

File Ref: C135-F04

Ask For: Judith North

16 April 2010

## **Notice of Committee Meeting – Monday, 26 April 2010**

A meeting of the Community and Financial Planning Committee will be held in the Council Chambers, District Council Administration Building, Seymour Street, Blenheim on **Monday, 26 April 2010 commencing at 1.30 pm.**

### **B U S I N E S S**

As per Agenda attached.

ANDREW BESLEY  
**CHIEF EXECUTIVE**

# Marlborough District Council

Meeting of the COMMUNITY AND FINANCIAL PLANNING COMMITTEE  
to be held in the Council Chambers, District Administration Building, Seymour Street, Blenheim,  
on MONDAY, 26 APRIL 2010, commencing at 1.30 pm

<b>Committee</b>	Clrs G A Hope (Chairman) G S Barsanti J L Andrews C R Bowers F D Maher G Taylor N W Weetman Iwi representative Mayor A T Sowman (ex-officio)
<b>Department Head</b>	Mr M F Fletcher (Manager, Corporate Finance), Mr D G Heiford (Manager, Support Services)
<b>Staff</b>	Ms J R North (Committee Secretary)

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## **1. Destination Marlborough – Activity Report (E045-02)**

1. Tracy Johnston, Destination Marlborough Manager will present the attached activity report updating the Committee for the past six months.

### **RECOMMENDED**

**That the report be received.**

# Destination Marlborough

## Activity update report April 2010



### Spring Campaign – September – October 2009

Destination Marlborough led a Spring Campaign into Wellington promoting a range of packages for Spring travel through Dominion Post advertising. A competition linked to the campaign attracted over 1000 entries. Interestingly the most popular package was not the cheapest deal on offer. The campaign also generated sales of travel outside the promotion timeframe.

**MARLBOROUGH**

# SPRING TEMPTATIONS

IF YOU'D DESIRE A  
SPRING FLING WITH FRIENDS  
OR FAMILY ....

*You're Going to Love Spring in Marlborough*

Experience the stunning Marlborough Sounds and our famous Sauvignon Blanc with a fantastic prize ex Wellington for four people including Interislander tickets for you and your vehicle, 2 nights accommodation at The Yacht Club in a luxury two bedroom apartment with breakfast daily & a sumptuous dinner in the Chartroom Restaurant, a half day Sounds Connections Wine Tour and a half day Dolphin Viewing Tour with Dolphin Watch Eco Tours.

To enter visit [www.lovemarlborough.co.nz](http://www.lovemarlborough.co.nz) and follow the email link.

**Conditions:** Entries close 31 October 2009, the prize will be drawn & the winner notified 03 November 2009. Prize is not transferrable and/or redeemable for cash. The prize must be used by 30 April 2010. Bookings must be made at least two weeks prior to the intended date of travel and all services are subject to availability, Interislander tickets are for four people and a medium size vehicle.

For more Spring Temptations & full details visit [www.lovemarlborough.co.nz](http://www.lovemarlborough.co.nz)

Interislander | Dolphin Watch Ecotours | THE YACHT CLUB HOTEL | SOUNDS CONNECTIONS

### Interislander i-SITE

A new floating i-SITE was officially opening on 15 March 2010 by Deputy Mayor Jenny Andrews. The Kaitaki i-SITE is being run as a joint venture between Positively Wellington Tourism and Destination Marlborough and hosted by Interislander. The display exclusively features Marlborough products on the morning sailing into Picton and Wellington product on the afternoon sailing. The centre is being managed out of Wellington and is open on the ship daily from 7.45am-4.35pm. 400,000 travellers a year now have the opportunity to make accommodation and activity bookings and seek expert advice while crossing the Cook Strait on Interislander's largest ferry.



## **Blenheim and Picton i-SITES**

With the appointment of an operations manager for the Picton and Blenheim i-SITES early in the new year a number of initiatives are currently underway to generate a profit and increase the level of customer service in both centres. Many of these changes will be made in the coming months when the visitor flows reduce enough to allow operational procedures and new initiatives to be implemented.

## **Blenheim i-SITE development underway**

Expressions of Interest are currently being sought for the design of the new Blenheim i-SITE.

## **Rugby World Cup 2011**



‘If you love Rugby you’re going to Love Marlborough’

Marlborough’s Rugby World Cup Project Manager started in October working out of the Destination Marlborough office. A steering group of business and community groups has been established and planning is underway to promote the region to ensure Marlborough takes full advantage of visitors to New Zealand during the RWC. Marlborough has five events/exhibitions featuring in the flagship lineup for the Festival. A programme is also in place to leverage business development opportunities for Marlborough through visiting corporate and sponsors in the lead up to and during the event.

## **Strong media interest in Marlborough**

Destination Marlborough has hosted a record number of media in the first three months of 2010 including several international film crews.

TV crews from The Netherlands, Germany and Canada have been visiting Marlborough using the region as a backdrop to their stories to encourage more visitors to spend time here.

From The Netherlands the Masterchef style cooking show Herman Kookieland (Herman Goes to New Zealand) brought in a large crew and production team to film using Marlborough wine and produce.

From Canada a wine/travel series Divine Life spent a week filming a series of segments at vineyards and wineries around the region.

A German crew spent two weeks in the region creating a programme for Mare TV (Ocean TV). They were filming a documentary series featuring men and machinery working close to or at sea.

The region also recently hosted an editor from travel guide book Frommers to update content in the next edition of the guide. Travel Guide Books are recognised as one of the most influential planning sources for visitors to New Zealand.

## **Classic New Zealand Wine Trail**

The Classic New Zealand Wine Trail joint venture with Hawke’s Bay, Wairarapa and Wellington is continuing to gain profile in the US and UK markets where travel sellers promote Classic New Zealand Wine Trail featured itineraries.

In Australia, Marlborough was represented through the Classic New Zealand Wine Trail featuring at the NZ Winegrowers, NZ in a Glass annual consumer and trade events in February 2010.

Marlborough will also feature through the Classic NZ Wine Trail at the Vancouver Playhouse International Wine Festival this month, one of the biggest and oldest wine events in the world.

**NEW ZEALAND WINE**  
PURE DISCOVERY

**New Zealand In A Glass**  
**YOUR CHANCE TO WIN**  
A 9 NIGHT CLASSIC NEW ZEALAND WINE TRAIL EXPERIENCE VALUED AT \$5,000

**Return economy flights for 2 with Air New Zealand to Napier, departing Christchurch**

**9 days Budget car hire (CDMR category)**

**9 nights twin share accommodation**

**Sightseeing along the Trail**

**Prize packages include a combination of the following:**

**ACCOMMODATION**

- 2 nights Millar Road [www.millaroad.co.nz](http://www.millaroad.co.nz)
- 1 night The Quest Apartments, Napier [www.questnapier.co.nz](http://www.questnapier.co.nz)
- 2 nights The Crown Hotel, Napier [www.thecrownnapier.co.nz](http://www.thecrownnapier.co.nz)
- 2 nights Bay Plaza, Wellington [www.bayplaza.co.nz](http://www.bayplaza.co.nz)
- 2 nights Pukekohe Country Estate plus a 6 course dinner and daily breakfast, Marlborough [www.pukekohe.co.nz](http://www.pukekohe.co.nz)
- 2 nights Portage Resort Hotel, Kenepuru Sound [www.portage.co.nz](http://www.portage.co.nz)
- 1 night Scenic Circle Cotswold, Christchurch [www.sceniccirclegroup.co.nz](http://www.sceniccirclegroup.co.nz)

**SIGHTSEEING**

**Hawke's Bay**

- Waimarama Maori Tourism Food of the Chiefs Tour [www.waimarama.co.nz](http://www.waimarama.co.nz) and lunch at JARVIS cafe [www.jarvis.co.nz](http://www.jarvis.co.nz)
- Church Road Winery tour and lunch [www.churchroad.co.nz](http://www.churchroad.co.nz)
- The National Aquarium of New Zealand [www.nationalaquarium.co.nz](http://www.nationalaquarium.co.nz)
- Westshore Inn meal including wine [www.thewestshore.co.nz](http://www.thewestshore.co.nz)
- Hawke's Bay Museum and Art Gallery [www.hbmag.co.nz](http://www.hbmag.co.nz)
- Highlights cycle tour with Takaro Trails, including 2 nights accommodation and daily breakfast [www.takarotrails.co.nz](http://www.takarotrails.co.nz)
- Art Deco Walking tour [www.artdeconapier.com](http://www.artdeconapier.com)
- Mohaka river rafting [www.mohakarafting.com](http://www.mohakarafting.com)

**Wairarapa**

- Zest Local Food Heroes tour [www.zestfoodtours.co.nz](http://www.zestfoodtours.co.nz)

**Wellington**

- Te Papa museum tour, [www.tepapa.govt.nz](http://www.tepapa.govt.nz)
- Interlander Ferry, Wellington to Picton in Katiki Class, [www.interlander.co.nz](http://www.interlander.co.nz)

**Marlborough**

- Omaka Aviation Heritage Centre [www.omaka.org.nz](http://www.omaka.org.nz)
- Cougar Line boat transfers to Portage Resort Hotel [www.cougarline.co.nz](http://www.cougarline.co.nz)
- Marlborough Wine Tour [www.soundconnection.co.nz](http://www.soundconnection.co.nz)

**MAJOR SPONSORS**

**AIR NEW ZEALAND**

**KIRRA TOURS**  
taking the time, since 1968

**THE CLASSIC NEW ZEALAND WINE TRAIL**

## Marlborough Convention Bureau

As the winter season approaches our focus turns to working the conference opportunities. To focus on our strategy of extending length of stay of conference delegates, developing partner programmes to keep husbands and wives of delegates busy during the conference and to encouraging conference delegates to return with friends and family.

Following the establishment of the Marlborough Convention Bureau the first ever dedicated Convention and Incentive Planner is about to go to print. This will become a key tool in promoting the region as a conference destination and will be used during future sales calls that are currently being planned. A number of potential conference organisers have been hosted in the region in recent months to showcase the regions potential. As a result additional conference bookings have been confirmed. We now offer a delegate welcome during registration to all conference attendees, this is managed by i-SITE staff at the registration site.


## UK Promotion of Marlborough

Marlborough was featured in a promotion by UK tour wholesaler Tailor Made Travel.

Results from the above campaign through to 11 March stand as follows:

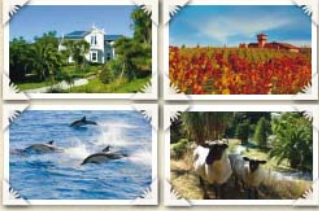
Quotes - 19 - value £213,409. Bookings - 9 - value £108,290 - average booking value £12,032. All bookings included Marlborough.

### MARLBOROUGH



*Welcome to New Zealand's wine country. A landscape blessed with striking natural beauty, exceptional eco lodges, superb cuisine and over 100 wineries producing some of the best wines in the world.*

### NATURE IN THE SOUNDS 5 DAYS



**FROM £539 PER PERSON\***

Spend five days amidst the natural beauty of Marlborough Sounds in the comfort of Seren House, a magnificent colonial homestead. You can sail the waterways of the Kaitiaki Sound while tasting local Greenhills Mussels with a chilled glass of Sauvignon Blanc. Cruise the length of Queen Charlotte Sound in search of dolphins, fur seals and amazing birdlife and enjoy a walk along part of the Queen Charlotte Track, famed for breathtaking views in all directions.

BLOW THE BUDGET - Indulge your senses in a fabulous private tour filled with wine, olive oil and arts and crafts.

Call: 0845 456 8009 www.tailor-made.co.uk/nz

\*From £539 per person, twin share including 4 nights accommodation, daily breakfast, Greenhills Mussels, Ship Cove Eco Cruise and Queen Charlotte Track walk.

### MAGIC OF MARLBOROUGH 6 DAYS



**FROM £879 PER PERSON\***

Surrounded by vineyards and olive groves, the Peppertree is the perfect base from which to discover the magic of Marlborough. Enjoy a high country experience at Moleworth Station, set in a vast river valley formed by glaciers millions of years ago. Travel through the heart of the Marlborough wine region tasting as you go and enjoy a delicious winery lunch. A free day allows you to explore at your own pace before trying your hand at a spot of guided fly-fishing. Imagine the thrill of glimping wild brown and rainbow trout shimmering just below the surface.

BLOW THE BUDGET - Upgrade your fly-fishing day to a helicopter experience in a remote location with world class fishing waters.

\*From £879 per person, twin share including 5 nights accommodation, daily breakfast, lunch on days 2, 3 and 5, pre-dinner drinks, High Country Experience, Waikato Valley Wine Tour and fully day fly fishing.

### GOURMET FOOD AND WINE 5 DAYS



**FROM £849 PER PERSON\***

Old St Mary's Convent is your home for 4 nights as you discover the gourmet delights of Marlborough. Tour with the winemaker, stimulate your senses with an aromatics demonstration and indulge in a perfect wine and food match lunch. You'll also have the opportunity to cruise the waters of Kaitiaki Sound while tasting local Greenhills Mussels with a chilled glass of Sauvignon Blanc. The finale is an ultimate behind the scenes' experience. Watch Michelin star chefs in action in the kitchen before heading to the restaurant for some seriously special dining!

\*From £849 per person, twin share including 4 nights accommodation, daily breakfast, lunch on day 2, dinner at Henrich, Gourmet Food and Wine Tour and Greenhills Mussels Cruise.

## 2009/10 Cruise Ship season

Over the summer cruise season Destination Marlborough has worked with Port Marlborough to run a programme of hosting Cruise Ship Captains and senior crew as part of an influencing strategy to increase the talk ability and favourability of Marlborough as a cruise stopover.

The Picton i-SITE has this year developed a series of day excursions with local tour operators specifically for cruise passengers. i-SITE staff are positioned on the wharf providing information on the tours and directing passengers to the i-SITE to book and board. This has been extremely successful with many tours selling out in record time.

## DMail Delivering Regular Stakeholder Communication

Destination Marlborough now distributes a weekly update to local tourism operators and regional stakeholders to keep them informed on industry news, campaigns and promotions, recent achievements and opportunities for participation in DM activity. This has shown results with more operators actively engaging in DM promotions and taking advantage of opportunities to increase the profile of their business through DM initiated activity.

## Marlborough Billboard in Downtown Wellington

Destination Marlborough negotiated a deal with Interislander to access a prime advertising site in downtown Wellington to promote the region. The billboard site comes at no cost to Destination Marlborough and the cost of production was shared with Interislander. The billboard will be on display at all times when Interislander is not using the site for their own advertising campaigns.



MARLBOROUGH

# AUTUMN TEMPTATIONS

Ask us about our Hot Deals

IF YOUR LIFE NEEDS A LITTLE MORE COLOUR...

you're going to LOVE MARLBOROUGH

*You're Going to Love Autumn in Marlborough*

To harvest your holiday in Marlborough visit [www.lovemarlborough.co.nz](http://www.lovemarlborough.co.nz)

**BOOK HERE NOW**

## Autumn Campaign Underway Now

A campaign is currently underway to increase visitor numbers during Autumn. Packages and hot deals feature Marlborough autumn colours, harvest time and biking. The deals are sold through the i-SITE and marketed through the national i-SITE network, through PR activity and the DM website. The deals will also feature in an upcoming Wellington Koru Lounge promotion.

## General Observations

### Visitor Arrivals

Overall International Visitor arrivals to New Zealand remained at the same level as 2008 with 2.458 million visitors in 2009. Australian arrivals rose 10.9% for the 2009 year and arrivals out of Germany and France were up 3%.

In the year ended 2008 Australians made up 32.5% of international visitors to Marlborough with the UK at 21.2%, the United States at 10.3% and Germany at 8.2%.

### Commercial Accommodation Monitor

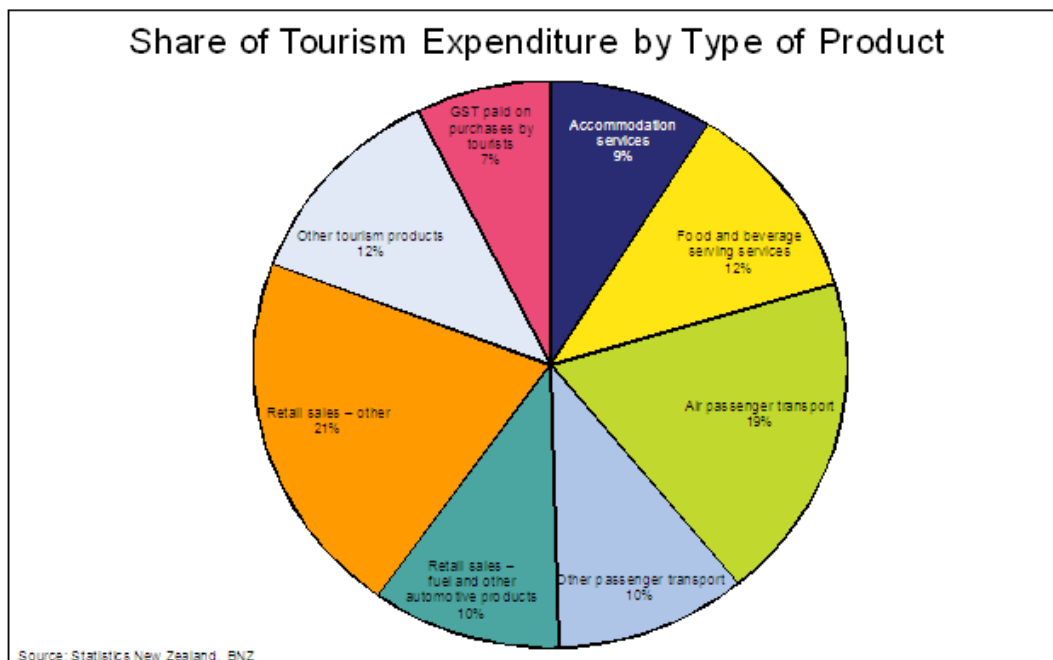
At a regional level statistics New Zealand reported that that the last quarter of 2009 international guest nights were well up on 2008, but domestic guest nights have been down on last year. Year-end figures show overall guest nights down 2.9% to 691,328. These figures reflect a challenging 2009 for Marlborough commercial accommodation providers.

International guest nights in summer continued to improve on last year and anecdotal feedback from tourism operators over the past couple of months reflect that the first quarter of 2010 has for some been the best ever summer for their business.

### Visitor Spend

Spend by International visitors increased 4% reaching \$6.2 billion in the 2009 calendar year.

Australia was the star performer, with spending by Australian visitors increasing by 11.6% to \$1.8 billion. Spend by key long-haul markets such as the UK (down 11% to \$812 million) and the US (down 3.2% to \$597 million). Germany performed well in 2009 with a 22.5% spend increase reaching \$293 million for the year. The chart below details out how visitor spend is spread by type of product. This could be a useful tool to refer to should Council wish to consider broadening the tourism targeted rate in the future.



## **2. Housing for the Elderly Sub-Committee (H225-01)**

**(Clr Andrews)**

1. The Minutes of the Housing for the Elderly Sub-Committee meeting held on 1 April 2010 are attached for ratification by the committee.

**RECOMMENDED**

**That the Minutes of the Housing for the Elderly Sub-Committee meeting held on 1 April 2010 be ratified.**

# Marlborough District Council

**Report and Minutes of a Meeting of the HOUSING FOR THE ELDERLY SUB- COMMITTEE  
held in the Kenepuru Room, District Administration Building, Seymour Street, Blenheim on  
THURSDAY, 1 APRIL 2010 commencing at 1.00 PM**

## **Present**

Clr J L Andrews (Chairperson), Clr T R Harrison, and Mr J Brett (Grey Power representative).

## **In Attendance**

Mr D G Heiford (Manager, Support Services Department), Mr S R Folster and Mrs P E Troon (Abel Properties Limited) and Ms J R North (Committee Secretary).

## **Apologies**

**Clr Andrews/Mr Brett:**

**That the apology for non-attendance from Clr G Taylor be received and sustained.**

## **Carried**

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### **1. Housing for the Elderly – Operational Report**

*H225-01*

An operational report on Housing for the Elderly was presented by Pauline Troon of Abel Properties.

The report included Occupancy Rate (11 units vacant at present out of 181); Waiting lists; Bathroom Upgrades; Work Completed; Scheduled Maintenance/Works; and Grounds Maintenance Contract; this is due 30 June 2010, and has a right of renewal for another two years.

The Sub-Committee discussed the need for pensioner units in Seddon. The demand for the use of them has waned over the years and they now lie idle. A suggestion was made that Housing for New Zealand might be interested in buying them for social housing. Another suggestion was that they could be suitable for the vineyard sector or the property might attract a developer. This matter would be picked up in the proposed Housing for the Elderly review (Refer item 4).

**Clrs Harrison/Andrews:**

- 1. That the report be received.**
- 2. That the renewal of the Grounds Maintenance contract for another two years from 1 July 2010 be endorsed.**

## **Carried**

### **2. Housing for the Elderly – Rent Review**

*H225-01*

At a meeting on 15 May 2008, Council approved the following recommendation:

*“That Council review rents annually taking into account the annual CPI movement to the December quarter (the CPI benchmark) and the annual National Superannuation movement to the following April (the NS benchmark) with rental being adjusted by the lower of the two benchmarks effective from each tenant’s first rental payment in July of that calendar year.”*

In accordance with the Housing for the Elderly Sub-Committee supporting rents being reviewed annually it was considered appropriate to undertake a review of rentals.

Since the last rent review in 2009 the CPI movement is 2.0%. As of 1 April 2010 the NZ Superannuation pension increased to 1.96% in line with the annual percentage change in the Consumers Price Index for the year to 31 December 2009.

A table showed the existing rents versus rent percentage adjusted by CPI or Superannuation over the last year (rounded). As the percentage increase was basically at the same rate there was no difference between the two options.

When considering the cost increases for larger property expenditure items such as rates, electrical and grounds etc, the increased costs indicated that the proposed CPI or Superannuation adjusted rents were required.

**Clrs Andrews/Harrison:**

- 1. That the superannuation percentage movement of 1.96% (rounded) be used for this rent review.**
- 2. That the Housing for the Elderly rentals be increased by 2.0% with all weekly rents rounded to the nearest dollar.**
- 3. That the rental increases for each tenant be effective from their first rental payment in July 2010.**

**Carried**

### **3. Housing for the Elderly Financial Report *H225-01***

The Manager, Support Services, Dean Heiford presented, for members' information, a statement of account for the community housing portfolio.

It was noted that grants are paid to the Marlborough Housing for the Elderly Trust which in turn pays eligible tenants residing in Council's units an accommodation grant.

Repairs and maintenance costs were forecast to increase in the current year and remain at this higher level in relation to the asset management plan.

A moderate surplus is forecast for the current and future years which will be accumulated in the General Reserve and available for such things as capital projects.

After the repayment of the loan from HNZA (end of current financial year), the depreciation reserve will accumulate which will be available for funding capital projects.

**Mr Brett/Clr Andrews:**

**That the information be received.**

**Carried**

### **4. Housing for the Elderly Review *H225-01***

It was reported that in 2006 Opus undertook a review of Council's existing assets for the Housing for the Elderly portfolio. This was done in order to obtain government funding for the construction of new units and the upgrade of existing units. The review served its purpose of detailing the maintenance state of the existing units and helping to obtain government funding.

The condition assessment identified that as a rule the housing stock has been well maintained but due to certain construction methods used in their day and the general age of the units, there was a requirement to invest in timely maintenance and upgrade. Since the assessment was completed other maintenance issues have arisen.

With the unit condition assessment being to hand, the recent knowledge of new maintenance issues and the Cleghorn Street complex loan being paid off in the 2010/11 financial year, it was considered timely to review the total Housing for the Elderly portfolio rather than just the maintenance of it.

The Sub-Committee was asked to consider a number of issues. Abel Properties Limited presented a fee estimate to undertake the review.

Options presented included investigation of the redevelopment of the current complexes; investigation of viability/need of existing complexes; consideration given to best use of finances Council has available; the engagement of design consultants to draft proposed complex redevelopment plans; consideration given to funding options for redevelopment.

**Cls Harrison/Andrews:**

**That a Housing for the Elderly study as presented be carried out to the value of \$23,000 (GST excl).**

**Carried**

The meeting closed at 2.00 pm.

### **3. Risk Management Programme (I270-11)**

(Report prepared by G Townsend)

#### **Purpose**

1. To update councillors on the current stage of development and implementation of Council's risk management programme.

#### **Background**

2. Approximately 10 years ago, Council recognised that there was a growing need to introduce the concept of enterprise risk management into our organisation for a number of compelling reasons. These included the need to ensure staff and management increased their awareness of risk management principles, to inform a higher level of analysis with regard to our insurance programme (one type of risk transfer), increasing scrutiny from external agencies such as Audit New Zealand and our insurers who were looking for the use of risk management principles within Council operations.
3. During 2001 a formal risk management programme was initiated. This programme would provide the organisation with a common framework for the analysis of risk, minimisation of exposure and maximising opportunities.
4. The risk management programme was based on the Australian/New Zealand standards applicable at the time.
5. Comprehensive groundwork was completed during the initial years of the programme, together with a trial risk profile for Operations and Maintenance/Water. This profile was then used as a guide for developing further profiles. Since initial development, this profile has been reviewed and updated annually and now includes risks sorted under separate operational categories, such as source, treatment, distribution, storage and management. Once the individual risks have been identified, they are assessed in terms of the overall level of risk and the existing controls are added to the profile. Numerous operational and engineering controls are included, which are then assessed in relation to their adequacy. Following this process an action plan, if required, will be noted. Action plans for the current version of this profile include the lodging of a public health risk management plan for the Awatere, commissioning of new wells at Renwick (Conders Bend Road) subject to community acceptance, dam break analysis for Essons Valley, review of Lifeline agreements and review of stock control systems.
6. A full review of the risk management programme was conducted in 2006. This included the development of a plan covering which areas of Council were to have profiles developed, agreement on annual reviews for every active profile, the development of a profile for management, which targeted risk at a higher level than the operational profiles, and a process for regular reporting to the Chief Executive and Executive Management team.

#### **Progress to Date**

7. There are now 32 individual operational profiles in place, with seven more planned (three of which are part way through development). There have also been a small number of profiles developed for specific projects such as the Southern Valleys' Irrigation Scheme and Resource Recovery Centre.
8. The profiles are developed using a consultative process involving all staff for the particular area, with ownership resting with the group or section manager. All profiles have a programmed annual review, coordinated by Council's risk manager, and the results of all reviews are given to both the manager for the group and the executive manager for the department.

9. The consultative process for development is used in order to aid buy-in and ownership from all staff and is proving to be successful. Profiles are also proving to be a useful management tool and can be translated into specific tasks and performance measures for both managers and staff.
10. Council has received positive comments from Audit New Zealand, following numerous audits, as well as other external organisations who have sought information from us in order to develop their own risk programme.
11. One of the aims of the programme is to instil a risk awareness culture within the organisation at all levels and to reinforce this through management and group meetings, as opposed to a risk verse culture. Work on this is ongoing.
12. The Council's Chief Executive was asked by SOLGM (Society of Local Government Managers) to present a paper on risk management at MDC at the inaugural National Risk Update Workshop held in Wellington two years ago.

### **Summary**

13. Council has been formulating and implementing a risk management programme involving all of the organisation since 2001.
14. Significant progress has been made in both completing risk profiles and instilling a risk awareness culture throughout the organisation. Significant progress has also been made in making use of the profiles as an informative management tool.
15. MDC is seen as a leader amongst councils in terms of the progress made towards full implementation of an integrated risk management programme.

### **RECOMMENDED**

**That the information be received.**

## **4. Tendo City Playground (S225-03)**

(Clr Barsanti) (Report prepared by R Hutchinson)

### **Purpose**

1. To seek confirmation for a gift of a New Zealand designed and produced playground for one of Marlborough's Sister Cities; Tendo City, Japan.

### **Background**

2. Tendo City initiated and designed the Japanese-style Garden in Harling Park. Over the years major contributions by way of expertise, time and cash from Tendo City have meant that we now have a facility to be proud of.
3. For instance in 2003 a donation of ¥1,000,000 (then approximately \$15,000) was received for the completion of the 'Friendship Bridge' at Harling Park. This donation was raised by public subscription in Tendo City.
4. One of the goals of the 2006 Mayoral delegation to both Sister Cities was to see if it was possible to repay the generosity of the people of Tendo City by creating a New Zealand garden in Tendo City.
5. Following site inspections it became apparent that the location identified, the weather and expectations of the Tendo City Committee were such that a NZ garden would not be achievable nor sustainable.

### **Playground Equipment**

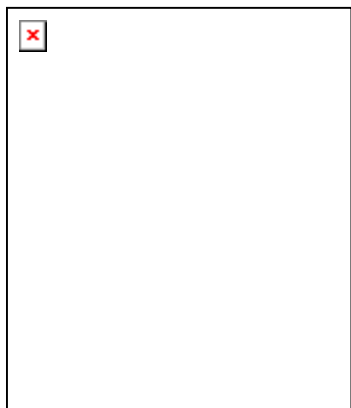
6. On returning to New Zealand contact was made with Tendo officials about the possibility of providing play equipment for one of the city parks instead of the proposed New Zealand garden.
7. Council staff made contact with playground suppliers in New Zealand to see what was available in the Japanese market and again it became obvious that the supply of the New Zealand themed playground equipment would not be able to be accomplished via Japan.
8. A New Zealand company was requested to undertake the design process and this was then forwarded to Tendo City for comment.
9. During the recent visit by the Tendo delegation further discussions were held between Council staff and the delegation with regard to the playground proposal.
10. Marlborough District Council would purchase the playground equipment and cover the shipping cost to Japan while Tendo City Council would cover the installation costs.
11. The playground would require funding from Council's Sister City budget.

### **Summary**

12. Council staff have been in discussions with Tendo City regarding repaying the generosity of the people of Tendo City for their contribution to the Japanese-style Garden in Harling Park by providing some form of facility in Tendo City.
13. It has been accepted by Tendo City that New Zealand themed playground equipment would be acceptable to them.
14. Funding for the playground can be sourced from the Sister City budget.

### **RECOMMENDED**

- 1. That the Committee confirm the gifting in principle of a playground to the citizens of Tendo City.**
- 2. That the funding for this playground be sought from the existing Sister City budget.**



## 5. Marlborough District Libraries Activity Report (L270-01)

(Report prepared by G Webster)

### 1. Purpose

The purpose of this report is to update Council on the operations of the Library services.

### 2. March 2010 Statistics

	<b>Issues</b>	<b>Returns</b>	<b>Reference Enquiries</b>	<b>Door Count</b>	<b>Reserves Placed</b>
District Library, Blenheim	44,423	43,664	1,432	35,817 visits	1,744
Branch Library, Picton	5,526	6,335	502	11,446 visits	297
<b>TOTAL</b>	<b>49,949</b>	<b>49,999</b>	<b>1,932</b>	<b>47,263 visits</b>	<b>2,041 reserves</b>

### 3. Issues

The issue statistics recorded in March 2010 in the District Library are 1,593 more than those recorded in March 2009.

Picton Library and Service Centre recorded 689 fewer issues in March this year, compared with 2009.

Variance – the total issues for the libraries – year to date, is 863 fewer than the same period last year.

### 4. Door Count

The District Library's door count (Foot traffic) for March 2010 was down by 1,079 visits on March 2009.

Picton Library and Service Centre was up by 733 visits on the same March period.

### 5. Membership

The number of new members recorded joining the libraries in March was:

District Library, Blenheim	211
Branch Library, Picton	33
<b>TOTAL</b>	<b>244</b>

### 6. Website Site Hits - [www.marlboroughlibraries.govt.nz](http://www.marlboroughlibraries.govt.nz)

During the following one month period ( 6 March – 5 April 2020 ) the libraries website recorded 1,106 unique visitors accessing the website, with 3,891 pages viewed.

### 7. Picton Library Happenings

- Staff have visited Picton Kindergarten and pupils from St Josephs and the Picton Early Learning Centre have visited the library.

- Picton Librarian, Eleanor Bensemam, attended an UrbanismPlus workshop on the future of Picton, as well as the public meeting. It was very encouraging to hear positive and enthusiastic comments regarding a new library.
- Book Chat continues to meet monthly, and attracts a lively, enthusiastic group of adults.  
February's theme was movie/book tie-ins, and in March the biography section was examined. (Particularly new biographies).
- The Bouncy Beans Book Club for 8-12 years meets monthly and remains popular.  
The Underfives group caters for our pre-schoolers, and we are investigating running a babytime session.
- In March two of the Picton staff, along with two Blenheim Children's Library staff, were inspired by attending the South Island Children's Librarians Conference in Oamaru, and by visiting several libraries on the journey to Oamaru.
- Some maintenance work has been carried out on the Picton facility, improving the street presence by tidying up the front gardens on High Street and repairing the rusted out guttering around the building.  
Painting of the flashings etc will complete this work.
- Sunday afternoon opening (1.30pm – 4.30pm) at the Picton Library and Service Centre commences permanently on Sunday 11 April 2010.

## 8. Aotearoa People's Network Kaharoa (APNK) Usage – Wifi Sessions (Personal Laptop use)

Wifi use is recorded separately from the APNK computer statistics. Wifi statistics are recorded from 4 June 2009, when an in-house solution was developed by APNK staff.

The 7 day statistics below were recorded from 31 March – 6 April 2010.

		<b>Last 7 days</b>	<b>Last 30 days</b>	<b>Last 320 days</b>
<b>Blenheim</b>				
<i>Unique user/devices</i>		165	593	3399
<b>Picton</b>				
<i>Unique users devices</i>		99	411	2047

## 9. “Dive into Books” – Summer Reading Programme 2009/2010

Another very successful summer reading programme came to a close at the end of January, after 320 enrolments and a 93% completion rate. Two programmes were offered – one for the younger reader and “Read Plus” for the older readers, who had previously completed the younger programme.



Those who completed the programme attended the Finale Party held on the Picton foreshore, with a visit to EcoWorld Aquarium, before enjoying a lunch of fish and chips.

## 10. Children’s Librarian’s Conference

Planning is well underway for the 2011 Children’s Librarian’s conference that will be held in Blenheim, and hosted by Marlborough District Libraries. The Marlborough Convention Centre has been confirmed as the venue for the conference being held 2-3rd March 2011. The conference is open to children’s and school librarians from the South Island, however an invitation will be sent to North Island children’s librarians who may attend due to the central location of the conference. One of the events confirmed is an art exhibition to be held at the Marlborough Millennium Art Gallery focusing on ‘Legendary’ New Zealand Children’s Illustrators.

## 11. Darcy Christopher Foundation Bequest

The District Library was contacted in January by Motueka firm, Milnes Beatson Ltd, acting on behalf of the Darcy Christopher Foundation.

Mr Darcy Christopher, late of Blenheim, named the District Library as a beneficiary of his estate. Funds are distributed every five years and the Library will receive \$15,000 in April this year. This is the third donation the library has been fortunate enough to receive.

Over his years of lending material from the District Library Mr Christopher read mostly large print books. There is no stipulation on how the funds should be spent. Previous donations have been used to purchase resources and furniture that would be of benefit to the libraries elderly members.

## 12. Booksale

The Friends of the Libraries staffed a very successful Booksale on Market Day, 12 February. A systematic ‘weeding’ programme was undertaken over the preceding weeks to free up space on the overcrowded library shelves; \$1,735 was raised. The remaining books were passed on to two local groups to raise funds for their ongoing projects.

## 13. Bookbinding Skills Training

A Marlborough Boys’ College teacher approached the Library about the possibility of the library’s bookbinder, Roy Ramsey, giving some tuition to the pupils in her Year 13 Design class. The

objective of the exercise was to have the boys create a book from scratch. Roy visited the College three times and some of the boys came to the library to get supplementary assistance. It proved to be a very successful exercise.

#### **14. South Island Library Manager's Seminar**

The District Libraries Manager attended the South Island Library Manager's seminar hosted by Waimarariri District Libraries in March. The two day event was opened by the Mayor, Ron Keating. Along with the important networking with colleagues was the exchange of ideas in the form of reports from South Island libraries. Other highlights included an address from the National Librarian, particularly after the announcement that the National Library and Archives New Zealand would merge with the Department of Internal Affairs. Two other speakers, Nicki Moen, Library consultant and Bernie Hawke, Dunedin City Librarian, talked about their observations of library building and interiors in the United States, United Kingdom and Europe on recent visits.

Another important project that was discussed fully was the business case for a nationally available shared public library management system. This project has been jointly explored by the Association of Public Library Managers and National Library of New Zealand. This project will be very important to Marlborough District Libraries as we approach the need to consider a new library management system, as our present vendor has indicated its intention to cease support in the foreseeable future.

#### **RECOMMENDED**

**That the report be received.**

## 6. Marlborough Province 150<sup>th</sup> Anniversary Celebrations (A180-07)

(Deputy Mayor) (Report prepared by D Heiford)

### Purpose

1. The purpose of this report is to update Council on the results of the M150<sup>th</sup> Celebrations.

### Background

2. At the meeting of 19 February 2009 an outline of the proposed structure for the Marlborough Province 150<sup>th</sup> Anniversary celebrations was presented to Council.
3. The Council delegated the preparations for the celebrations to the Anniversary Committee. The Deputy Mayor chaired the M150<sup>th</sup> Anniversary Committee. Mr Leo McKendry, Mr Dave Olliver, and Clrs Weetman and Barsanti were also members of the Committee.
4. Council allocated \$100,000 for celebrations.
5. Mrs Katie Speakman was employed to coordinate the events for the M150<sup>th</sup> anniversary.
6. Submissions on suitable celebration events were requested from the Marlborough community. Applications closed on 31 March 2009. The public consultation process produced 40 plus ideas on how the anniversary could be celebrated.
7. A number of community activities were supported as part of the anniversary. A series of small events through the year were undertaken, culminating in a series of major events around Anniversary Weekend in November 2009. A separate report on each of the events has been compiled (attached separately).
8. The formal launch of the anniversary programme was on 26 May 2009. A M150 logo and brand was developed for the anniversary.



9. Branded items were available free of charge to the public. These included stickers, pens and carry bags.
10. Various promotions over the radio and in the newspaper were initiated over the celebration period. These highlighted historical events and promoted events associated with the celebrations.

### Historical Publication

11. There were a number of proposals received as part of the public consultation process regarding the potential for a historical publication to commemorate the Marlborough Province 150<sup>th</sup> Anniversary.

12. These were considered in some detail by the Anniversary Committee and Mr Olliver was tasked with the research and clarification of the type of publication that would be pursued. It was agreed that a book was warranted and that it needed to include a large number of relevant photos.
13. The book is progressing with the work being coordinated by Mr McKendry and Mr Olliver. There have been many contributors from the community which has enabled 35 plus chapters to be considered. Editorial expertise has been provided by Cynthia Brooks. It is envisaged that the book will be launched at the end of 2010.
14. Council has received a grant of \$50,000 from The Marlborough Electric Power Trust to assist with the printing of the book. Suitable recognition of this donation will be included in the publication.

### **Budget**

15. Council provided a budget of \$100,000 for the M150th celebrations.
16. To date \$91,000 has been expended with the balance to assist with book editing and production.

### **Summary**

17. Marlborough's 150<sup>th</sup> Anniversary as a province has been commemorated in a number of ways. These include a range of community events and a historical publication.

### **RECOMMENDED**

**That the report be received.**

## **7. MDC Holdings Ltd – Statement of Intent for Financial Year Ended 30 June 2011 (S405-03)**

**(Report prepared by M Fletcher)**

1. Attached is the MDC Holdings Ltd Statement of Intent for the financial year ended 30 June 2011 and each of the immediately two following years. The attached statement was adopted by the Board of MDC Holdings Ltd and is now provided for Council approval.
2. The proposed Statement of Intent is consistent with legislative requirements and the financial targets are consistent with Council's Annual Plan.

### **RECOMMENDED**

**That the proposed MDC Holdings Ltd's Statement of Intent for the financial year ended 30 June 2011 and each of the immediately two following years be approved.**

**MDC HOLDINGS LTD STATEMENT OF INTENT**  
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2011  
AND EACH OF THE IMMEDIATELY FOLLOWING TWO YEARS

**1. Introduction**

This Statement of Intent (“SOI”) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The SOI specifies for MDC Holdings Limited (“MDCH”) and its subsidiaries the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the group may be judged in relation to its objectives, amongst other requirements.

The process of negotiation and determination of an acceptable SOI is a public and legally-required expression of the accountability relationship between the company and its shareholder, the Marlborough District Council.

The SOI is reviewed annually with the Council and covers a three year period.

MDCH is a Council Controlled Trading Organisation which has been established by the Marlborough District Council (Council) to act as a holding company for its main trading enterprises. MDCH is 100% owned by the Council.

Port Marlborough New Zealand Limited and Marlborough Airport Limited are wholly owned subsidiaries of the Company. Separate Statements of Intent are completed by these companies for consideration and approval by MDCH.

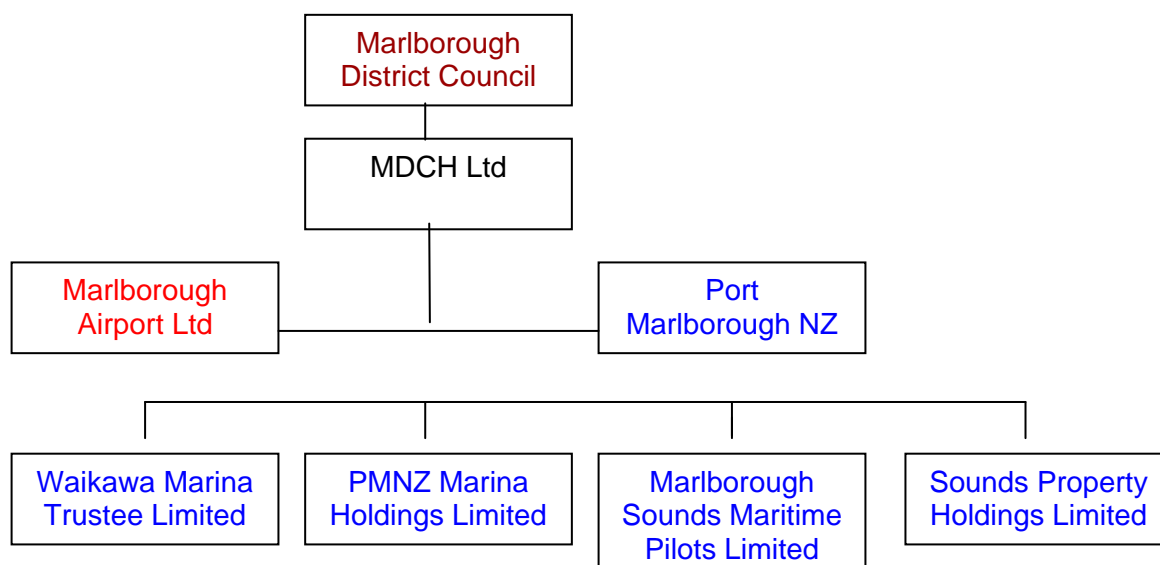
**2. Objectives of the Company**

MDCH has the following objectives:

1. to operate as a successful holding company, both in a financial and commercial sense;
2. to provide the means for bringing the main trading enterprises of the Council together into one structure;
3. to encourage and facilitate subsidiary companies to increase shareholder value.
4. to separate the commercial trading activities of the Council from the other functions carried out by the Council;
5. to provide an anticipated cashflow to the Council from its trading enterprises, by means of a regular stream of dividend income;
6. to obtain commercial borrowing facilities at the most attractive rates attainable;
7. to monitor the performance of each subsidiary company against the objectives and performance measures contained in their Statements of Intent and other benchmarks;
8. to provide a forum for advising Council on strategic issues relating to its trading investments including, but not limited to, ownership structures, capital structures and rates of return; and
9. to own and oversee the operation of Marlborough Airport Limited for the dual objectives of promoting regional and economic development as well as maximizing the return on assets employed. In order to balance these objectives, MDCH may accept a lower return or slower return to profitability.

### 3. Nature and Scope of the Activities to be Undertaken

The MDCH group structure is summarized below:



The Company will:

- obtain financing for its subsidiaries and Parent at the most attractive commercial rates available. The Company currently has Bancorp as its principal debt management advisor.
- consider and approve the Statements of Corporate Intent of its subsidiaries and negotiate its own Statement of Corporate Intent with Council.
- monitor the financial and commercial performance of its subsidiaries against the targets contained in their Statements of Corporate Intent and other industry benchmarks.
- monitor the adequacy of governance arrangements in subsidiaries.
- encourage open discussion and dialogue with the representatives of its subsidiaries.
- provide commercial advice to Council and manage its commercial activities on request.
- recommend and manage the appointment of new Directors to the Board's of its subsidiary companies.

### 4. Ratio of Shareholders' Funds to Total Assets

- The ratio of shareholders' funds to total assets in this year of the Company is projected to be greater than 10 %.
- This ratio will be reviewed annually in the light of projected cash flows and the performance of its subsidiary.
- The long-term target ratio of shareholders' funds to total assets is to be greater than 5%. This ratio will be reviewed annually in the light of projected Statements of Financial Position.
- Shareholders' funds are defined as the sum of the amount of paid up share capital, retained earnings, accumulated losses, revenue and capital reserves.
- Total assets are defined as the sum of the net book value of current assets, investments, fixed assets and tangible assets as disclosed in the Company's Statement of Financial Position prepared in accordance with generally accepted accounting practice.

### 5. Statement of Accounting Policies

1. The measurement and reporting of earnings and financial position is in accordance with International Financial Reporting Standards and the policies adopted by the Marlborough District Council Group.
2. The Accounting Policies adopted are the same as those contained in the in MDCH's 30 June 2009 Annual Report and are included in Attachment 1.

## 6. Performance Targets

The performance targets of the Company are as follows:

1. To continue to review the financing needs of:
  - Marlborough District Council
  - Port Marlborough NZ Limited and its subsidiaries
  - Marlborough Airport Limited
 with a view to having adequate debt facilities in place by 31 March 2011.
2. To facilitate a good on going working relationship with subsidiaries monitor and monitor their performance.
3. Develop a letter of shareholder expectations by 31 December, should it have any specific expectations it wants the subsidiary to incorporate into its forth coming SOI/SCI
4. Financials – Based on Subsidiary Company and MDC best estimate

	Forecast 2009/2010	Budget 2010/2011	Forecast 2011/2012	Forecast 2011/2013
	\$'000	\$'000	\$'000	\$'000
Dividend Income	9,210	1,482	1,615	1,967
Interest	1,530	4,723	6,952	10,279
Derivatives	693	300		
Other Income (Subvention payments MDC & PML)	470	470	470	470
<b>Total Income</b>	<b>11,903</b>	<b>6,975</b>	<b>9,037</b>	<b>12,716</b>
Less Expenses				
– Interest Paid	2,869	6,165	8,394	11,825
– Operating & Administration	130	120	120	120
– Debt Raising				150
<b>Total Expense</b>	<b>2,999</b>	<b>6,285</b>	<b>8,514</b>	<b>12,095</b>
<b>Net Profit (Loss) Before Taxation</b>	<b>8,904</b>	<b>690</b>	<b>523</b>	<b>622</b>
Less Tax	0	0	0	0
<b>Net Profit After Taxation</b>	<b>8,904</b>	<b>690</b>	<b>523</b>	<b>622</b>
Dividends	10,333	659	690	523
Tax Paid Return on Opening Shareholders' Funds	98%	6%	7%	5%
Ratio of Shareholder's Funds to Total Assets	14%	10%	7%	6%

### *Assumptions*

The following assumptions have been used to derive the forecasts outlined above:

- That Port Marlborough will have borrowings of \$37.8 million in the budget year.
- That Marlborough Airport will have borrowings of \$2.5 million in the budget year.
- That Marlborough District Council will have borrowings of \$39.4 million in the budget year.
- That MDC Holdings Limited will have total debt of \$100.3 million.
- That the proposed Capital Expenditure requiring finance will occur as scheduled.
- Interest calculated at 6.5% pa.
- Dividends income as supplied by Port Marlborough NZ Limited (per status quo forecast) – may be subject to change as PML pursue its development plans.

## **7. Dividend Distribution Policy**

- Profit retention and the level of dividends to be paid will be recommended from year to year by the directors in accordance with results and circumstances prevailing, subject to solvency certification at the time.
- It is the intention of the directors to distribute, by way of dividend, all of the net tax paid profit available.

## **8. Corporate Governance**

This statement gives readers an overview of the company's main corporate governance policies, practices and processes adopted or followed by the MDCH Board.

### *Role of the Board of Directors*

The Board is responsible for the proper direction and control of the company's activities. The Board guides and monitors the business and affairs of MDCH on behalf of the shareholder, Marlborough District Council ('the Council'), to whom it is accountable, within the framework of the objectives set out in this Statement of Intent.

All directors use the New Zealand Institute of Directors' Code of Proper Practice for Directors as a guide to assist them in carrying out their duties.

The Board recommends to Council the appointment of directors to subsidiary companies.

### *Responsibility to shareholder*

#### *Statement of Intent*

In accordance with the Local Government Act 2002, the company submits a draft Statement of Intent for the coming financial year for consideration by MDCH's shareholder, the Council. The SOI sets out the company's overall objectives, intentions and financial and performance targets. Having considered any comments on the SOI by the Council, the company issues its SOI in final form.

#### *Information flows*

The Board aims to ensure that the Council is informed of all major developments affecting the company's and group's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. Within this constraint, information is communicated to the Council through periodic reports to the Council, occasional seminars and through both the annual report and the half-yearly report.

### *Board composition and fees*

The Board comprises five Directors, two are Councillors, two are external directors and one Council's Chief Executive. All Councillor Directors are required to retire by rotation within three months following the triennial local government elections, but are eligible to be re-appointed. External directors normally retire after two three year terms, but this maybe extended for a further term. Appointments to MDCH are made directly by Council.

Fees for the MDCH Board are reviewed annually. The MDCH Board recommends fee levels to the Council, based on commercial norms. Where a director provides professional services over and above the normal role of a director, he or she is entitled to charge for those services at commercial rates provided the conditions of the Board's Conflict of Interest policy are met.

## *Subsidiary and monitored companies*

### *Monitoring*

Each subsidiary and monitored company submits annually a draft Statement of Intent, which is evaluated initially by MDCH. MDCH reviews the SOI and suggests any changes that may be considered necessary.

It is established practice for representatives of the subsidiary Board and management to meet with MDCH at this time, and on at least one other occasion each year, to discuss the company's strategic direction and any significant issues that arise. The Board also receives such other reports as are necessary to perform its monitoring function. However, MDCH does not involve itself in the management of the subsidiary companies.

### *Board appointments*

All directors of subsidiary companies are selected for their commercial expertise and aptitude.

### *Financial results*

Directors receive and review parent company financial and other reports at each meeting, and provide formal consolidated and parent company financial statements to the shareholder twice annually – for the half year to 31 December and for the year ended 30 June.

## **9. Information to be provided to Shareholder**

- The Company will provide interim six monthly reports to its shareholder on the results of its trading.
- Consolidated financial accounts will only be provided at financial year-end.
- The company will provide information which meets the requirements of the Companies Act 1993, the Financial Reporting Act 1993, the Local Government Act 2002 and the reporting requirements prescribed from time to time by the Institute of Chartered Accountants of New Zealand in order to enable the shareholder to make an informed assessment of the Company's performance.
- The Company will make the following reports available to its shareholder:
  - (a) Annual Statement of Corporate Intent
    - A Statement of Intent will be prepared in accordance with the Local Government Act 2002.
  - (b) Annual Report
    - An annual report will be prepared in accordance with the Local Government Act 2002, the reporting requirements prescribed from time to time by the Companies Act, the Financial Reporting Act 1993 and the Institute of Chartered Accountants of New Zealand. The annual report shall contain the following:
      - (i) Income Statement
      - (ii) Statement of Comprehensive Income
      - (iii) Balance Sheet
      - (iv) Statement of Cash flows
      - (v) Statement of Changes in Equity
      - (vi) Report on Activities
  - (c) Half Yearly Reports
    - Half yearly reports will be prepared in accordance with the Local Government Act 2002, the reporting requirements prescribed from time to time by the Companies Act 1993 and the Institute of Chartered Accountants of New Zealand. The half-yearly reports will include the following:
      - (i) Income Statement
      - (ii) Statement of Comprehensive Income
      - (iii) Balance Sheet
      - (iv) Statement of Cash flows
      - (v) Statement of Changes in Equity
      - (vi) Report on Activities

## **10. Procedure for Acquisition of Shares in any Company or Other Organisation**

All investment proposals for the acquisition of shares in the company or other organisation will be considered in the first instance by the directors.

If any decision is contemplated to acquire assets, the value of which is more than 10% of the value of the Company's assets before the acquisition, that decision will be made only after the directors have obtained the prior written approval of the Council, as majority shareholder.

#### **11. Procedure for the Disposition of Shares**

The Company will not dispose of any shares in Port Marlborough New Zealand Limited or Marlborough Airport Ltd without the prior written approval of Council as majority shareholder.

#### **12. Activities for which the Directorate Seeks Compensation from the Local Authority**

No compensation is sought or intended to be sought for any of the activities of the Company, from the shareholder or any other party.

#### **13. Commercial Value of Shareholder's Investment**

The commercial value of the shareholder's investment will firstly be based on the historical accounts maintained by the Company in accordance with the accounting policies stated above. The commercial value of shareholder's funds is normally \$10,542,000.

From time to time the directors or the shareholder may request that an independent valuation of the shareholder's investment be undertaken. The manner and timing of this assessment will be determined by the purpose for which it is undertaken or by the terms of the request by the directors or shareholder.

#### **14. Other Matters**

The Shareholder and directors agree that the above matters are the only ones to be covered in this Statement of Corporate Intent and that there are no additional matters to be included.

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## SUMMARY OF ACCOUNTING POLICIES

### Statement of Compliance

The company and group is a profit-oriented company incorporated in New Zealand. Its principal activity is financial investment. One of the group's subsidiaries, Port Marlborough New Zealand Limited provides port and marina facilities at the northern tip of the South Island of New Zealand. The other subsidiary Marlborough Airport Limited operates Marlborough's principal airport at Woodbourne, west of Blenheim. The company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The parent entity is Marlborough District Council.

The financial statements have been prepared in accordance with General Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-oriented entities.

The consolidated and Parent financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Directors on 30 September 2009.

The financial statements comprise the activities of the MDC Holdings Limited and the other entities in which the Company has a significant interest.

The group consists of:

- Port Marlborough New Zealand Limited
- Marlborough Airport Limited.
- MDC Holdings Limited.

### Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments as outlined below. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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.

Significant judgements, estimates and assumptions made by Management in the preparation of these financial statements are outlined below:

- Estimate of useful life of assets including impairment (note 2(b))
- Asset revaluation (notes 8 and 9)
- Financial instruments (note 26)
- Allowance for doubtful debts (note 6)
- Current provision (note 12)
- Non-current provisions (note 14)
- Contingent liabilities (note 23)

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009, and the comparative information presented in these financial statements for the year ended 30 June 2008.

The presentation currency is New Zealand Dollars (\$), and amounts are rounded to the nearest \$000.

## **SUMMARY OF ACCOUNTING POLICIES (cont.)**

### **Significant Accounting Policies**

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

All business combinations are accounted for by applying the purchase method.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess (deficiency) of the cost of acquisition over (below) the fair values of the identifiable net assets acquired is recognised as goodwill (Discount on Acquisition). If, after reassessment, the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the difference is credited to the Income Statement.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All significant intragroup transactions and balances between group enterprises are eliminated on consolidation.

#### **Investments in subsidiaries**

Investments in subsidiaries are recorded in the parent entity's financial statements at cost less any subsequent accumulated impairment losses.

#### **Revenue recognition**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at reporting date.

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.

Interest income is accrued on an effective interest rate method, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised as revenue, net of imputation credits, when the shareholders' rights to receive payment have been established.

Other income is recognised as revenue when control over the assets is obtained.

#### **Interest & dividends paid**

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

## SUMMARY OF ACCOUNTING POLICIES (cont.)

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *The Group as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The lessee does not have an option to purchase the property at expiry of the lease period.

#### *The Group as lessee*

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset when MDC Holdings Limited has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the Balance Sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or Discount on Acquisition) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realised.

Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## SUMMARY OF ACCOUNTING POLICIES (cont.)

### Property, plant and equipment, and depreciation

The Group has four classes of Property Plant and Equipment:

- Freehold Land and Improvements
- Buildings, Wharves, Infrastructure
- Plant, Equipment, Furniture and Vehicles
- Work in Progress

Freehold Land, and Buildings, Wharves, Infrastructure are initially stated at cost, and subsequently revalued to fair value at the date of revaluation, as determined by an independent valuer and by reference to the assets highest and best use, 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. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service

All other items of Property, Plant and Equipment are stated cost or deemed cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any).

Revaluation increments are credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Income Statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve, net of any related deferred taxes, is transferred directly to Retained Earnings.

### Land Improvements and Buildings

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees.

### Infrastructural Assets

Infrastructural Assets, principally wharves and jetty facilities, are recorded at valuation established using depreciated replacement cost, plus additions at cost less accumulated depreciation and accumulated impairment losses (if any).

### Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land and work in progress, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged to the Income Statement.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- |                                          |                |
|------------------------------------------|----------------|
| • Buildings                              | 30 – 100 years |
| • Improvements                           | 20 – 50 years  |
| • Infrastructural                        | 10 – 50 years  |
| • Plant Equipment Furniture and Vehicles | 2 – 10 years   |

The useful lives and estimated residual values are reviewed at each balance date and amended if necessary.

## SUMMARY OF ACCOUNTING POLICIES (cont.)

### Investment property

Investment property is property held primarily to earn rentals and/or for capital appreciation, and includes Port Marlborough's marinas, reclamation land and their supporting facilities.

Investment property is stated at its fair value at balance date. An external, independent valuation firm, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Gains or losses arising from changes in the fair value of investment property are included in the Income Statement for the period in which they arise.

### Non-current assets held for sale

Non-current assets (or disposal groups) classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

### Impairment

At each reporting date, the Group 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of market 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 (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 (cash-generating unit) is increased to the revised estimate of its recoverable amount, subject to the restriction 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 (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, in which case the reversal of the impairment loss is treated as a revaluation increase to the extent that any impairment losses on the same asset had been previously charged to equity. An impairment of goodwill is not subsequently reversed.

### **Intangibles**

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 1 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision has been made for obsolescence where applicable. Inventories are held for maintenance purposes only.

### **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### **Financial assets**

Financial assets are classified into the following categories: "fair value through profit loss", "available for sale", "held to maturity" and "loans and receivables". The classification depends on the nature and purpose of the financial assets as determined at the time of initial recognition. Policies in respect of individual categories of financial assets are outlined as follows:

#### **Cash & Cash Equivalents**

Cash and cash fall into the "loans and receivables" category, and 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.

#### **Trade & Other Receivables**

Trade receivables fall into the "loans and receivables" category, and are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### **Derivative Financial Instruments**

The Group enters into interest rate swaps to manage interest rate risk. Derivative financial instruments fall into the "fair value through profit or loss" category. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. Derivative instruments entered into by the company and Group do not qualify for hedge accounting. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised in the Income Statement. The Group does not use derivative financial instruments for speculative purposes.

#### **Financial liabilities**

Financial liabilities are classified into the following specified categories: "fair value through profit or loss" and "other financial liabilities". Policies in respect of individual categories of financial liabilities are outlined as follows:

## SUMMARY OF ACCOUNTING POLICIES (cont.)

### **Trade & Other Payables**

Trade and other payables fall into the category of "other financial liabilities" and are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

### **Borrowings**

Borrowings fall into the category of "other financial liabilities" and are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, these loans and borrowings

are subsequently measured at amortised cost using the effective interest rate method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs, and any discount or premium on drawdown.

Bank loans are classified as current liabilities (either advances or current portion of term debt) unless the company and Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### **Employee entitlements**

Provision is made in respect of the company's and Group's liability for retiring gratuity allowances, annual and long service leave, and sick leave.

The retiring gratuity liability is assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Liabilities for accumulating short-term compensated absences (e.g., annual and sick leave) are measured as the additional amount of unused entitlement accumulated at balance date.

### **Provisions**

Provisions are recognised when the company and Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date, and are discounted to present value where the effect is material.

### **Goods and services tax (GST)**

MDC Holdings Limited is not registered for GST therefore these financial statements have been prepared inclusive of GST, where applicable.

### **Statement of cash flows**

*Operating activities* include cash received from all income sources of the Company and Group and record the cash payments made for the supply of goods and services.

*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 Company and Group.

### **Changes in Accounting Policies**

There have been no significant changes in accounting policies.

### Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the company's and group's financial statements:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IAS-1 'Presentation of Financial Statements' – Revised Standard	1 January 2009	30 June 2010
NZ IFRS-8 'Operating Segments'	1 January 2009	30 June 2010

#### NZ IAS-1

The revised NZ IAS 1 requires the presentation of all recognised income and expenses in one statement (a statement of comprehensive income) or in two statements (an income statement and a statement of comprehensive income), separately from owner changes in equity. The revised standard also includes other minor changes to presentation and disclosure requirements.

#### NZ IFRS-8

NZ IFRS-8 replaces NZ IAS-14 'Segment Reporting'. NZ IFRS-8 extends the scope of segment reporting and requires identification of operating segments and disclosures based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial statements of the company and group:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRIC-13 'Customer Loyalty Programmes'	1 July 2008	30 June 2010
NZ IFRIC-15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
NZ IFRIC-16 'Hedges of a Net Investment in a Foreign Operation'	1 October 2008	30 June 2010
NZ IFRIC-17 "Distribution of Non-Cash Assets to Owners"	1 July 2009	30 June 2010
NZ IFRIC-18 "Transfers of Assets from Customers"	1 July 2009	30 June 2010
NZ IAS-23 'Borrowing Costs' – revised 2007	1 January 2009	30 June 2010
Amendments to NZ IFRS-2 'Share-Based Payment' – Vesting Conditions and Cancellations	1 January 2009	30 June 2010
NZ IFRS-3 'Business Combinations' – revised 2008	1 July 2009	30 June 2010
Amendments to NZ IFRS-4 'Insurance Contracts – The Scope of Insurance Activities and Differential	1 January 2009	30 June 2010

Reporting Concessions		
NZ IAS-27 'Consolidated and Separate Financial Statements' – revised 2008	1 July 2009	30 June 2010
Revised Amendments to NZ IAS 32 'Financial Instruments: Presentation' and NZ IAS 1 'Presentation of Financial Statements' – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	30 June 2010
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008	Various*	30 June 2010
Amendments to NZ IFRS 1 'First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards' and NZ IAS 27 'Consolidated and Separate Financial Statements' – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	30 June 2010
Omnibus Amendments (2008)**	1 January 2009	30 June 2010

*1.1. \* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2009, with earlier adoption permitted, and they are to be applied retrospectively.*

\*\* The Omnibus Amendments (2008) are minor clarifications or corrections to the New Zealand specific paragraphs of certain New Zealand equivalents to International Financial Reporting Standards.

## Attachment 2 - LEGAL COMPLIANCE

### Local Government Act 2002 Schedule 8, Clause 9: -

#### Contents of Statements of Intent

(1) A Statement of Intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by <u>clause 3(b)</u> to be delivered and each of the immediately following 2 financial years, the following information:		<b>SOI Section</b>
(a)	the objectives of the group; and	2
(b)	a statement of the Board's approach to governance of the group; and	8
(c)	the nature and scope of the activities to be undertaken by the group; and	3
(d)	the ratio of consolidated shareholder's funds to total assets, and the definitions of those terms; and	4
(e)	the accounting policies of the group; and	5
(f)	the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and	6
(g)	an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholder; and	7
(h)	the kind of information to be provided to the shareholder by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and	9
(i)	the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and	10
(j)	any activities for which the Board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation); and	12
(k)	the Board's estimate of the commercial value of the shareholder's investment in the group and the manner in which, and the times at which, that value is to be reassessed; and	13
(l)	any other matters that are agreed by the shareholder and the Board.	14

## **8. MDC Holdings Half Yearly Financial Statements as at 31 December 2009 (\$405-03)**

(Report prepared by Martin Fletcher)

### **Purpose**

1. To report on the financial performance of MDC Holdings Limited for the six month period ending 31 December 2009.

### **Income Statement – Explanatory Comment**

2. MDC Holdings Ltd's Operating Surplus after taxation is \$681,000, which is consistent with expectations
3. IFRS based Derivative interest rate swap revenue of \$345,000 is a gain due to a reduction of the liability created through the valuation of interest rate swaps. This compares to the loss of \$806,000 reported in December 2008 six month accounts. This move reflects the swaps nearing maturity. The swaps in place vary in maturity date extending to 5 November 2012, with rates ranging from 6.4% to 7.87% (excluding margin, currently 0.30% on swaps).
4. The financing fee income of \$106,000 is revenue from the subsidiaries reimbursing MDC Holdings for the facility fee cost associated with each subsidiary's forecast facility requirements.
5. The increased operating cost reflects an increase in the finance fee increased from \$6,750 to \$30,000 per quarter and the legal costs associated with the MDC Holdings loan agreement documentation with subsidiaries.

### **Balance Sheet – Explanatory Comment**

6. The special dividend of \$2,500,000 received last year from Port Marlborough was advanced to MDC current account last year with a balance of \$3,279,000 as at June 2009. This financial year MDC Holdings paid the \$2,500,000 as a dividend to MDC, consequently reducing the amount advanced.
7. In addition to the amount advanced to MDC of \$986,000, MDC drew down an additional \$2,000,000 in the first half of this financial year, Port Marlborough drew an additional \$1,500,000.
8. The loan facility in place with BNZ is currently \$60,000,000. Within this arrangement there are two facilities. The first is for \$30,000,000 that 2 year term maturing in December 2010. Two million dollars (\$2,000,000) of this facility has been advanced to MDC and the remaining \$20,605,000 used for MDC Holdings' own debt. As a result of the December 2010 maturity, for the half yearly accounts this liability of \$22,605,000 has been disclosed as a Current Liability.
9. The second facility is also for \$30,000,000 and has a three year term maturing in December 2011. This facility has used to advance \$15,650,000 to Port Marlborough.

### **RECOMMENDED**

**That the report be received.**

## **MDC HOLDINGS LIMITED (Parent)**

### **Financial Statements for the Six Months Ended 31 December 2009**

<i>Contents</i>	<i>Page</i>
Income Statement .....	1
Balance Sheet .....	2
Statement of Change in Equity .....	3
Statement of Cash Flow .....	4

**MDC HOLDINGS LIMITED (PARENT)**  
**Income Statement**  
**For the Six Months Ended 31 December 2009 (unaudited)**

Year Ended June 2009 (\$000)		Dec 2009 (\$000)	Dec 2008 (\$000)
	<b>REVENUE</b>		
1,176	Interest income	578	620
4,294	Dividend income	978	761
	Subvention payments		
468	- Port Marlborough New Zealand Limited	-	-
-	- Financing Fee	106	-
-	- Derivative gains - interest rate swaps	345	-
5,938	<b>TOTAL REVENUE</b>	2,007	1,381
	<b>OPERATING COSTS</b>		
212	Operations and maintenance	154	127
	Interest		
2,529	- Bank of New Zealand	1,172	1,394
1	- Other	-	1
1,157	Derivative losses - interest rate swaps	-	806
3,899	<b>TOTAL OPERATING EXPENSES</b>	1,326	2,327
2,039	<b>OPERATING SURPLUS BEFORE TAXATION</b>	681	(946)
(49)	Income tax expense/(credit)	-	-
2,088	<b>OPERATING SURPLUS AFTER TAXATION</b>	681	(946)

*The accompanying notes form part of and should be read in conjunction with these financial statements*

**MDC HOLDINGS LIMITED (PARENT)**  
**Balance Sheet**  
**As at 31 December 2009 (unaudited)**

Year Ended June 2009 \$(000)		Dec 2009 \$(000)	Dec 2008 \$(000)
	<b>CURRENT ASSETS</b>		
-	Accounts receivable	69	-
188	Interest receivable	143	139
46	Cash and deposits	47	1
468	Subvention payments receivable	468	565
3,279	Current account - MDC	986	914
-	Advance - Marlborough District Council	2,000	-
3,981	<b>TOTAL CURRENT ASSETS</b>	3,713	977
	<b>NON-CURRENT ASSETS</b>		
28,536	Investment in subsidiaries	28,536	28,536
14,150	Advance - Port Marlborough New Zealand Limited	15,650	14,600
42,686	<b>TOTAL NON-CURRENT ASSETS</b>	44,186	43,136
46,667	<b>TOTAL ASSETS</b>	47,899	44,113
	<b>CURRENT LIABILITIES</b>		
28	Accounts payable	15	29
-	Taxation payable	-	49
349	Accrued bank interest	257	294
-	Term loans from banks	22,605	-
377	<b>TOTAL CURRENT LIABILITIES</b>	22,877	372
	<b>NON-CURRENT LIABILITIES</b>		
993	Financial asset - derivatives	649	642
34,755	Term loans from banks	15,650	35,205
35,748	<b>TOTAL NON-CURRENT LIABILITIES</b>	16,299	35,205
	<b>SHAREHOLDERS' FUNDS</b>		
6,000	Share capital	6,000	6,000
1,550	Retained earnings (Accumulated losses)	(269)	(456)
2,992	Capital reserves	2,992	2,992
10,542	<b>TOTAL SHAREHOLDERS' FUNDS</b>	8,723	8,536
46,667	<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	47,899	44,113

*The accompanying notes form part of and should be read in conjunction with these financial statements.*

**MDC HOLDINGS LIMITED (PARENT)**  
**Statement of Change in Equity**  
**For the Six Months Ended 31 December 2009 (unaudited)**

<b>Year Ended</b>		<b>Dec 2009</b>	<b>Dec 2008</b>
<b>June 2009</b>		<b>(\$000)</b>	<b>(\$000)</b>
<b>(\$000)</b>			
9,482	<b>EQUITY AT BEGINNING OF PERIOD</b>	10,542	9,481
2,088	Net Surplus (Deficit) for the Period	681	(945)
(1,028)	Dividends paid or payable	(2,500)	-
<u>10,542</u>	<b>EQUITY AT END OF PERIOD</b>	<u>8,723</u>	<u>8,536</u>

*The accompanying notes form part of and should be read in conjunction with these financial statements*

**MDC HOLDINGS LIMITED (Parent)**  
**Statement of Cash Flow**  
**For the Period Ended 31 December 2009**

	<b>2009</b>	<b>2008</b>
	(\$000)	(\$000)
<b>Cash flows from Operating Activities</b>		
Interest received	601	620
Dividends received	978	761
Payments to suppliers and employees	(237)	(120)
Interest and other costs of finance paid	(1,135)	(1,443)
Net Cash (used in) From Operating Activities	<u>208</u>	<u>(182)</u>
<b>Cash flows from Investing Activities</b>		
Advance from related party	2,293	160
Advance to related party	(1,500)	(450)
Net cash (used in) from Investing Activities	<u>793</u>	<u>(290)</u>
<b>Cash flows from Financing Activities</b>		
Proceeds from borrowings	1,500	450
Dividends paid	(2,500)	-
Net cash flow from Financing Activities	<u>(1,000)</u>	<u>450</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1	(22)
Cash and cash equivalents at the beginning of the period	46	23
<b>Cash and cash equivalents at the end of the period</b>	<u><u>47</u></u>	<u><u>1</u></u>
<b>Reconciliation of Operating Profit to Net Cashflow from Operating Activities</b>		
<b>Surplus/(deficit) after tax</b>	683	(945)
<b>Add/(less) non-cash items:</b>		
(Gains) losses on derivative financial instruments	(345)	806
<b>Add/(less) movements in working capital items:</b>		
Accounts receivable	(25)	1
Accounts payable	(105)	(43)
<b>Net cash inflow/(outflow) from operating activities</b>	<u><u>208</u></u>	<u><u>(182)</u></u>

*The above information must be read in conjunction with the Notes to the Financial Statements.*

## **9. Financial Report for Council – Period Ended 31 March 2010 (F045-06)**

(Report prepared by J Somerville)

1. Attached is the financial report for Council for the nine months ended 31 March 2010.
2. The Statement of Performance reports a surplus over budget of \$4,990,543 for the first three quarters of the financial year.

### **Revenue**

3. Total Revenue and Rates (RR) for the year to date is currently higher than budgeted.
4. The RR increase has occurred chiefly as a result of:
  - receipt of \$2.5M dividend from MDC Holdings Ltd
  - higher than expected infringement income together with one off revenue from rivers reserve log sales and subsidy revenue for community housing upgrades.  
offset by
  - less than anticipated:
    - landfill and transfer station fees.
    - parking collection revenue.
    - trade waste charges.
    - subdivision / discharge/water/ land use applications and associated inspection fees as a result of the continued economic slowdown.
    - water and sewerage upgrades levies and connection charges again due to fewer subdivisions.
    - Project Information Memorandum revenue due to government changes to the Building Act. (no longer compulsory to request details)
  - Internal loan interest received is less than expected due to the reduced capital expenditure against budget in 2008/09 which in turn resulted in smaller loan borrowings.

### **Expenditure**

5. Overall expenditure is under budget primarily due to lower than expected interest instalments and depreciation on asset revaluations. Operating expenses are slightly ahead of budget due to increased emergency road reinstatement, traffic services, and road network/asset management costs together with expenses for the urban design strategies and legal fees in the Consents and Compliance activity. In part this is offset by contract savings and less than expected infrastructure maintenance costs for pump stations and treatment expenses (mainly timing).

### **Capital Expenditure**

6. Capital expenditure for the nine months to 31 March is \$29.8M, while \$ 3.5M above the capital expenditure incurred to March 2009, is less than expected for the year to date by \$1M.
7. Early indications are that there is likely to be capital deferrals and carryovers to 2010/2011 of approximately \$19.3M.

Activities, where significant expenditure is slower than anticipated are:

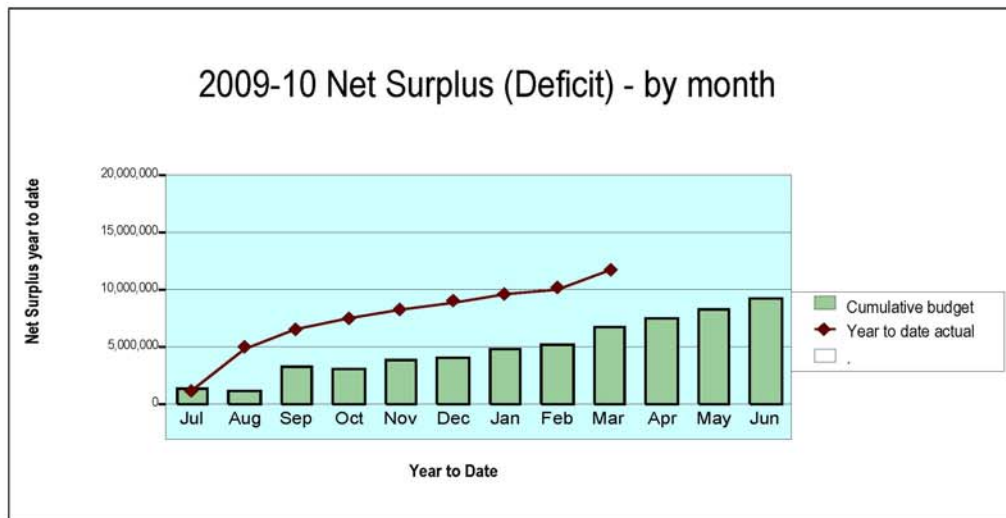
- Swimming Pools \$6M      Blenheim Aquatic Centre.
- Parking \$4.5M      Blenheim parking developments.
- Roads \$1.3M      reduced programme of Northbank Road major rehabilitation works, deferral of Jackson /Old Renwick Road intersection improvements and Maori Ford Bridge.
- Rivers & Drainage \$1.14M      Town branch (Blenheim ) –delays re design & location and possible deferral of Kent St/ Waitohi culverts till next summer. Taylor Dam – spillway improvements design to be finalised plus Lower Wairau sedimentation control works delayed.
- Sewerage projects \$4.15M      treatment at the Industrial ponds and deferral of Sheffield pump station upgrade together with Picton sewer outfall re design delays.
- Stormwater \$.67M      Redwood St connection to Alabama Rd and revisit Renwick work to next year.
- Water \$1.5M      Essons Valley treatment – contract commences in May, Awatere – awaiting subsidy outcome and deferral of pump station renewal, Blenheim - capacity upgrade deferral, Renwick – wells & pumps deferred and Riverlands – upgrade to reservoir delayed.

8. There is also expected to be a saving of \$1M associated with the Picton reservoir and related pipeline where the tender price came in below budget.

**RECOMMENDED**

**That the financial report for the period ended 31 March 2010 be received.**

MARLBOROUGH DISTRICT COUNCIL  
2009-10 rbud budgets operating statements



Statement of Financial Performance - March YTD

	March YTD	YTD budgets	YTD variance	2009-10 rbud budgets
<b>Revenues</b>				
User Charges	11,349,601	12,150,060	(800,459)	17,117,933
Subsidies & Grants	4,920,571	4,230,946	689,625	6,642,036
Total Rates and Charges	35,663,430	35,185,934	477,496	47,037,491
Dividends received	2,505,626	538,000	1,967,626	538,000
Other Revenue	8,962,737	8,539,289	423,448	16,136,947
	<b>63,401,965</b>	<b>60,644,229</b>	<b>2,757,736</b>	<b>87,472,407</b>
<b>Expenses</b>				
Operating expenses	37,950,796	37,945,473	(5,323)	56,540,728
Depreciation	10,936,304	11,614,131	677,827	15,587,862
Interest payments	2,783,085	4,343,388	1,560,303	5,842,874
	<b>51,670,185</b>	<b>53,902,992</b>	<b>2,232,807</b>	<b>77,971,464</b>
<b>Net Surplus (Deficit)</b>	<b>11,731,780</b>	<b>6,741,237</b>	<b>4,990,543</b>	<b>9,500,943</b>

**Exception report on operations**

The year to date result is favourable \$4,990,543 against budget.

Interest payments favourable as the monthly instalments on internal loans are less than anticipated as a result of reduced capital expenditure in 2008/09 and the flow on effect to total of loans drawn down. Interest revenue is conversely unfavourable.

Other significant variances are explained in the variances by activity statement.

**MARLBOROUGH DISTRICT COUNCIL**  
2009-10 rbud budgets operating statements



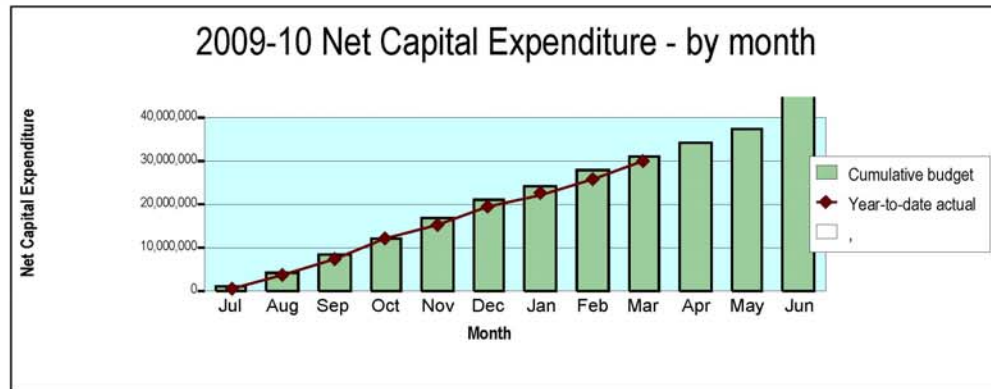
The Net Surplus (Deficit) is generated by the following Council Activities:

	March YTD	YTD budgets	YTD variance	2009-10 rbud budgets
Democracy	157,051	156,220	831	150,000
Arts and Heritage	(139,440)	(140,753)	1,313	(54,900)
Community Housing	80,730	(41,741)	122,471	31,643
Community Safety	(92,608)	(93,514)	906	(12,500)
Community Support	29,649	(22,119)	51,768	(60,500)
Libraries	80,192	10,860	69,332	(9,400)
Emergency Management	(97,120)	(202,043)	104,923	(199,800)
Community Facilities	(74,280)	(388,373)	314,093	(477,641)
Land Transport	733,581	527,833	205,748	2,196,671
Rivers and Land Drainage	2,489,626	2,117,201	372,425	2,731,565
Sewerage	1,858,636	590,992	1,267,644	1,218,159
Stormwater	111,887	(85,752)	197,639	146,946
Water	1,320,310	627,017	693,293	1,035,013
Solid and Hazardous Waste	(15,937)	178,185	(194,122)	109,737
Environmental	(447,923)	(371,158)	(76,765)	(512,100)
Regional Development	9,564	(2,780)	12,344	(215,643)
Consents and Compliance	(437,803)	230,880	(668,683)	(258,019)
Biosecurity	206,272	57,248	149,024	(140,953)
Animal Control	86,390	53,476	32,914	(108,735)
Harbour Control	(195,961)	(338,641)	142,680	302,741
Investment activities	5,558,097	3,468,028	2,090,069	4,195,573
Corporate Overhead	175,253	174,374	879	(545,325)
Direct Management	216,621	204,656	11,965	(71,000)
Plant Operations	118,993	31,141	87,852	49,411
	<b>11,731,780</b>	<b>6,741,237</b>	<b>4,990,543</b>	<b>9,500,943</b>

**Comments**

1. Variances for significant activities are mainly due to timing of actual income/expenditure against forecasted spread of annual budget.
2. Significant variances other than timing are as follows:
  - (a) Land Transport - Infringement income ahead of budget offset by less than anticipated Parking collection revenue. Parking contracts, traffic services and emergency reinstatement of roads together with Opus costs relating to network / asset management are also well ahead of budget.
  - (b) Rivers and Land Drainage includes one off log sales felled on river reserve land and increased rock recharges.
  - (c) Sewerage - Trade waste revenue less than expected offset by smaller than anticipated interest instalments due to reduced loan requirements for 2008/09.
  - (d) Stormwater - Includes unbudgeted subdivision levies.
  - (e) Water - Upgrade levies less than anticipated offset by smaller than budgeted internal interest payments as 2008/09 loan requirements were less than allowed.
  - (f) Solid & Hazardous Waste unfavourable due to less than expected transfer station and landfill revenue offset by timing of contracts and levy payments.
  - (g) Environmental ahead of budget due to additional expenditure relating to the Urban design strategy and regional policy statement review.
  - (h) Consents and Compliance is unfavourable due to:
    - a reduction in the revenue from building consent inspections being undertaken, together with project information memorandum requests due to government changes to the Building Act.
    - revenue from subdivision, discharge, water and land use applications being less than expected, an indication of the continued economic downturn.
    - higher than anticipated legal fees due to the Environment Court appeals, frost fan issues, earthquake prone buildings and prosecutions.
  - (i) Investment activities ahead of budget mainly due to the MDC Holdings dividend offset by less than budgeted interest revenue.

MARLBOROUGH DISTRICT COUNCIL  
2009-10 rbud budgets operating statements



Net Capital Expenditure - March YTD

	March YTD	YTD budgets	YTD variance	2009-10 rbud budgets
Arts and Heritage	628		(628)	25,500
Community Housing	202,122	122,300	(79,822)	122,300
Community Safety			0	122,500
Libraries	207,949	208,000	51	367,000
Emergency Management	9,026	9,500	474	18,800
Community Facilities	7,938,295	7,551,895	(386,400)	16,552,259
Land Transport	5,681,420	5,318,066	(363,354)	13,560,028
Rivers and Land Drainage	829,391	1,023,500	194,109	2,277,000
Sewerage	4,726,381	6,157,597	1,431,216	12,829,933
Stormwater	105,321	77,497	(27,824)	1,264,760
Water	8,637,883	9,144,074	506,191	17,535,522
Solid and Hazardous Waste	476,862	551,630	74,768	802,864
Environmental	41,427	40,894	(533)	49,000
Consents and Compliance	533	533	0	9,200
Harbour Control	113,397	110,897	(2,500)	234,000
Investment activities	359,807		(359,807)	(2,601,943)
Corporate Overhead	345,580	376,878	31,298	1,756,012
Direct Management	3,443	533	(2,910)	1,500
Plant Operations	132,556	138,300	5,744	337,100
<b>Total</b>	<b>29,812,021</b>	<b>30,832,094</b>	<b>1,020,073</b>	<b>65,263,335</b>

**Exception report on capital expenditure**

Community Housing ahead of budget due to bathroom upgrades in the Litchfield and Arthur St complexes. Housing NZ subsidy to recover expenditure has been received and treated as grant revenue.

Expenditure in Investment activities relates to the development of Stage 10 Forest Park. Proceeds from the section sales are anticipated in June 2010.

## **10. Financial Report for Support Services Department – Period ended 31 March 2010 (F045-07)**

**(Report prepared by J Somerville)**

1. Attached is the financial report for Support Services Department for the period ended 31 March 2010.

### **RECOMMENDED**

**That the financial report for the period ended 31 March 2010 be received.**

## Financial Summary Report - Support Services

	March YTD actual	March YTD budget	YTD Variance	2009-10 rbud budget
<b>Total Regional Development</b>				
Total Rates and Charges	670,170	658,872	11,298	878,485
	<b>670,170</b>	<b>658,872</b>	<b>11,298</b>	<b>878,485</b>
Operating expenditures	660,606	661,652	1,046	1,094,128
<b>Net Surplus (Deficit)</b>	<b>9,564</b>	<b>(2,780)</b>	<b>12,344</b>	<b>(215,643)</b>

**Asset additions and disposals**

### Total Democracy

Total External Revenues		1,260	(1,260)	1,680
Total Rates and Charges	1,954,486	1,925,091	29,395	2,566,788
	<b>1,954,486</b>	<b>1,926,351</b>	<b>28,135</b>	<b>2,568,468</b>
Operating expenditures	1,797,435	1,770,131	(27,304)	2,418,468
<b>Net Surplus (Deficit)</b>	<b>157,051</b>	<b>156,220</b>	<b>831</b>	<b>150,000</b>

**Asset additions and disposals**

### Total Land Development

Total External Revenues			0	3,000,000
			<b>0</b>	<b>3,000,000</b>
Operating expenditures	21,375	15,401	(5,974)	3,018,499
<b>Net Surplus (Deficit)</b>	<b>(21,375)</b>	<b>(15,401)</b>	<b>(5,974)</b>	<b>(18,499)</b>

**Asset additions and disposals**

Asset additions	359,807		(359,807)	
Asset disposals			0	2,601,943

### Total Forestry

Operating expenditures	9	9	0	4,700
<b>Net Surplus (Deficit)</b>	<b>(9)</b>	<b>(9)</b>	<b>0</b>	<b>(4,700)</b>

**Asset additions and disposals**

### Total Property

Total External Revenues	3,737,825	3,542,421	195,404	4,541,869
Total Rates and Charges	(314,391)	(309,915)	(4,476)	(413,226)
	<b>3,423,434</b>	<b>3,232,506</b>	<b>190,928</b>	<b>4,128,643</b>
Operating expenditures	1,295,786	1,244,202	(51,584)	1,537,677
<b>Net Surplus (Deficit)</b>	<b>2,127,648</b>	<b>1,988,304</b>	<b>139,344</b>	<b>2,590,966</b>

**Asset additions and disposals**

Asset additions	202,122	122,300	(79,822)	122,300
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**Significant variances other than timing are as follows:**

1. Land Development operating expenditure unfavourable due to higher than anticipated annual rates. Unbudgeted asset additions relate to costs associated with the development of Stage 10 Forest Park and will be offset by expected revenue from the sale of sections due June 2010.
2. Property - Favourable due to increased revenue from rental properties as well as Housing NZ subsidy for community housing capital works. Operating expenditure higher than anticipated due to increased repairs to Community housing units together with insurance of additional community assets (Horton Park stadium etc) not allowed for at time of budget preparation..  
Asset additions relates to bathroom upgrades in some Litchfield and Arthur St community housing.

## **11. Treasury Management Report for Period Ended 31 March 2010 (T270-01)**

**(Report prepared by M South)**

**1. Attached** are details of Council's Treasury Management Report for the quarter ended 31 March 2010. Comparative details for the quarter ended 31 December 2009 are shown in italics and shaded.

### **2. Market Interest Rate Movements**

Council's fund managers advise that during the March quarter interest rates in New Zealand declined.

The Reserve Bank of New Zealand ("RBNZ") in March 2010 again left the Official Cash Rate at 2.50%.

### **3. Investments**

*Details of Council funds and investments are attached.*

The average interest earnings rate of 6.68% is 1.06 % less than that for the December quarter. The main reason for this is the increase in the BNZ call account balance from \$0.004m to \$3.393m which attracts an interest rate of 3.15% which is higher than the 30 day investment rate.

No bonds matured and no new bonds were purchased. The \$1m Telecom Finance bond matures on 15 April and will be used for cashflow requirements.

Reinvestment of securities as they fall due are based on the recommendation of Bancorp Treasury Services Limited, Fund Managers for Council. In conjunction with Council's Treasury staff, Bancorp's role is to continuously monitor market conditions and Council's specific investments to ensure that the maximum return is achieved consistent with the minimum risk exposure dictated by Council's Treasury Management Policy.

### **4. Compliance with Council Policy**

Council's Treasury Management Policy sets criteria surrounding credit rating, maximum investment allowed with any one institution and the maximum allowed to be invested with any type of institution.

All criteria have been met for the 31 March 2010 quarter.

### **5. External Borrowings**

As at 31 March 2010 Council has \$2 million of short term external borrowings. At the beginning of March borrowings were \$10 million and \$8 million was repaid following receipt of the \$7.5 million special dividend from Port Marlborough Limited via MDC Holdings Limited. The decision to undertake these short term borrowings was made because the interest rates being charged were less than the interest rates achieved on investments.

### **RECOMMENDED**

**That the Treasury Management Report for the period ended 31 March 2010 be received.**

## **12. Debtors' Overdue Report (A135-04)**

**(Report prepared by S Greenhill)**

1. The Debtors' Report as at 31 March 2010 is attached for members' information.
2. Current debtors have increased by \$1,062,000 which includes large miscellaneous invoices for the following:
  - 2009/10 third quarter tradewaste invoices (\$320,000).
  - Final balance payment on purchase of future connections for Grovetown Sewerage (\$202,500).
  - Development contribution for Marlborough District Council, Taylor Pass Road subdivision (\$216,408).
3. The '30 – 90 Days' and '90+ Day' debtors have decreased by \$114,237.

### **RECOMMENDED**

**That the information be received.**

## DEBTORS REPORT

	Current Month	Comparison for Previous 5 Months				
<b>Aged Analysis Report</b>	<b>March</b>	<b>February</b>	<b>January</b>	<b>December</b>	<b>November</b>	<b>October</b>
Current	1,469,099.42	407,338.60	731,680.27	1,136,435.55	538,638.78	994,206.85
30 - 90 Days	177,108.56	278,692.06	692,252.97	242,476.47	245,053.28	199,587.44
90 Days	279,651.60	292,300.71	305,217.11	260,593.31	261,415.42	305,598.52
<b>Outstanding Debtors Closing Balance</b>	<b>1,925,859.58</b>	<b>978,331.37</b>	<b>1,729,150.35</b>	<b>1,639,505.33</b>	<b>1,045,107.48</b>	<b>1,499,392.81</b>
<b>Debtors Action Report - Debtors over 90 days with Balance &gt;\$250</b>						
	<b>March</b>	<b>February</b>	<b>January</b>	<b>December</b>	<b>November</b>	<b>October</b>
With Receivables Management	29,774.14	28,107.28	28,240.96	28,070.82	27,405.88	27,529.31
Paying by Agreement	91,842.08	74,250.26	106,324.90	75,803.46	72,330.44	77,537.34
Work Not Yet Commenced	109,324.80	109,324.80	109,324.80	109,859.66	111,672.16	120,209.66
Awaiting Determination	18,793.60	18,203.48	18,388.85	33,731.82	16,358.68	35,567.58
Payments since month end taken off above amounts	21,380.84	53,809.30	34,054.94	2,218.45	20,004.34	35,022.25
<b>Sub-Total</b>	<b>271,115.46</b>	<b>283,695.12</b>	<b>296,334.45</b>	<b>249,684.21</b>	<b>247,771.50</b>	<b>295,866.14</b>
Various Debtors with Balances <\$250	8,536.14	8,605.59	8,882.66	10,909.10	13,643.92	9,732.38
<b>Over 90 days Outstanding Total</b>	<b>279,651.60</b>	<b>292,300.71</b>	<b>305,217.11</b>	<b>260,593.31</b>	<b>261,415.42</b>	<b>305,598.52</b>

## **13. Rates Reports (R135-15)**

**(Report prepared by W Williams)**

1. Attached for members' information are the Rate Levies Status Report and Rate Arrears Aged Balance Report as at 31 March 2010.
2. Council has collected 73.55% of the rates levied to date for 2009/10 (inclusive of arrears) and this compares with 73.20% at this time last year.
3. The final day for payment of rate instalment three was 11 March 2010. Since that date 789 letters have been posted due to non payment of that instalment. For the March 2009 quarter, 712 letters were sent. Follow up action will commence mid April.
4. Rate instalment four will be posted 3 May; the final day for payment is 11 June 2010.
5. Council has recently advertised for tender of three blocks of abandoned land. Two of the blocks can be accessed from SH 6; 4-6 km from Havelock and the third adjoins the unformed portion of Durham Street, Picton. Tenders close 23 April 2010.

### **RECOMMENDED**

**That the reports be received.**

## Marlborough District Council

### Rate Levies Status Report as at 31 March 2010

Financial Division	Balance b/fwd (01/07/09)	Inst Levy To Q3	Arrears Pen	Instal Pen	Adjustments	Cash Received (incl Paid in Advance)	Less Paid in Advance 31/03/2010	Balance 31/03/2010
Admin Rural	14,187.47	629,249.97	1,678.02	7,619.97	(8,395.88)	(626,486.22)	40,906.29	58,759.62
Blenheim	97,240.41	19,054,775.57	15,098.39	53,472.19	(92,811.94)	(19,378,299.29)	616,825.20	366,300.53
Blenheim Vicinity	29,917.64	7,937,027.24	3,942.91	26,666.80	(58,955.30)	(7,940,723.49)	122,332.71	120,208.51
General Rural	95,867.31	5,985,669.63	12,237.35	38,217.71	(67,224.95)	(5,992,834.06)	156,032.04	227,965.03
Picton	105,260.74	4,882,505.44	11,626.32	23,912.15	(54,063.54)	(4,908,560.79)	136,414.36	197,094.68
Picton Vicinity	1,559.13	304,959.18	619.08	1,257.47	(418.00)	(318,334.50)	16,961.91	6,604.27
Utilities Network	-	8,112.00		31.20		(10,618.40)	2,589.60	114.40
<b>Current Year Totals</b>	<b>344,032.70</b>	<b>38,802,299.03</b>	<b>45,202.07</b>	<b>151,177.49</b>	<b>(281,869.61)</b>	<b>(39,175,856.75)</b>	<b>1,092,062.11</b>	<b>977,047.04</b>
<b>Paid in Advance balance b/fwd</b>	<b>1/07/2009</b>	<b>1/07/2008</b>						
As at 1/7/09	315,598.95	275,349.31						
<b>Paid in Advance</b>								
As at 31/03/2010	1,092,062.10							
As at 31/03/2009	1,096,430.89							

## Marlborough District Council

### Rate Arrears Aged Balance Report as at 31 March 2010

Year	Total Outstanding (01/07/09)	Cash Received (-)	Total Arrears Outstanding 31/03/2010
2008/09	580,227.42	498,442.58	81,784.84
2007/08	41,438.52	19,817.76	21,620.76
2006/07	15,861.47	10,987.12	4,874.35
2005/06	5,266.23	4,928.05	338.18
2004/05	3,001.26	3,001.26	-
Prior 2004	13,836.75	13,836.75	-
<b>Total</b>	<b>659,631.65</b>	<b>551,013.52</b>	<b>108,618.13</b>
Rates balance b/fwd	344,032.70		
Add back Paid in Advance	315,598.95		
<b>Total Arrears</b>	<b>659,631.65</b>		

\* Statute Barred rates written off in preparation for rating sale on three pieces of abandoned land - this cleared rate arrears on land prior to 2004.

## 14. Decision to Conduct Business with the Public Excluded

**Decided:** That the public be excluded from the following parts of the proceedings of this meeting, namely:

- Debtors' Overdue Report
- Rating Issue
- Parking Strategy and Contract Issues

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

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
<p>Debtors' Overdue Report</p> <p>Rating Issue</p>	<p>In order to protect the privacy of natural persons, as provided for under Section 7(2)(a).</p>	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under Section 7 of the Local Government Official Information and Meetings Act 1987.</p>
<p>Parking Strategy and Contract Issues</p>	<p>To enable the Council, as holder of the information, to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations) as provided for under Section 7(2)(i)</p>	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under Section 7 of the Local Government Official Information and Meetings Act 1987.</p>