maturity Date	Coupon	31-Mar-15		30-Jun-15		Coupons 01/04 to 30/06	Yield	Value \$	Yield	Value \$	Effective cash 30/06/2015
				Nominal \$	Value \$	Nominal \$	Value \$						
90 Day Bank Bill	30-Jun-15	30-Sep-15		1,000,000	991,047	1,000,000			3.26	991,948		991,948	
NZ Post	15-Nov-11	15-Nov-16	5.22	1,000,000	1,037,462	1,000,000		\$26,100	3.57	1,028,431		1,054,531	
Telstra	15-Jul-12	11-Jul-17	7.51	1,000,000	1,090,536	1,000,000			3.60	1,111,148		1,111,148	
Auckland Council	20-Apr-04	29-Sep-17	6.52	1,000,000	1,064,998	1,000,000			3.36	1,084,261		1,084,261	
ANZ/National Bank	16-Feb-11	16-Feb-18	6.85	1,000,000	1,083,784	1,000,000			3.65	1,104,849		1,109,111	
ASB	19-Jul-12	18-Jul-18	5.06	1,000,000	1,039,985	1,000,000			3.70	1,061,646		1,109,112	
Rabobank NZ	19-Mar-12	19-Mar-19	6.10	1,000,000	1,063,989	1,000,000			4.07	1,086,425		1,086,425	
BNZ	25-Jun-14	25-Jun-19	5.57	1,000,000	1,064,905	1,000,000		\$27,850	3.95	1,059,967		1,087,817	
Fonterra	25-Feb-15	25-Feb-20	5.52	1,000,000	1,059,944	1,000,000			3.96	1,085,164		1,085,164	
Transpower	10-Jun-12	10-Jun-20	6.95	1,000,000	1,149,761	1,000,000		\$34,750	3.96	1,136,864		1,171,614	
LGFA	15-May-12	15-May-21	6.00	1,000,000	1,141,112	1,000,000		\$30,000	3.94	1,114,550		1,144,550	
				\$11,000,000	\$11,787,523	\$11,000,000		\$118,700		\$11,865,253		\$12,035,680	
Value as at 31/03/2015					\$11,787,523				30/06/2015			11,865,253	
									Coupons			118,700	
									Net Purchases/Sales			Nil	
												11,983,953	
									Effective change in cash			\$196,430	
									% change			1.67%	
									Duration-years			2.82	

Mackenzie District Council											
Security	Issue Date	Maturity Date	Coupon	31-Mar-15 Nominal \$	Yield	Value \$	30-Jun-15 Nominal \$	Coupons 01/04 to 30/06	Yield	Value \$	Effective Cash 30/06/2015
BNZ	27-May-08	27-May-15	8.67	500,000	3.82	518,576		21,675			21,675
AUCKLAND COUNCIL	27-Sep-10	27-Sep-17	6.52	500,000	3.78	532,607			3.35	542,341	542,341
ANZNATIONAL	18-Apr-08	18-Apr-18	5.28	500,000	5.41	510,074		13,200	5.03	508,454	521,654
ANZNATIONAL	20-Sep-11	20-Sep-18	6.08	500,000	4.11	532,454			3.74	543,606	543,606
BNZ	20-Dec-11	20-Dec-18	6.10	527,000	4.15	570,990		16,073	3.82	566,603	582,676
				2,527,000		2,664,701	2,027,000	50,948		2,161,003	2,211,951
Value 31/03/2015						\$2,664,701				Value 30/06/2015	2,161,003
										Coupons	50,948
										Net maturities and adjustments	500,000
											2,711,951
										Effective change in cash	\$47,250
										% change	1.77%
										Duration-Years	2.66

Mackenzie DC vs Benchmark - Quarterly



Mackenzie DC vs Benchmark - Cumulative



MACKENZIE DISTRICT COUNCIL

REPORT TO: MACKENZIE DISTRICT COUNCIL

SUBJECT: AORAKI DEVELOPMENT & BUSINESS TRUST ECONOMIC
DEVELOPMENT SERVICES ANNUAL REPORT 2014-2015

MEETING DATE: 1 SEPTEMBER 2015

REF:

FROM: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

To provide to Council, the Annual Economic Development Services to Mackenzie District Council Report from Aoraki Development & Business Trust (ADBT) to - for the year ending 30 June 2015.

STAFF RECOMMENDATIONS:

1. That the report be received and the information noted.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

Aoraki Development Business & Tourism (ADBT) Economic Development Services to the Mackenzie District Annual Services Report for the year ended 30 June 2015.

**Aoraki Development Business and Tourism (ADBT)
Economic Development Services to the Mackenzie District
Annual Services Report - Confidential**
1st July 2014 – 30th Jun 2015

Introduction

The report presented to Mackenzie District Council is based on the Activity Output Schedule for Economic Development as per the Memorandum of Understanding between ADBT and the Mackenzie District Council.

The ADBT business support funded by the Mackenzie District Council has been very well received. The clear and constant message is that there has been a lack of business support available previously. 100% of businesses engaged are positive about MDC investment in economic development. Businesses are pleased business support is available across all sectors. It is clear that there is more demand for business support than currently is able to be delivered by Aoraki Development Business & Tourism

Monthly Visits - Business Services

Meeting face to face with businesses is the best way to connect with and support them. The following table shows the industries and type of business support provided to individual businesses in this period. All business support meetings were at no charge due to the Mackenzie District Council funding.

Mackenzie Business Support, by Industry/sectors			
Industry (in order of contribution to GDP in the Mackenzie District)	Informed	Supported	Managed
Agriculture, Forestry, Fishing	9	5	8
Electricity, Gas, Water	0	0	0
Accommodation & Food	14	18	5
Tourism	8	10	4
Retail Trade	9	3	0
Construction	1	0	4
Rental, Hiring, Real Estate	3	1	2
All others	8	4	0
Total Businesses Supported	52	41	23

Informed:
Supported by providing business information & referrals

Supported:
Met with business and provided ongoing support

Managed:
Proactively provided ongoing support and business growth opportunities

The above managed and supported were one-on-one meetings at the businesses own premises, spread throughout and between Fairlie, Tekapo, Twizel, Aoraki/Mt Cook, Pukaki and Burkes Pass.

ADBT completes an annual survey across Timaru, Mackenzie and Waimate Districts in which each business is asked to provide confidential evaluation of ADBT's support service. Results from the 2014 calendar year survey are appended.

Some Business Support Examples

- Met with an established Lake Tekapo accommodation business coping with growth challenges. ADBT introduced, and helped business to fund through NZTE vouchers, a business consultant to develop a new business plan/financial strategy. This support has in a short time given them the confidence to "to make some difficult decisions and we are now much busier, employ more staff, are more profitable and much happier. We feel in control. We have no doubt we would still be struggling along without this

input.” The business owners estimate the value added to their business from ADBT’s service as over \$100k.

- Innovative crop diversity farming client; ADBT continued support and assistance, the client is developing new strains of crop palatable to wide range of stock including an application support for the Sustainable Farming Fund.
- Gave business growth mentoring and business planning advice to a construction industry firm based in Fairlie servicing the wider Mackenzie District. “Having ADBT staff coming to us is a huge help, as is the Mackenzie based training seminars. Without them it would be very hard to stay up to date!”

During this period ADBT also distributed \$7,883.75 training of vouchers to 14 Mackenzie businesses for training and development as part of the NZTE funded Regional Business Partner programme. Investment in training is matched by the business themselves. Each business works with ADBT to assess their needs and capability development is then provided either through coaching (one on one) or training services all available through a wide range of providers.

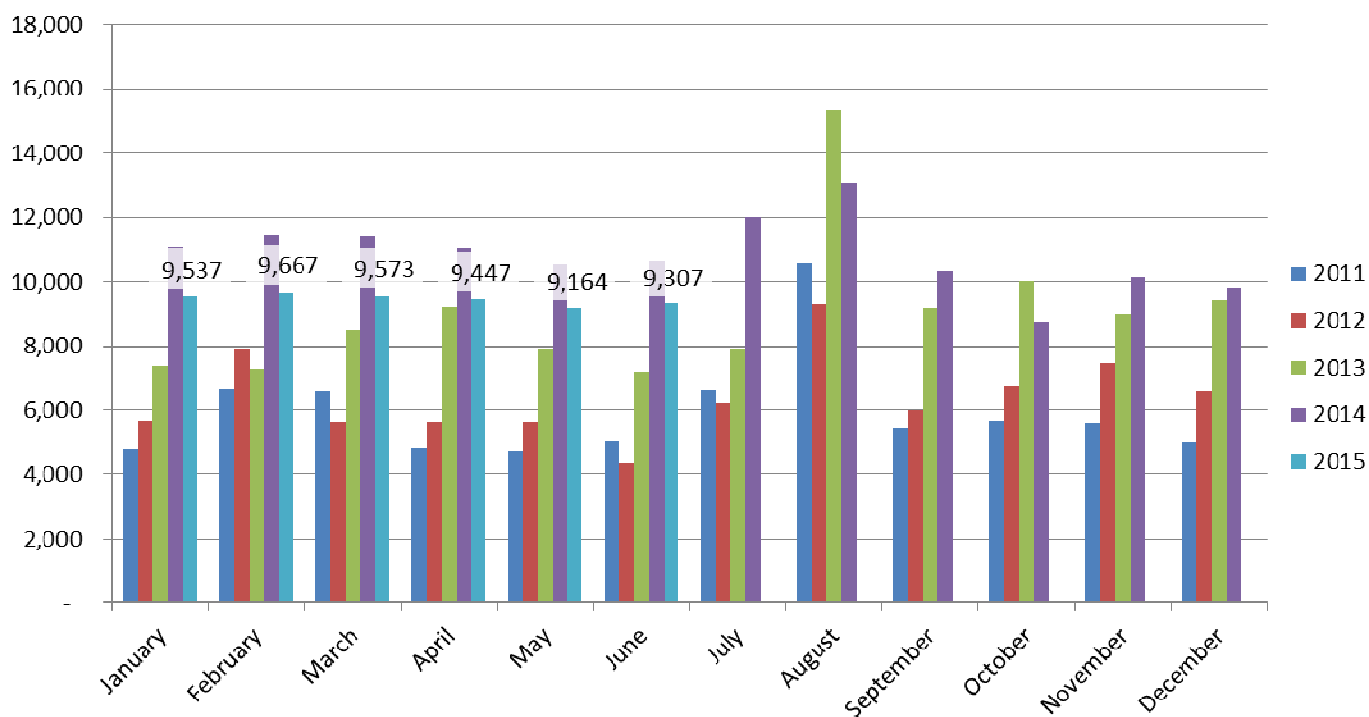
Website Marketing Partner of South Canterbury

Upgraded www.southcanterbury.org.nz website features increased Mackenzie District content including specific pages about Mackenzie District, and main townships of Aoraki/Mount Cook, Twizel, Tekapo and Fairlie.

32 Mackenzie Business Partners are showcased on the site and receive excellent value for their annual investment; so much so that in this period two businesses chose to upgrade their investment presence from Silver partners to Gold. Also, Mackenzie based events can be listed for free on the [EVENTS](#) section of site.

Over 120,000 people visited the website in this financial year, spending an average of three minutes exploring the rich content about the region. See the statistics represented below. These visits are from over 150 countries; top five are New Zealand, Australia, United States, UK and Brazil.

Visits to www.southcanterbury.org.nz per Month



Cluster Support and Inclusion

Export and Import cluster events

- Hosted exporters at Timaru PrimePort for the South Canterbury launch of the Diploma of International Trade, run by the New Zealand School of Export. Businesses were offered the opportunity to enrol staff on the Diploma of International Trade. 1x Mackenzie staff member is now enrolled and will receive \$5,000 RBP voucher towards costs.
- Hosted exporters at BNZ Business Hub for a currency strategy session, where business learned from BNZ Currency Strategist Raiko Shareef. Raiko is BNZ's currency strategist, producing analysis that informs the NZD view. He is also a part of National Australia Bank's (NAB) Global FX Strategy team, which covers currency markets more broadly, with a focus on the G10 currencies.

Primary Produce Innovation Cluster events

- NZ Food & Beverage industry report presented by MBIE's principal policy advisor to cluster members overviewing trends, forecasts and investor guidelines.
- Hosted meeting of food producers to explore options for collaborative on-line marketing and sales.
- Principals & Careers Day – visits to farming and manufacturing operations to inspire tomorrow's work force on job opportunities in these fields as there are skill shortages affecting business growth. Nine principals enjoyed the day, with an ongoing stream of work planned.
- ADBT's Mackenzie business services staff member attended a Bioresource Processing Alliance (BPA) workshop in Christchurch along with other South Canterbury businesses. The theme was waste stream commercialisation, which could be useful for many Mackenzie businesses. Information to BPA provided to Mackenzie businesses via www.bioresourceprocessing.co.nz
- To help address the identified skill shortages faced by cluster member businesses ADBT ran two "Business Connection Seminars" as part of the Aoraki Polytechnic Careers Day. Attendees heard directly from business owners about "real jobs and rewarding careers right here in South Canterbury" with a goal to encourage students to stay in the region.

Official Visitor Guide

- the **2015/16 South Canterbury Official Visitor Guide was printed in June**. Published approx. every 18 months, distributed to over 80 i-SITES and Visitor Centres around NZ, Christchurch Airport, vehicle rental, accommodation and activities providers, restaurants, schools and key retail outlets. Included in major regional event and trade conference packs.
- A dedicated Mackenzie section is included with information on the district and its towns. The section is supported by businesses advertising. This support from businesses to ensure the publication is packed with meaningful visitor information to experience the very best of our region.

Sponsor of the Annual Business Excellence Awards

MDC investment of \$2k was for the pre BEA workshops and Winners workshop run post event. Once again, 2014 South Canterbury Business Excellence Awards was a huge success, providing businesses with the opportunity to perform a WOF on their business, benchmark performance in their industry sector and gain significant promotion and media coverage.

Mackenzie business excellence was well represented, seven businesses were amongst the finalists; Aoraki Court Motel, Book Tekapo Holiday Homes, Earth & Sky, Glacier Kayaking, High Country Salmon, High Country Carpentry and Lake Tekapo Lodge. The Gala Awards evening was held on 29th August. Tourism Industry winner was Earth & Sky, Lake Tekapo. 2014 Supreme winner was Barkers of Geraldine.

Testimonial:

'A big thanks' to all you guys at the Aoraki Development, we appreciate your support and hard work you put into promoting the region - you are just as much winners as all those on the stage last Friday night" **Earth & Sky – Margaret Munro, GM**

Training and Events

Mackenzie District has once again been included in 2015 Training Directory to host workshops, making it easier for Mackenzie businesses to attend. Feedback from businesses reflected in the topics to be scheduled. Health and Safety, Smart Marketing and understanding/best use of Social Media are the most frequently requested to date.

Three training workshops were held in the Mackenzie District this year with strong attendance and interest in all topics. Attendees came from Fairlie, Burkes Pass, Twizel and Mt Cook Industries in attendance included: construction, tourism, recreating and hospitality. Tekapo was chosen as a venue as it is a central point for Fairlie and Twizel businesses

March - Smart Marketing for Small Business – TEKAPO

March - Web Optimisation –TEKAPO

April - Advanced Training for Health & Safety (Stage 2) – TEKAPO

As well as the Mackenzie located events it was very pleasing that 17 people travelled to Timaru to attend various training courses, largely as a result of earlier interaction and ongoing relationships.

Business Testimonials

"As a Mackenzie area farmer looking to develop an innovative crop for both forage and arable production, ADBT have understood the value of this and instigated personal meetings and on-going relationships. Including Callaghan Innovation, NZ Food Innovation and local strategic business contacts to help guide our processes and decision making in regards to how and where our product can be viable in the market place. Being able to contact ADBT about this and other business aspects is appreciated and extremely valuable. We look forward to further contact as the project develops over the next few years."

Gavin (Snow) Loxton, Sawdon Station

"High Country Salmon has appreciated the support and training provided by ADBT. We have sent several of our employees to courses in Tekapo and Timaru and have received great feedback from all attendees. The 50% discount NZTE vouchers are greatly appreciated and we will certainly continue to attend training sessions, particularly those held in the Mackenzie area. We have also valued the support we received whilst entering the Business Excellence Awards."

Rae Coburn, High Country Salmon

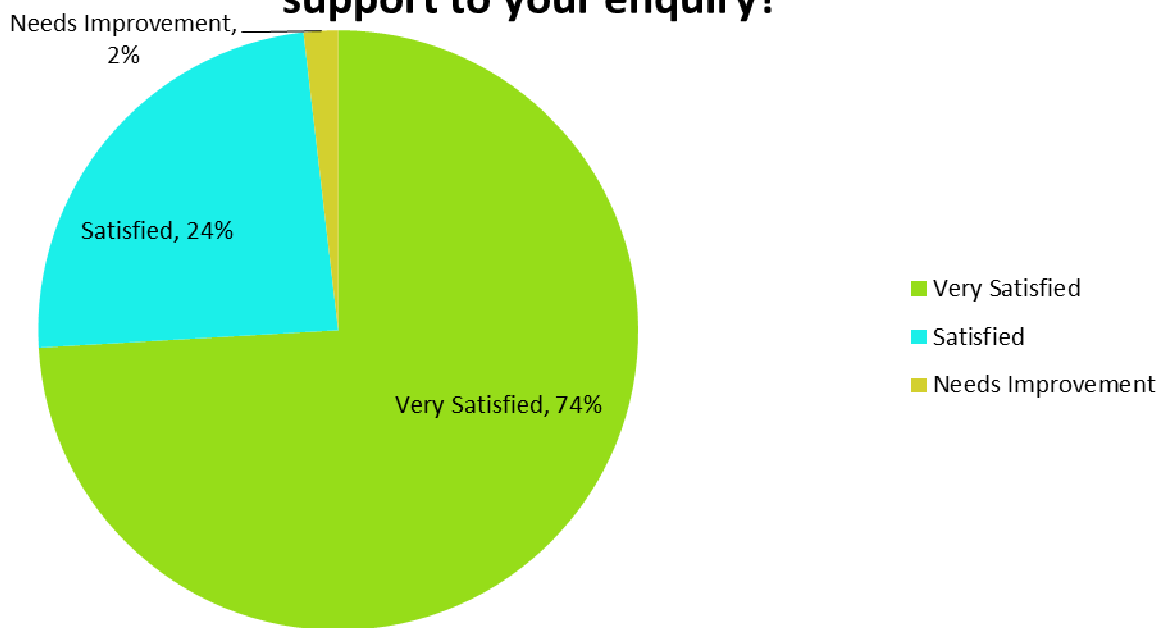
A very informative morning & well worth attending the Health & Safety Legislation update today. Thank you for your part in suggesting we attend.
Morlea Farm – Angie Taylor (H&S Governance seminar)

ADBT Business Services Evaluation
For the calendar year of 2014
54 responders

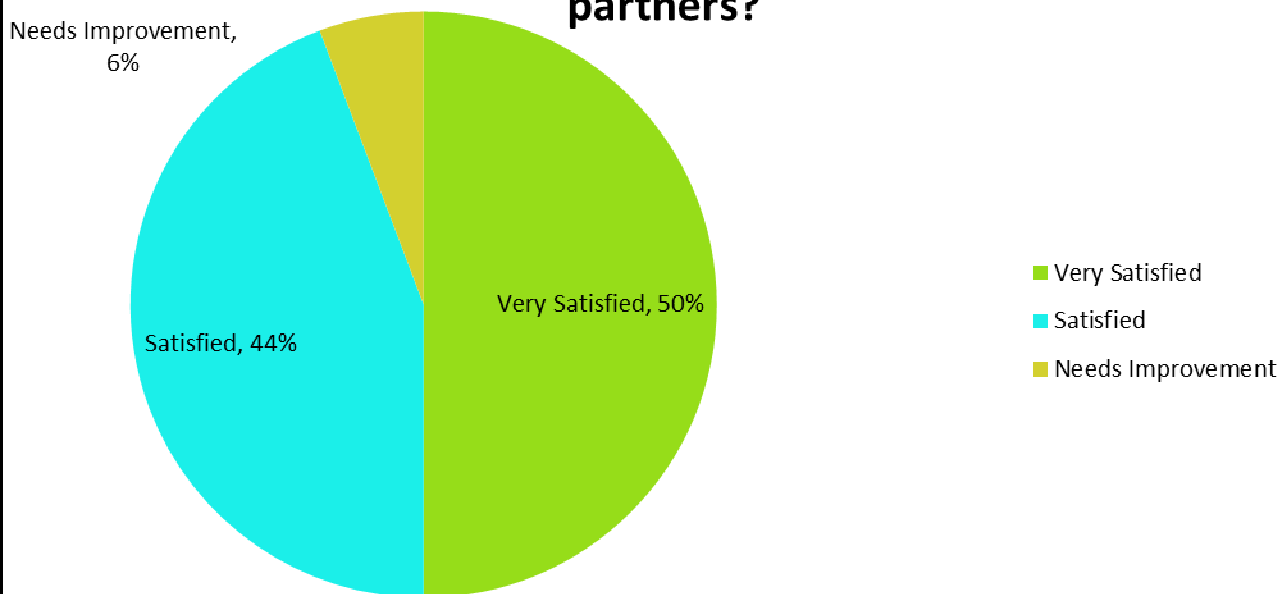
Introduction

The survey was 100% confidential and offers insight into both the quality and high value of the support services supplied by ADBT across all sectors.

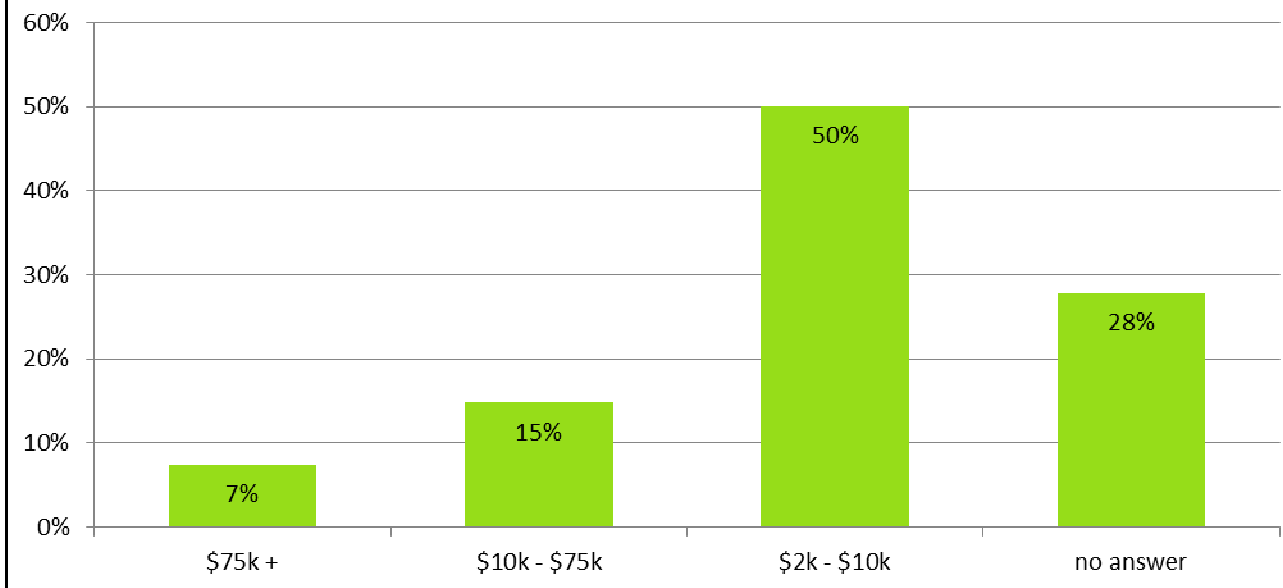
Q1. How would you rate ADBT's response & support to your enquiry?



Q2. How would you rate the support services provided by referred agencies and/or business partners?



Q3. Please estimate the added value this has created in your business



Comments

- My team have been on courses and have come back with great knowledge that has certainly helped our group grow. I am only one block into the Icehouse Owner Manager program however the value added to our group of companies has already paid for the entire program.
- It's always hard to quantify value... but it's certainly very positive.
- Website initiative invaluable, thank you so much for the guidance and help
- Suggesting to list with Booking.com has made a huge difference to our business.
- Too soon to know
- Hard to specify added value, more a goodwill feeling at this point. I imaging it will grow over time as the tenure of the business relationship continues
- Still need to evaluate if there is actually any monetary benefit
- Too soon to comment, but certainly has created interest so far.
- Impossible to put a dollar figure on this.
- Already received one referral since upgrade of website
- Value for us comes in two forms from ADBT. One being training for our management team and secondly the value and future value from our success at the Business Excellence Awards.
- Great to have these organisations working together supporting local businesses
- improved procedures reduced some business risk
- Through the networking opportunities, events and referrals from ADBT I know I have been referred work which I am very grateful for ;)
- A suggestion: a basic beginners guide to using Facebook would be helpful. These 2 courses assumed a knowledge of how to use Facebook and went on to other social media from there.