



# MARLBOROUGH DISTRICT COUNCIL SUMMARY ANNUAL REPORT 2010-2011



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# MAYOR'S REPORT

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The purpose our Annual Report is to inform the community about the Council's achievements, and financial and non-financial performance, over the year July 2010 - June 2011. The report is audited by Audit New Zealand on behalf of the Auditor-General.

The past year will be long remembered in New Zealand due to the tragedies that occurred in Canterbury and Greymouth. As fellow South Islanders, Marlburians are likely to have been touched by these events and have been strong in their support. Council too has provided help on the ground in Canterbury, and also to those displaced and seeking respite from the aftershocks that continue today.

This year saw the end of the three year term of the Council elected in 2007, and the start of a new three year term following the district elections in October. I would like to pay tribute to the previous councillors, who presided over the culmination of a period of sustained growth for the district and ensured that enough investment was made to keep pace with development.

The elections brought a number of new faces, with many talents, to the Council to work alongside the re-elected councillors. This mixture of experience and new ideas will be utilised to the full to deal with the challenges we face ahead.

A number of important community facility investments progressed this year. A \$14 million upgrade to the Regional Aquatic Centre in Blenheim was partially completed by June 2011. The new facility when complete will be a great place for our community to have fun and also a fantastic resource for performance athletes to develop their talents. The stadium complex as a whole is a place that all of Marlborough can be proud of.

Investment in Blenheim's CBD continued this year with the new carpark in Alfred Street, which will provide over 300 extra parks to service our retailers and the Convention Centre. A new i-SITE for Blenheim was completed in time for the Rugby World Cup and will provide our visitors and locals with an even better place to find out what to do in our beautiful province. In Picton, the community received a boost with the completion of the Picton foreshore redevelopment and London Quay development.

Much of the business of Council is to ensure that our statutory duties are met and our infrastructure networks are maintained and improved. Although there has been a marked downturn in the economy of late, Council is focused on providing efficient and effective services to ensure that investment can still take place wherever possible. Significant levels of funding have been provided to maintain our roads and water infrastructure and additional funding has had to be found to repair the damage caused by storms in December, May and June. Kerbside recycling services got underway in October and have proven very popular with over 80% take up by those receiving collections in Blenheim and Picton.

The Council has prepared the summary annual report in order to provide users with a succinct overview of Council performance. The specific disclosures included in the summary annual report have been extracted from the full annual report which was authorised for issue by the Council on 27 October 2011, the same day the Summary Annual Report was authorised for issue.

The Summary Annual Report cannot be expected to provide as complete an understanding as provided by the full Annual Report. Users who require additional information are encouraged to access the full Council Annual Report on the Council website at [www.marlborough.govt.nz](http://www.marlborough.govt.nz).

Users who do not have access to the website can request a printed version from the following address:

Chief Executive  
Marlborough District Council  
PO Box 443  
Blenheim 7240

The full Annual Report has been audited by Audit New Zealand who provided an unqualified audit report. Your interest in reading our Annual Report is appreciated and feedback is welcome.



**Alistair Sowman  
MAYOR**

# ACHIEVEMENTS AND SERVICE PERFORMANCE 2010-11

The following is a summary of some of the projects and activities carried out by Council over the last year.

Each Council activity measures its performance against budgetary and service targets. These are set out below by 'activity group'. The full report contains more information about service performance.

## Democratic Process

The triennial Council elections took place in October 2010. The 2010 election was successfully run with no recount nor petition for inquiry sought. The overall turnout was up compared to the previous general election held in 2007 with approximately 2,000 more votes cast. Elections were also held for positions on the Nelson Marlborough District Health Board.

2009-10	2010-11	Results
✓	✓	<b>Budget</b> On target.
✓	~	<b>Performance Targets</b> <ul style="list-style-type: none"> <li>67% of targets (2 out of 3) were achieved (2009-10: 100%).</li> <li>The Resident Satisfaction Survey score missed the target by 0.1 (6.5 targeted, 6.4 achieved).</li> </ul>
<b>Activity:</b>		<i>Democratic Process</i>



## People

Council continued to provide funding for Arts, Heritage and Community Support. All grants were allocated and a number of activities received support. Our Safer Communities Marlborough team managed a number of community safety projects that are aimed at our youth.

In the first year of its operation, 68 properties benefited from Heat Smart funding. This self funding scheme aims to improve energy efficiency and make homes warmer in winter. All payments made under this scheme are recouped via targeted rates on those properties over a number of years.

Libraries offered a number of programmes throughout the year for residents of all ages. Picton Library commenced its Library on Wheels project to help our more remote communities in the Sounds access library services.

2009-10	2010-11	Results
✓	✓	<b>Budget</b> On target.
~	✓	<b>Performance Targets</b> <ul style="list-style-type: none"> <li>85% of targets achieved (2009-10: 73%).</li> </ul>
<b>Activities:</b>		<i>Culture and Heritage.</i> <i>Community Housing.</i> <i>Community Safety.</i> <i>Community Support.</i> <i>Library Services.</i>

### Key:

<b>Budget</b>	✓	Expenditure within 20% of budget	~	Expenditure within 40% of budget	✗	Expenditure more than +/- 40% of budget
<b>Performance Targets</b>	✓	Achieved at least 80% of target(s)	~	Achieved at least 60% of target(s)	✗	Achieved less than 60% of target(s)

## Land and Water Services

The redevelopment of the Regional Aquatic Centre in Blenheim commenced, and was partially completed by the end of June 2011.

Preparations were made for the Rugby World Cup 2011 including upgrading of the drainage at Lansdowne Park. Marlborough was selected to host the Russian rugby team during the tournament.

The redevelopment of the parking building in Alfred Street, Blenheim was commenced and largely completed by June 2011. The purchase of the Wynen Street car park was completed to increase short term parking and to secure the long term future an important development site in the CBD.

Significant investment in upgrading the water treatment plants at Bomford Street, Blenheim and Essons Valley in Picton was made to ensure drinking water quality complies with New Zealand standards. Awatere water users opted to support improvements to their drinking water supply. Reservoir improvements were made in Blenheim, Picton and Havelock. Sewerage upgrades were made in Blenheim and Picton.

The kerbside recycling service began in Blenheim and Picton in October 2010 with over 80% of residents participating.

Large storm events occurred in December 2010. River protection works functioned as intended. Damage to the roading network occurred mainly in areas not covered by Council's flood protection schemes. Significant unbudgeted expenditure was incurred restoring road access to the affected communities. The full report provides information on the condition of the District's infrastructural assets.



2009-10	2010-11	Results
✓	✗	<p><b>Budget</b></p> <p>The main reasons for the cost variances are:</p> <ul style="list-style-type: none"> <li>• Costs for completion of Alfred Street car park originally budgeted in 2009-10.</li> <li>• Write-off of demolished facilities at the Marlborough Aquatic Centre.</li> <li>• Costs of reinstatements after the December 2010 flood damage.</li> </ul>
~	~	<p><b>Performance Targets</b></p> <ul style="list-style-type: none"> <li>• 67% of targets achieved (2009-10: 64%).</li> <li>• Of the 26 targets not achieved, 10 were new.</li> <li>• As the combined resident satisfaction scores are higher than 2009-10 and a number of the targets were only missed by small amounts on balance, service levels have been maintained.</li> </ul>
<b>Activities:</b>		<p><i>Land Transport.</i></p> <p><i>Community Facilities.</i></p> <p><i>Rivers and Land Drainage.</i></p> <p><i>Sewerage.</i></p> <p><i>Stormwater.</i></p> <p><i>Water Supply.</i></p> <p><i>Solid Waste Management.</i></p>



## Environmental Policy

The 'Growing Marlborough' growth strategy hearings and decisions for Southern Marlborough, and public submissions for Northern Marlborough took place during the year.

Progress on the second generation Resource Management Plans continued throughout the year. Public notification of the plans is expected to take place in 2012.

Marlborough hosted 250 delegates for the Biosecurity Institute conference in August 2010.

The biennial Environment Awards were held in November 2010.



2009-10	2010-11	Results
✓	✓	<b>Budget</b> On target.
~	✓	<b>Performance Targets</b> <ul style="list-style-type: none"> <li>81% of targets achieved (2009-10: 76%).</li> </ul>
<b>Activities:</b>		<i>Environmental Policy.</i> <i>Environmental Science and Monitoring.</i> <i>Animal and Plant Pests.</i>

## Regulatory

95% of all resource consent applications were processed within the required timeframe, comparing well with other regions across New Zealand.

Eleven building control officers provided over 700 hours support to Canterbury region following the earthquakes in September and February. The main task was building evaluation.

2009-10	2010-11	Results
~	✓	<b>Budget</b> On target.
~	~	<b>Performance Targets</b> <ul style="list-style-type: none"> <li>75% of targets achieved (2009-10: 60%).</li> <li>Of the 11 targets not achieved 3 were very close to target.</li> <li>As the combined resident satisfaction scores are slightly higher than 2009-10 and a number of targets only missed by small amounts, on balance, service levels have been maintained.</li> </ul>
<b>Activities:</b>		<i>Resource Consents.</i> <i>Building Control.</i> <i>Compliance.</i> <i>Animal Control.</i> <i>Harbours.</i>



## Regional Development

The redevelopment of Blenheim i-site commenced with completion due in time for the start of Rugby World Cup.



Redevelopment of the commercial land at London Quay, Picton was completed which resulted in a significant upgrade of facilities of this prominent site.

Successful New Years celebration in Picton and Blenheim with over 5,000 attendees.

2009-10	2010-11	Results
✓	✓	<b>Budget</b> On target.
~	✓	<b>Performance Targets</b> <ul style="list-style-type: none"> <li>83% of targets achieved (2009-10: 69%).</li> </ul>
<b>Activities:</b>		<i>Regional Development.</i> <i>Marketing and Tourism.</i> <i>Events Management.</i> <i>Research Centre.</i>

## Emergency Management

Our Emergency Management team responded to the Canterbury earthquakes in September 2010 and February 2011 by providing assistance where needed on the ground in Christchurch and those surrounding areas affected.



2009-10	2010-11	Results
~	✓	<b>Budget</b> On target.
✓	~	<b>Performance Targets</b> <ul style="list-style-type: none"> <li>62% of targets were achieved in comparison to 82% in prior year. However, the resident satisfaction scores is higher than 2009-10.</li> <li>Of the five targets not achieved 3 were completed shortly after target date.</li> </ul>
<b>Activities:</b>		<i>Emergency Management.</i>

# RESIDENTS' SATISFACTION SURVEY

Our recent Residents' Satisfaction Survey confirmed that the Council continues to provide services to the standard expected by our community and that our water, roading and waste management services are top community priorities, along with emergency management and community safety.

## RESIDENT SATISFACTION 2010/11



**602** telephone survey participants from across Marlborough.



Overall average performance score of **6.9** out of 10.



**71%** of respondents satisfied with the performance of the Council.



**Slight** improvement in the level of satisfaction to 2009-10 levels.



**All** services scored higher than the neutral satisfaction score.

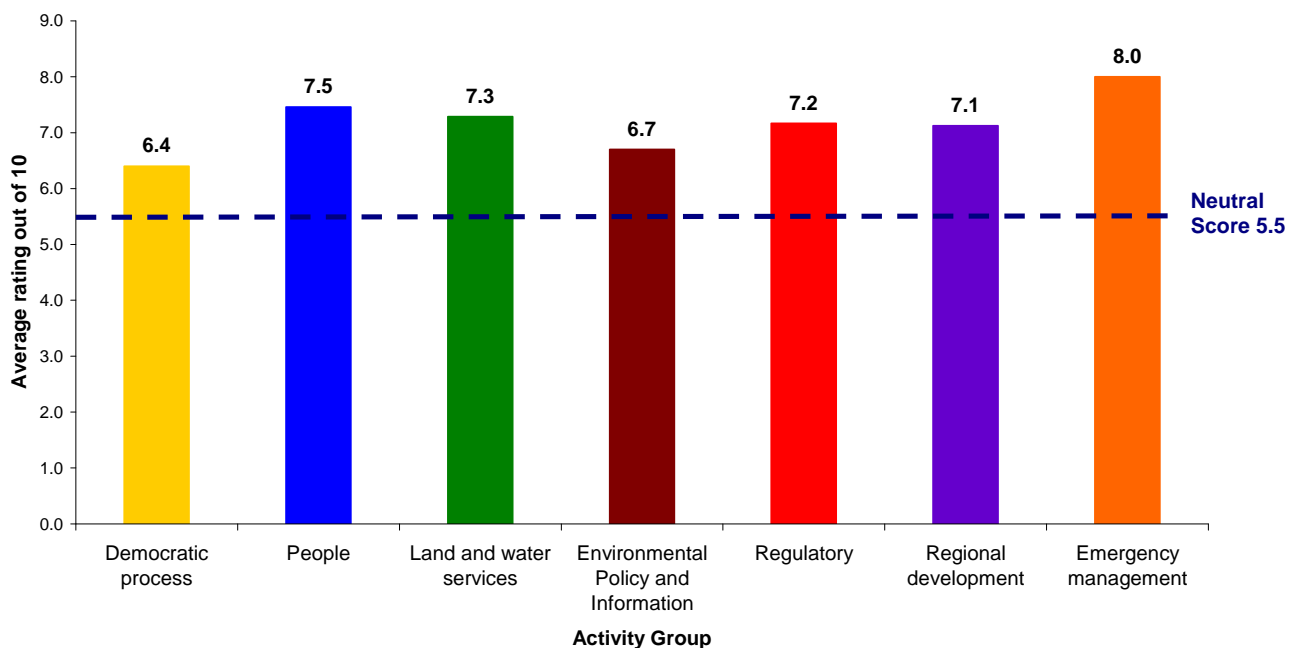


Library Services achieved **highest** overall rating of **8.6** out of 10.



**319** participants had contacted the Council in the last year, and rated the contact **7.7** out of 10.

Resident Satisfaction Survey 2010-11

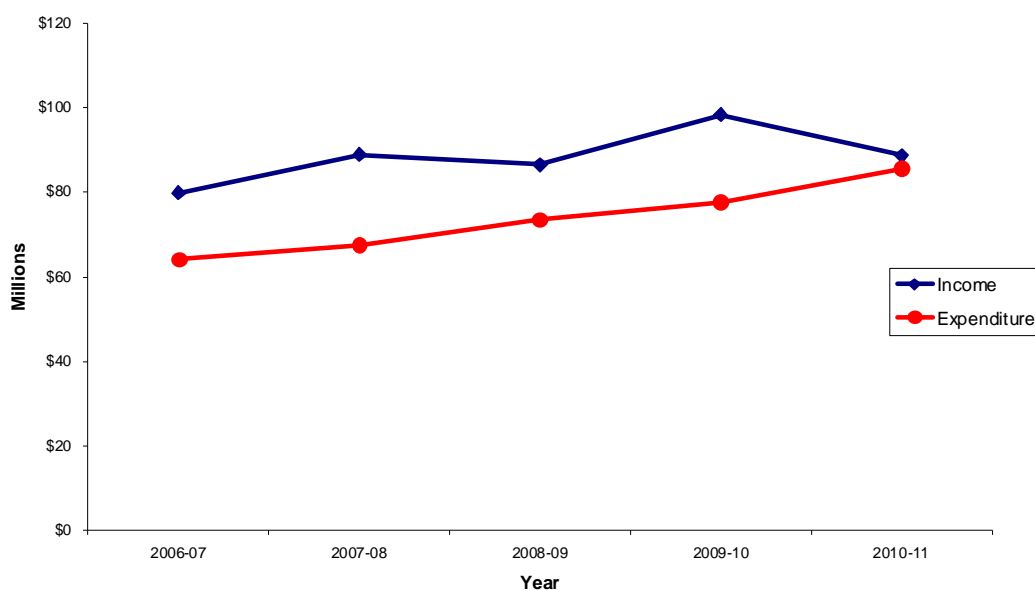


## FINANCIAL STATEMENTS

### Income Statement for the year ended 30 June 2011

	Group Actual 2010-11 \$000's	Group Actual 2009-10 \$000's	Council Actual 2010-11 \$000's	Council Budget 2010-11 \$000's	Council Actual 2009-10 \$000's
<b>INCOME</b>					
Rates revenue	49,696	47,279	50,062	49,297	47,637
Finance income	1,304	1,362	1,243	1,064	1,281
Other revenue	56,945	57,022	37,405	37,268	49,499
<b>Total Income</b>	<b>107,945</b>	<b>105,663</b>	<b>88,710</b>	<b>87,629</b>	<b>98,417</b>
<b>EXPENDITURE</b>					
Personnel costs	21,246	20,359	16,727	16,697	16,062
Finance costs	3,610	2,206	598	2,539	176
Other expenses	58,734	62,867	53,053	40,767	46,776
Depreciation	17,197	18,233	15,234	16,525	14,774
<b>Total Operating Expenditure</b>	<b>100,787</b>	<b>103,665</b>	<b>85,612</b>	<b>76,528</b>	<b>77,788</b>
<b>Surplus before tax</b>	<b>7,158</b>	<b>1,998</b>	<b>3,098</b>	<b>11,101</b>	<b>20,629</b>
Income Tax Expense/(Benefit)	(55)	3,327	-	-	-
<b>Surplus/(Deficit) after tax</b>	<b>7,213</b>	<b>(1,329)</b>	<b>3,098</b>	<b>11,101</b>	<b>20,629</b>

Council Income and Expenditure



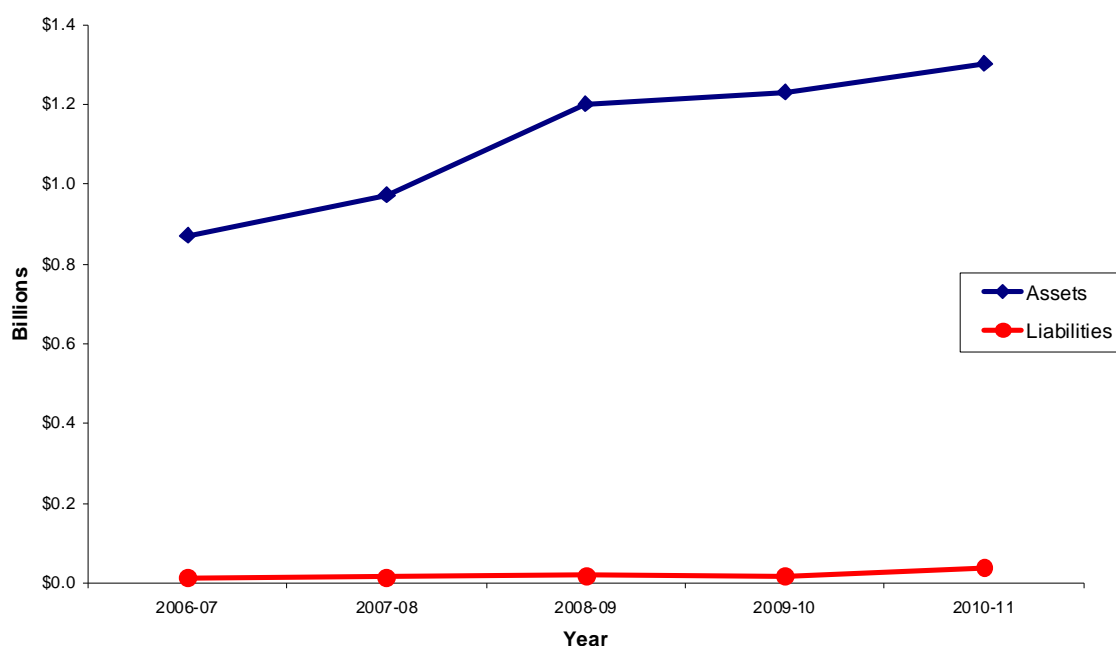
### Statement of Comprehensive Income for the year ended 30 June 2011

<b>Surplus/(deficit) for the year</b>	7,213	(1,329)	3,098	11,101	20,629
<b>Other comprehensive income</b>					
Gain on property revaluations	46,301	9,404	46,301	28,252	12,115
Tax on property revaluations	-	105	-	-	-
<b>Total other comprehensive income</b>	<b>46,301</b>	<b>9,509</b>	<b>46,301</b>	<b>28,252</b>	<b>12,115</b>
<b>Total comprehensive income</b>	<b>53,514</b>	<b>8,180</b>	<b>49,399</b>	<b>39,353</b>	<b>32,744</b>

## Statement of Financial Position as at 30 June 2011

	Group Actual 2010-11 \$000's	Group Actual 2009-10 \$000's	Council Actual 2010-11 \$000's	Council Budget 2010-11 \$000's	Council Actual 2009-10 \$000's
<b>ASSETS</b>					
Total Current Assets	24,030	18,144	19,982	15,645	13,747
Total Non Current Assets	1,388,314	1,320,317	1,282,257	1,277,347	1,217,956
<b>Total Assets</b>	<b>1,412,344</b>	<b>1,338,461</b>	<b>1,302,239</b>	<b>1,292,992</b>	<b>1,231,703</b>
<b>LIABILITIES</b>					
Total Current liabilities	49,553	40,353	18,314	13,032	15,147
Total Non Current Liabilities	42,852	31,684	19,768	40,786	1,799
<b>Net Assets</b>	<b>1,319,939</b>	<b>1,266,424</b>	<b>1,264,157</b>	<b>1,239,174</b>	<b>1,214,757</b>
<b>Total Equity</b>	<b>1,319,939</b>	<b>1,266,425</b>	<b>1,264,157</b>	<b>1,239,174</b>	<b>1,214,758</b>

Council Assets and Liabilities



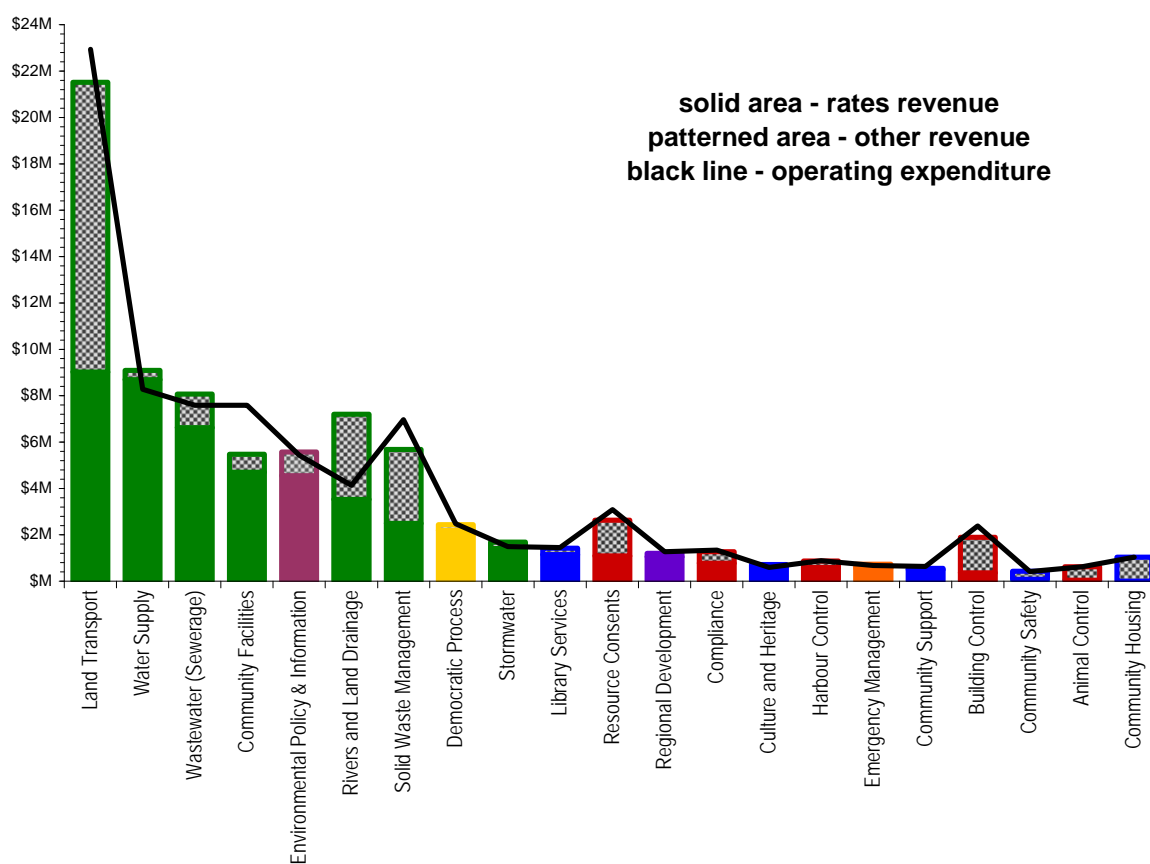
## Statement of Changes in Equity for the year ended 30 June 2011

Equity at the start of the year	1,266,425	1,258,245	1,214,758	1,199,821	1,182,014
Total comprehensive income	53,514	8,180	49,399	39,353	32,744
<b>Equity at the end of the year</b>	<b>1,319,939</b>	<b>1,266,425</b>	<b>1,264,157</b>	<b>1,239,174</b>	<b>1,214,758</b>
Accumulated funds	574,357	565,972	547,188	582,510	542,918
Other reserves	745,582	700,453	716,969	656,664	671,840
<b>Total equity</b>	<b>1,319,939</b>	<b>1,266,425</b>	<b>1,264,157</b>	<b>1,239,174</b>	<b>1,214,758</b>

## Statement of Cashflows for the year ended 30 June 2011

at the start of the year	1,632	7,569	589	5,843	5,232
<b>Net cash flow from:</b>					
operating activities	27,533	28,168	19,818	23,807	27,190
investing activities	(37,079)	(42,403)	(31,137)	(29,928)	(29,631)
financing activities	16,045	8,298	16,445	6,239	(2,202)
net increase/(decrease) over year	<b>6,499</b>	<b>(5,937)</b>	<b>5,126</b>	<b>118</b>	<b>(4,643)</b>
at the end of the year	<b>8,131</b>	<b>1,632</b>	<b>5,715</b>	<b>5,961</b>	<b>589</b>

## Analysis of Income and Expenditure for the year ended 30 June 2011

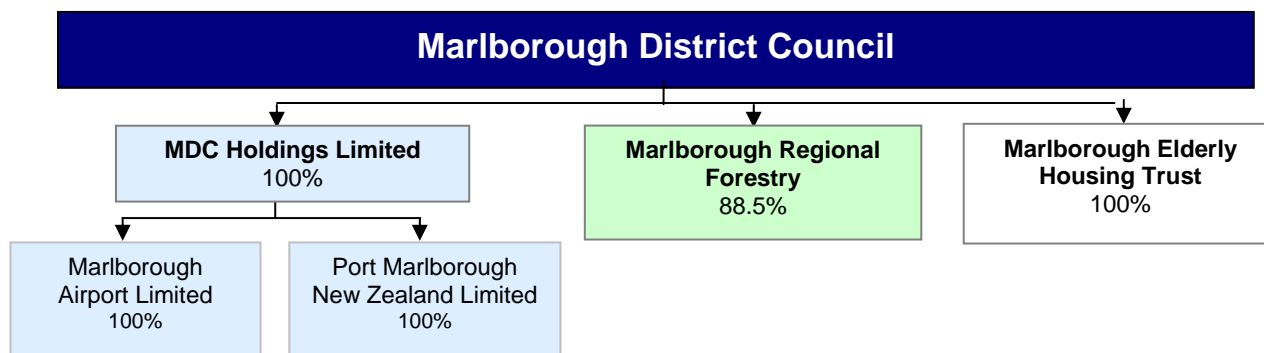


# NOTES TO THE FINANCIAL STATEMENTS

The financial statements on which the Summary has been based were prepared in accordance with New Zealand Generally Accepted Accounting Practice for public benefit entities and relevant New Zealand equivalents to International Financial Reporting Standards. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

## 1 Accounting Policies

### 1.1 Reporting Entity



### 1.2 Changes in Accounting Policies

The amendment to NZ IAS 12 Income Taxes was early adopted in the current year and has resulted in a change in the measurement of deferred tax on investment property held by Port Marlborough.

## 2. Explanations of major variances against budget

Explanations for major variations from the Council's budget figures in the 2009-19 Long Term Council Community Plan are as follows:

### 2.1 Income Statement

Revenue is \$1.1 M greater than forecast and expenditure is \$8.7 M higher than anticipated, resulting in a surplus \$7.7 M less than forecast.

Total income for the year is \$1.1 M greater than budget. Roading subsidies exceeded budget by \$3.6 due mainly to flood damage subsidies received, these are more than offset by the related expenditure. This increase was partially offset by:

- A budgeted gain on sale of \$1.5 M from sale of sections in Council's subdivision was not achieved as the development was delayed until a more favourable economic climate
- Contributions in cash and assets from developers were \$3.1 M or 71% less than budgeted due to the significant reduction in development activity.

In addition Marlborough Regional Forestry had a cash surplus which enabled them to distribute \$1.7 M more than budgeted to Council.

Total expenditure was \$8.7 M greater than budget. Roading costs were \$5.5 M over budget mainly due to flood damage repairs as discussed above. Two major unbudgeted non-cash expenses have impacted on the annual result:

- A \$1.6 M write off of the carrying amount of the old Aquatic Centre buildings and equipment recently demolished.
- Creation of a \$1.1 M provision to recognise the ongoing costs of managing Council's eight closed landfill sites.

Other expenditure items over budget include:

- Commissioners costs of \$0.2 M due to increased use of commissioners following the election and increasingly contentious hearings e.g. wind machines.
- Legal costs of \$0.2 M including most of the costs of the "Sheard Report"

These were partially offset by a \$1.9 M saving in interest payments and \$1.3 M in depreciation, due to timing of Council's capital expenditure programme.

### 2.2 Statement of Comprehensive Income

Gain on property revaluations was more than budgeted by \$20.3 M due reflecting the challenges of estimating this movement. This movement includes three years revaluation of River works assets.

### 2.3 Statement of Financial Position

Creditors are \$4.0 M greater than budget due to the high level on work in progress at year end resulting in a high value of invoices on hand and accrued, including retentions. Provisions are \$2.0 M greater than budgeted due mainly to the landfill provision discussed above. Borrowings are \$22.4 M less than budgeted due to timing of Council's capital expenditure programme.

# AUDIT REPORT

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AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Marlborough District Council and group's summary of the annual report for the year ended 30 June 2011

We have audited the summary of the annual report (the summary) as set out on pages 2 to 11, which was derived from the audited statements in the annual report of the Marlborough District Council (the District Council) and group for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 27 October 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council and group's service provision information and summaries of other information contained in its annual report.

### Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

### Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 27 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council and group.

### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.



Bede Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
27 October 2011

### **Matters Relating to the Electronic Presentation of the Summary Audited Financial Statements, Service Provision Information and the Other Requirements**

This audit report relates to the summary financial statements, service provision information and the other requirements of Marlborough District Council and group for the year ended 30 June 2011 included on the Marlborough District Council's website. The Council is responsible for the maintenance and integrity of the Marlborough District Council's website. We have not been engaged to report on the integrity of the Marlborough District Council's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, service provision information and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, service provision information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, service provision information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements, service provision information and the other requirements as well as the related audit report dated 27 October 2011 to confirm the information included in the audited summary financial statements, service provision information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.