

20 August 2014

Record No: 14178838
File Ref: D050-001-C01
Ask For: Judith North

Notice of Committee Meeting – Tuesday, 26 August 2014

A meeting of the Community and Finance Committee will be held in the Council Chambers, District Council Administration Building, Seymour Street, Blenheim on **Tuesday, 26 August 2014 commencing at 9.00 am.**

BUSINESS

As per Agenda attached.

ANDREW BESLEY
CHIEF EXECUTIVE



**Meeting of the
COMMUNITY AND FINANCE COMMITTEE
to be held in the Council Chambers, District Administration Building, Seymour Street,
Blenheim on TUESDAY, 26 AUGUST 2014, commencing at 9.00 am.**

Committee

Clrs J C Leggett (Chairman)
J A Arbuckle (Deputy)
J L Andrews
J P Bagge
G S Barsanti
C J Brooks
B G Dawson
D D Oddie
L M Shenfield
T M Sloan
Mayor A T Sowman
Iwi Representative

Department Head Mr M F Fletcher (Manager, Corporate Finance Department) and
Mr D G Heiford (Manager, Support Services Department).

Staff Judith North (Support Services Administrator)

In Public

	Page
1. Resident Satisfaction Survey	1
2. Insurance Renewal and Risk Financing Update	2
3. Marlborough District Libraries Activity Report – July 2014.....	7
4. Picton Parking Strategy	11
5. Local Government Act 2002 Amendment Act 2014	14
6. 2015-25 Long Term Plan – Community Outcomes.....	19
7. Review Revenue and Financing Policy - Principle and Changes from Previous Policy	21
8. Interim Financial Report for Council – Period Ended 30 June 2014	46
9. 2013/14 Budget Carry-Overs	54
10. Debtor’s Overdue Report as at 31 July 2014	56
11. Rates Reports as at 1 August 2014	59
12. Decision to Conduct Business with the Public Excluded	63

Public Excluded

13. Debtors’ Overdue Report	64
-----------------------------------	----

1. Resident Satisfaction Survey 2014

A presentation will be made by Dr Virgil Troy on the results of the Resident Satisfaction Survey 2014.

2. Insurance Renewal and Risk Financing Update

(Clr Oddie) (Report prepared by Greg Townsend)

C500-009-002-001-14

Purpose

1. The purpose of this report is to:
 - outline Council's insurance arrangements and their cost, following the annual insurance renewal process; and
 - provide information and options for funding infrastructural asset damage repairs following a significant disaster event.

Background

2. Insurance and insurance type arrangements are purchased as a mechanism to transfer financial risk and protect budgets.
3. Following the Christchurch earthquakes and other world events which followed, Council was affected by significant increases in premium rates, a reduction in policy limits for earthquake risk and increases in deductibles (excess) for earthquake cover. There was also a four-fold increase in contribution rates for the Local Authority Protection Plan (LAPP) fund at the 2011/12 renewal, subsequently reduced by over 50% for the 2012/13 renewal but with increased exposure. This is the fund which assists Council with repairs to reticulation infrastructure and river control assets following a major disaster. During the 2013/14 renewal there were indications that a peak had been reached with regard to premium escalation and the market was "softening", particularly in relation to above ground asset (material damage) insurance.
4. The latest annual renewal has taken place in a market which has "softened" further, following a better period for insurers internationally. This has resulted in a significant reduction in the previous steep premium rates escalation, to the point where Council has seen for the first time in years premium savings for material damages cover, despite increases in their replacement value. There have also been further signs of some increases in capacity and competitiveness shown by the commercial market.
5. Unfortunately Council's underground infrastructure and river protection works risk cover through LAPP, together with liability cover arranged through Riskpool (another council mutual fund), have not followed the same trend. This situation has been created largely by a combination of residual nervousness around the risks associated with underground and river assets, Marlborough's risk profile in relation to soil type, rivers and fault lines and liability risks faced by the nature of council business.
6. Council has for the last few years been obtaining commercial insurance cover (this excludes LAPP and Riskpool) as part of the Top of the South Collective, a group which includes Nelson City Council, Tasman District Council and associated entities such as MDC Holdings and Marlborough Regional Forestry. This arrangement has played a part in reducing insurance cost and providing increased capacity from the market due to the spread of risk offered to insurers.
7. A summary of Council's insurance cover and comparative premium costs is provided as Table 1.
8. Some councils have chosen to withdraw, or give notice of withdrawal, from the LAPP programme for various reasons following the "exhaustion" of the fund by Canterbury earthquake claims and the measures put in place to re-build the fund for its members. These measures included a fourfold increase in contribution levels for some members (Council's contribution increased from \$240,000 to \$1m for the first "re-build" year), the introduction of mutual self-insurance (where members were required to contribute significantly to claims by another member should an event occur), the poor financial position of LAPP and increased deductibles. These measures were not palatable to some council members and in conjunction with an emerging interest by some commercial insurers to again provide infrastructure cover, led some to withdraw from LAPP.

9. LAPPs position has improved significantly over the last couple of years which has allowed a removal of most of the previously noted “re-build” measures. Further, history shows that commercial insurance for infrastructure cover has been available in cycles and the costs, together with excesses and cover limits can vary sharply year to year. While LAPP has been in the unfortunate position of having to pay out two large claims in recent years, previously it had performed well over time and is still seen as the preferred long term solution for over 50% of councils. Having said that Council staff, in conjunction with professional external advice, continue to review this situation. Council’s contribution for the current year is shown in Table 1.
10. Further developments at a national level included Local Government New Zealand recently announcing two sector reviews, covering natural hazard management and insurance options. Apart from the creation of a working party, nothing further is known at this time. Alongside this is a recent update from the All of Government procurement branch, which noted that work is being undertaken to explore more cost effective risk financing and insurance options for central government and other eligible agencies (such as councils) in this arena. Council staff will continue to monitor developments with these reviews with a view to ascertaining what effects any results could have on Councils risk financing arrangements.

Insurance Summary

11. Council has the following insurance and loss funding programme in place following annual renewal:

TABLE 1 Insurance Cover & Premium Costs Summary (GST Exclusive)

Asset	Policy/Funding Type	2014/15 Total Asset value \$	2014/15 Total Premium Cost \$	2013/14 Total Premium/ Cost \$
LAPP Contribution – Infrastructure (Reticulation & River Works)	Mutual Pool	519,215,036	453,200	373,400
Above Ground Assets (Generally over \$500,000)	Material Damage	276,373,537	763,854	816,547
Bryant Place- Residential Units	Residential	1,976,900	5,707	6,190
Vehicles & Boats	Motor Vehicle / Marine Hull	4,335,220	36,391	33,180
Other				
Misc Policies e.g. Statutory Liability, Forestry etc	Various	Various	51,954	57,068
General and Harbours Liability	Mutual Pool- RiskPool	[\$200M PL/PI- \$25M HM]-	268,528	244,116
Roading Assets	NZTA Subsidies	642,215,303	N/A	N/A
JLT Fee for Services			46,500	46,500
TOTAL			1,626,134	1,577,001

Notes:

1. *The summary does not include the Forest and Rural Fire and Volunteer Rural Fire Force policy costs as these are now charged directly to the Marlborough-Kaikoura Rural Fire Authority. Policies for the Authority have been confirmed as placed.*
2. *As noted earlier in this report, policies are also in place for assets owned by Marlborough Regional Forestry and Marlborough Airport Limited. These have been arranged by Council's broker and are confirmed in place. The Marlborough Regional Forestry (MRF) standing timber policy is renewed on a different cycle to other policies and is arranged directly with MRF.*

Discussion

12. As shown in Table 1, Council uses various arrangements for transferring or funding risk, the most significant of which are:
 - o Membership of the Local Authority Protection Programme Fund (LAPP), for Infrastructure (below ground reticulation and river protection works).
 - o Material damage insurance for above ground assets (generally over \$500,000 in value).
 - o Various specialist insurance policies such as motor vehicle, marine hull, statutory liability and forestry.
 - o Membership of RiskPool for general, professional indemnity and Harbours liability.
 - o NZTA subsidies for roading network damage.

There is also a proportion of risk retained by Council in relation to self – insurance and policy deductibles.

Note: The total value of assets self-insured will now be reported on annually as part of the amended Local Government Act requirements.

13. In the current year Council's insurance arrangements will cost \$1,626,134 against \$1,577,001 for 2013/14. Given significant increases in asset values and contribution rates for council mutual arrangements this relatively small increase, driven by general insurance rates decreases, is seen as a positive result.
14. As part of the preparation for the June 2014 insurance renewal, Council staff reviewed various options which had been introduced by Council in 2012 to control escalating insurance costs while also keeping associated risk exposure within acceptable limits. Considerations included :
 - o Accepting additional risk by introducing an increased threshold for above ground asset insurance in excess of the current level (generally \$500,000). It was determined that increasing the currently level of exposure was not justified, particularly in the "softer" premium market however maintaining the current level of self-insurance is still appropriate and an acceptable risk position to hold.
 - o Researching commercial insurance alternatives to the LAPP fund – Council staff still see remaining with the fund and therefore spreading risk over commercial insurance for above ground assets and LAPP for other infrastructure as a prudent option. Membership of LAPP also ensures Council meets the funding requirements for Central Government following a major disaster. As with all forms of risk protection, this will continue to be monitored and reviewed by staff.
 - o Assessing borrowing and rates increases as a form of funding damage repairs. While these options are available, they are also seen as "last resort" options and are not recommended as part of the funding plan. This view is also seen as a more prudent approach by Audit NZ.

- Taking the diversion of capital works and major maintenance budgets into account, over a three year period when planning how to meet Council's own exposure to infrastructure damage and uninsured asset repair costs following a major disaster. There is also the view that uninsured assets which are damaged or destroyed but are not essential for the community following a significant disaster event will be prioritised against core lifeline services in relation to the funding available for repair or reconstruction.
 - Factoring additional costs such as demand surge (escalating contract and supply costs) and brownfield (higher costs associated with working in damaged and contaminated sites) into cost damage estimates.
15. In relation to the final two points above, Council staff in conjunction with Risk Management Partners (RMP) who are advisors to the LAPP Fund, conducted a full review of the total damage estimates for Council's underground infrastructure, river protection works and roading network which are predicted to result from a major earthquake, flood or tsunami event. This process provides a theoretical maximum probable loss event (MPL) which can then be applied to funding sources such as LAPP, Government subsidies and dedicated asset disaster reserves to test funding adequacy. **A flood event has continued to be Council's MPL and is therefore used in the brief comparative summary provided as Table 2.**

Factor	2014/15 Total \$	2013/14 Total \$
Flood MPL	75,159,578	56,882,515
External funding	63,130,254	45,859,989
External Funding Shortfall	<u>12,029,324</u>	<u>11,022,526</u>
Infrastructure Reserves (Est 30 June)	6,550,254	9,188,000
Total Funding Shortfall for Reinstatement	<u>5,479,070</u>	<u>1,834,526</u>

Notes:

1. *The updated calculations from RMP show a significant increase in funding shortfall for the MPL event for infrastructure damage (the calculations do not include damage to other uninsured assets).*
 2. *There are various reasons for this, however steadily increasing demands on the dedicated disaster reserves following repeated damaging events and the need to earthquake strengthen key buildings are the ultimate causes. Some years ago calls on the reserves to fund major damage were irregular - it was unusual (in some years unknown) for this to happen annually. More recently a pattern of multiple demands on the reserves each year has become the norm (in the order of \$2.5M annually).*
 3. *Any funding shortfall will need to be made up from other sources which are not part of the current funding model – this could include diversion of other construction and maintenance contract funding, increasing rates and borrowing, however over time this will also erode both Council's financial position and its ability to maintain adequate core infrastructure services as, for example, Council can only defer maintenance of assets for so long before the risk of major repair costs becomes an issue.*
16. Having assessed various options for bridging the funding shortfall for an MPL event, it is thought that the most appropriate and sustainable solution over the longer term is to provide for sustainable funding including (monitored) planned increases to the dedicated reserves. It is Council's policy to ensure that this fund is able to help Council meet the cost of a 1:500 year flood, earthquake or tsunami.
17. The difference between Council's internal and external borrowing costs which this year is projected to be \$2.2 M is currently credited to Council's Emergency Reserves and is used to fund flood

damage and earthquake strengthening work. This policy was adopted by Council as part of the last Long Term Plan for a five-year period. The policy has two years to run. As indicated earlier, current allocations to the reserves are insufficient to achieve the balance recommended where-by Council can meet its share of the cost of a major emergency. This indicates that the current funding policy will need to continue well beyond the two year left to run.

18. This strategy for addressing the reserve fund shortfall, if sustainable, together with membership of the LAPP Fund will also provide Council with the prudent and adequate measures it requires to meet the funding requirements for Government subsidies and funding which are an essential part of Council's infrastructure asset damage funding plan.

Summary

19. Council's annual insurance renewal has taken place in a "softening" commercial market.
20. Local Government New Zealand has announced two industry reviews relevant to how councils manage disaster damage and consequential repair costs.
21. The total cost of insurance measures for 2014/15 has increased by a relatively small amount compared to the previous renewals, despite increases in asset values.
22. Council uses various arrangements to transfer or fund significant levels of risk, balancing the premium or fund contribution costs against the risks associated with various levels of self-insurance.
23. Continuing and escalating demands on the dedicated assets disaster repair reserves has meant that these are no longer adequate at their present levels.

RECOMMENDED

That Council:

1. **continue to cover risks to its assets through a combination of mutual funding, commercial insurance and self-insurance arrangements;**
2. **agree to transfer Council's annual General Revenues surplus to the Infrastructure Asset Damage Reserves as compared to Accumulated Funds until such time as these reserves are replenished.**

3. Marlborough District Libraries Activity Report – July 2014

(Cirs Sloan/Brooks) (Report prepared by Glenn Webster)

L300-018-001-02

Purpose

1. The purpose of this report is to update Council on the operations of the Library services for July 2014.

Events/Happenings

2. The Winter Warmers Reading Programme ran for four weeks, commencing two weeks before the end of term and concluding on the last day of the holidays.

The theme this winter was the Commonwealth Games.

Picton Library again offered the programme to a school class, this time at Picton School, whom they visited twice a week. The staff felt that working with the school class had real value. It allowed library staff to connect with children who had never been to the library, or reconnect with children who did or have done so in the past. It also helped develop worthwhile relationships with teachers and schools so that library services can be promoted to the greater community.

Picton offered 45 places and the District Library offered 100. The uptake was good with both libraries filling their allotted places quickly.

On Wednesday 9 July, in conjunction with the Millennium Art Gallery, two events were held at the Gallery, with New Zealand children's book author and illustrator, Donovan Bixley. Bixley won the people choice category in the recent New Zealand Post Children's Book Awards for his book entitled, "The tree bears – sort of".





Holiday story and craft activities were well attended. The finale parties organised at both libraries were very successful with children receiving certificates to acknowledge their achievement.

Seddon School/Community Library

3. Recently the District Libraries Manager visited Seddon School/Community Library on his way to a committee meeting at Ward School/Committee Library. Twice a term, when the children's library staff visited the school to deliver library based learning sessions, they had dropped off a collection of fiction titles for the community library.

As the Libraries Manager arrived at Seddon School he was met by principal, Tania Pringle who informed him that the library had been relocated to a former classroom closer to the main school gates. On being shown through the school library he was then led to the cloakroom area where some old books were shelved. This was where the community collection had been relocated to. The latest collection of books that had been taken out the month before were still in the container on the floor with other books piled around it.

Tania said there was now no interest in the library from the community as the few that had previously used it were now accessing e-books via their e-readers. A decision was then made to return all the loan collection items back to the District Library.

Safeguarding Children and Young People

4. Three library staff attending the Safeguarding Children & Young People seminar held on Thursday 31 July 2014.

The seminar covered:

- Thought provoking case studies
- How to recognise signs of abuse and neglect
- What to do, who to go to, attendees role, dilemmas
- Child protection policies, what they are and why they are needed
- Long term effects of abuse and neglect
- Privacy Act demystified
- Internet health and safety

Staff have begun a dialogue following this seminar to see how this knowledge can be incorporated into the library environment.

Systems Thinking

5. The Vanguard Method has given the library the framework to improve their processes. Recently the library has been reviewing their overdue processes.

6. Stage One

Items overdue by 28 days are now automatically assigned an 'assumed lost' status.

Items with a status of 'assumed lost' are now shadowed (removed from public view) on the online catalogue so they can't be reserved.

The benefits being that Library users don't get frustrated waiting for an item which may take months or sometimes never come back to the library.

7. Stage Two

A report is run monthly to identify assumed lost items including details on how many times the item has been borrowed and reserved.

This information helps library staff to decide whether to replace the item or not, and if more than one copy is needed.

The rationale being there is no need to replace items which are not used regularly and we can increase the number of copies for heavily used items.

8. Update on Overdue Items

	assumed lost items	items returned	% returned	lost items paid for	payment plans arranged
Jan - April	434	209	48%	31	2
May	248	171	69%		
June	122	31*	34%*		

* figures collected nine days after three day notice we expect the number of items returned to increase on a daily basis.

9. We are already beginning to see a DECREASE in the number of items becoming long term overdue (28 days and over) and an INCREASE in the number of items being returned.

10. This is a direct result of:

- reducing the amount of time between overdue notices (was 14 and 28 days now 7 and 14 days)
- revising the wording on the notice to include what action is required and consequences if no action is taken
- sending a 28 day notice with the wording of INVOICE for assumed lost items reminding users they may be referred to Council's debt collection agency.

Usage Statistics

11. July 2014 Statistics

	Issues	eBook & eAudio Checkouts	Reference Enquiries	Door Count (Visits)	Holds (Reserves) Placed
District Library, Blenheim	37,355		1,089	31,604 visits	1,485 holds
Branch Library, Picton	5,378		635	7,585 visits	454 holds
TOTAL	42,733	546	1,724	39,189 visits	1,939 holds

Issues

12. The checkout (issue) statistics recorded in July in the District Library were 184 more than those recorded in July 2013.
13. Picton Library and Service Centre recorded 20 more checkouts in July 2014, compared with 2013.

Door Count

14. Due to the door counter having to be uninstalled and returned to the supplier in July to be checked for accuracy, the District Library's door count (record of visitor numbers) for July has been estimated by using the average of July 2012 and July 2013.
15. Picton Library and Service Centre's door count was averaged in the same manner as the District Library's.

Membership

16. The number of new members joining the libraries in July was:

District Library, Blenheim	161
Branch Library, Picton	23
TOTAL	184

Website Site Hits - www.marlboroughlibraries.govt.nz

17. During the one month period (1 July – 31 July 2014) the libraries website recorded 2,118 unique visitors accessing the website, with 9,279 pages viewed.

Internet Usage – Aotearoa People's Network Kaharoa (APNK)

18. The number of sessions recorded in July was –

District Library, Blenheim	3,121
Branch Library, Picton	972
Total	4,093

Wi-Fi Usage – The total number of Wi-Fi user/device sessions in the last 30 days was: –

District Library, Blenheim	2,884
Branch Library, Picton	622
Total	3,506

RECOMMENDED

That the report be received.

4. Picton Parking Strategy

(Cllr Shenfield) (Report prepared by Dean Heiford)

R800-002-03

Purpose

1. The purpose of this report is to consider the car parking review for the Picton Central Business District (CBD).

Background

2. Traffic Design Group (TDG) have undertaken car parking studies for the Picton CBD in 2001, 2006 and recently in 2011. No further studies were undertaken due to the uncertainty of the Clifford Bay issues.
3. The 2011 report was commissioned jointly by Port Marlborough (NZ) Limited and Council. The focus of this report is to consider the areas of the report which Council are responsible for. The comments and recommendations from the report associated with the ferry terminal and associated operations are being considered by Port Marlborough (NZ) limited.
4. In Picton the fluctuation in parking demand throughout the year is one of the most marked in New Zealand. Typically the study focuses around the adequacy of supply and management of parking during the busiest months of the year being December through to March.
5. The following table summarises the parking inventory for the town centre areas (excluding ferry terminal public parking):

Type of Park	On-Street	Off-Street	Total
Short Stay	34	5	39
Medium Stay	229	2	231
Long Stay	144	235	379
Total	407	242	649

6. The notable alterations to the public parking provisions since the 2006 study are the redevelopment of the large site adjoining London Quay in conjunction with public Pay & Display parking, and the reduction in time limit from six hours to four hours for the foreshore parking area to the north of the town centre.

Key Areas

7. The key areas that the study focused on are:
 - a. Parking duration – measures duration of occupancy and also compliance.
 - b. Future parking demand – whether there is a need to increase the total number of parks available for public use to meet future demand.
 - c. Parking occupancy – i.e. the occupation of the differing types of parks available at various times of the day and week. Assesses whether there is sufficient supply of differing types of parks.
8. The surveys showed that visitors and shoppers predominantly occupied the public spaces on and off street and that there was little evidence of abuse by all-day commuters. This was an issue in 2006 and the enforcement provisions introduced at this time has resulted in significant improvements in compliance.

Future Parking Demand

9. TDG highlight that the use of trend analysis indicates that future parking demand will require a parking supply as follows:
 - a. Next 10 years between 634 and 693 spaces.
 - b. Next 20 years between 724 and 843 spaces.
10. The current supply is 649 spaces. TDG do highlight that the 2011 survey was conducted in slower economic times and that the proposal to move the ferries to Clifford Bay would have an impact on future demand and the parking management techniques required for the town.
11. The report highlights a number of sites that future parking could be provided that Council could explore. It is suggested that these options are considered by management and a separate report on future supply options is brought back to Council at a later date.
12. The report does suggest in regard to regulatory management of new developments that the rules should be reviewed to ensure that larger developments be required to provide parking on site rather than having the option of paying a financial contribution to meet their parking obligations. This recommendation is made owing to the limited future capacity to develop new car parking areas.

Occupancy and Associated Issues

13. The study highlights that the parking occupancy is in keeping with the expected thresholds for the differing parking options provided.

Premium Parking

The premium P60 parking in Lower High Street and London Quay is near 100% occupancy while the pay and display between Wellington and High Street remains under-utilised. The premium space may need to be better managed in the future as economic climate improves and demand increases. Options discussed in the report are more enforcement, reduced time restrictions to P30 or the introduction of seasonal pay parking. TDG favour the introduction of seasonal pay parking. Further analysis of the costs to install parking meters / pay and display would need to be completed.

Unrestricted Time Zone

The peak occupancy levels in the unrestricted time zones along Wellington Street South are high and it is considered that it may be necessary to introduce a time restriction in the next five years.

Foreshore

Two areas highlighted in the study by TDG indicate that Council should consider introducing some P10 parking for the I-site visitors and that free 4 hour parking is at peak occupancy because it is free. It is suggested that Council consider a conversion from P4 hour parking to P120 leaving the pay parking to handle the longer stay parking requirements. It is likely that a greater level of enforcement would be necessary. An alternative would be to convert the existing P60 and P4 hour parking all to pay and display combined with a time restriction (P120).

14. There has been feedback from Picton people that they do not want to see a proliferation of kerbside meters in the Picton CBD. If seasonal pay parking was introduced this may require use of new technology to accommodate this request.
15. Charging for some areas and not others in Picton exacerbates the high utilisation of free areas. Although the Picton parking account covers the costs associated with the operation, new technology and other parking options will need funding and pay parking is the most efficient way of raising funds for this. A seasonal approach may soften the impact on the low winter season occupancy.

16. Current charges are \$0.40 per hour off street, \$2 per day at the Coathangar carpark and the balance of the Picton CBD is time restricted or free all day. These fees have not been reviewed for 10 years.
17. Rationalisation of the central strips in the Picton CBD has been requested as these are useful for loading zones and short stay for over size vehicles (e.g. boat trailers) – especially at peak times.

Traffic Design Group Recommendations

18. The following summarises the recommendations from the TDG report:
 - Future Parking demand – expected new car parks will be required to be developed; total between 75 and 194 over the next twenty years.
 - Short Stay Parking – recommended to convert P15 to P10 parking.
 - Introduce seasonal pay parking for premium areas of Lower High Street and London Quay.
 - Continue to monitor Wellington Street South occupancy with a view to determining whether time restrictions should be implemented.
 - Provide short term P10 parking for i-SITE.
 - Foreshore parking P4 hour and current P60 be converted to P120 or convert all parking to time restricted pay and display.
 - TDG recommend that Council look at introducing pay parking associated with the foreshore and premium parking in High Street and London Quay.
19. These recommendations have not been consulted over with any groups or businesses in Picton to date.

Summary

20. The Clifford Bay decision has been made so the future of Picton as a port is secure.
21. TDG have a number of recommendations to assist with the parking issues in Picton from their 2011 parking study.
22. These recommendations need to be investigated further before implementation.

RECOMMENDED

1. **That the Traffic Design Group recommendations for parking in the Picton CBD be noted.**
2. **That implementation and consultation on these recommendations be investigated further for Council consideration.**
3. **That any changes to the Picton Parking Strategy be implemented by 1 December 2014.**

5. Local Government Act 2002 Amendment Act 2014

(Chairman) (Report prepared by Kaye McIlveney)

L225-01

Purpose

1. The purpose of this report is to update Councillors on the recent amendment to the Local Government Act 2002. This report contains a summary of the major changes, what Council must do to implement the changes and the timeframes within which they must be done.

Background

2. The Local Government Act 2002 Amendment Act 2014 came into force on 8 August 2014. The major changes include:
 - A new Infrastructure Strategy.
 - Service Delivery & Function Reviews.
 - Development contributions.
 - Consultation for the LTP and Annual Plan.
 - Decision-making and consultation generally.
 - A new Significance & Engagement Policy.

Infrastructure Strategy

3. Council must develop and adopt an Infrastructure Strategy. The strategy must identify significant infrastructure issues and options for managing those issues (and the implications of those options) for the next 30 years.
4. The strategy must cover water supply, sewage, storm water, flood protection, and roads and footpaths. Council can include other assets at its discretion.
5. The Strategy must be incorporated into the LTP from 2015.

Service Delivery & Function Reviews

6. Council must review the “cost effectiveness of current arrangements for providing local infrastructure, services and regulatory functions”. Reviews must be undertaken when service levels are significantly changed, before current contracts expire, and in any case not more than 6 years after the last review. The first review must occur within 3 years.
7. Council must also have a binding agreement for delivery of infrastructure, services or regulatory functions being undertaken by a different entity than the entity responsible for the governance of those things. The agreement must cover key matters such as service levels, performance assessment and reporting, risk management and accountability.
8. There are some exceptions to these requirements:
 - a local authority is not required to undertake the review in respect of a function to the extent that delivery arrangements are bound by legislation, contract or binding agreement so that they cannot be changed within the next two years;
 - a local authority is not required to undertake the review if it is satisfied that the potential benefits do not justify the cost of the review;

- the required service delivery contract/agreement does not have to cover matters that are covered by legislation, or by the constitution or statement of intent of a council controlled organisation; and
- a service delivery contract/agreement is not required where services are delivered by a community organisation and the cost and risk to the local authority are not significant.

9. These requirements are now in force.

Development Contributions

10. The changes to development contributions include:

- New purpose and principles.
- A limitation on requiring contributions for community infrastructure and reserves.
- An objections process and a reconsideration process.
- Developer Agreements.
- Amendments to the development contributions policy.

11. The changes to the purpose and principles are now in force.

Community Infrastructure and Reserves

12. Community infrastructure DCs can now only be required for:

- Community centres or halls (and the land) owned, operated or controlled by Council;
- Play equipment owned, operated or controlled by Council and located on a neighbourhood reserve;
- Public toilets owned, operated or controlled by Council.

Previously DC's could be required for any public amenities. So Council may not be able to charge DCs for libraries, museums, and cemeteries.

13. Reserves contributions cannot now be collected for non-residential developments.

14. The changes to community infrastructure and reserves are now in force.

15. Transitional provisions mean that we can keep money collected for existing community infrastructure projects and continue to collect for projects that have been completed or where substantial progress or effort has been made towards completion of the project.

Objections and Reconsideration Processes

16. Council has already approved a reconsideration process. We must also have an objections process. The grounds for objection by developers are that Council:

- Failed to properly take into account features of the development that would substantially reduce the impact of the development on requirements for community facilities; or
- required a development contribution for community facilities not related to the development; or
- incorrectly applied its development contribution policy to the development.

Objections are heard by independent commissioners.

Council must develop an objections process and provide administrative support to the commissioners.

The right to object is now in force.

Development Agreements

17. A developer can ask Council to enter into an agreement to provide infrastructure as an alternative to paying all or part of a DC (or vice versa). If Council receives a request, we have to consider it and tell the developer, in writing, what our decision is and why.
18. Council can require a developer, through a development agreement, to provide infrastructure of a type, scale or standard beyond what would have been required under the DC Policy. A developer can, voluntarily, provide a different type or a greater scale or standard.

Development Contributions Policy

19. Council must amend its Development Contributions Policy to incorporate the changes made by the Amendment Act.
20. The timeframes for these changes are:
 - By 7 September 2014, to include a schedule of assets for which DC's will be required;
 - By 1 December, to prepare a proposal for public consultation on an amended Development Contributions Policy; and
 - By 1 July 2015, to adopt the amended Development Contributions Policy.

LTP and Annual Plan Consultation

21. A new consultation document must be prepared for the LTP and Annual Plans. The purpose of the document is to provide an effective basis for public participation in local authority decision-making processes relating to the content of the LTP. A draft plan cannot be included in the consultation process.
22. The new consultation requirements apply to the 2015 LTP and Annual Plan.

Decision-making and Consultation

23. When making decisions, Council is required to identify all reasonably practicable options to achieve the objective of the decision and assess the options in terms of their advantages and disadvantages. This replaces the requirement applicable until now to do a detailed cost/benefit analysis.
24. The Amendment Act provides Council more flexibility about how it consults. How Council consults will be left to Council to decide (Council will not have to use the special consultative procedure every time). It should give a wider variety of consultation techniques (less formal/using new technology) that can be tailored to the decision to be made.
25. There will be times when the SCP will have to be used (for example, where legislation specifically requires us to use it). When Council does not use it, Council has to comply with new principles of consultation and take into account our Significance and Engagement Policy.
26. These changes are now in force.
27. It is proposed that a new Agenda item template be developed to ensure that Council's obligations relating to decision-making and consultation continue to be met.

Significance & Engagement Policy

28. Council currently has a Significance Policy as part of the LTP. Council must replace this policy with a new Significance and Engagement Policy.
29. The significance part of the policy remains essentially the same as the existing requirement. The engagement part is all new. The policy must set out how Council will respond to community preferences about engagement on decisions Council has to make and how it will engage on other matters.
30. Council must adopt the policy by 1 December 2014.

Summary

31. The Local Government Act 2002 Amendment Act 2014 contains significant changes to Councils' responsibilities. The timeframe for implementation of the changes is very short. Many changes have already come into force.

RECOMMENDED

That the report be received.

Marlborough - Smart and Connected

Governance	Environment	People	Economy	Mobility	Living
<ul style="list-style-type: none"> Inclusive Enabling Participative Transparent Strategic Connected 	<ul style="list-style-type: none"> Attractive Control over pollution levels, forms and effects Systems for protection and care Sustainable resource management 	<ul style="list-style-type: none"> Quality jobs Increasing incomes Increasing capital wealth Education Life long learning Diversity Flexibility Creativity Tolerance Engaged and participative 	<ul style="list-style-type: none"> Increasing GDP per FTE Innovation Entrepreneurship Productivity Flexible labour International connections Ability to transform Ability to connect 	<ul style="list-style-type: none"> Local accessibility National accessibility International accessibility Sustainable Innovative Safe 	<ul style="list-style-type: none"> Health Individual safety Access to quality housing Access to quality education Access to quality employment Cultural facilities and events Sports and Recreation Opportunities for participation Social cohesion

HOW DO WE ACHIEVE THE BEST RESULT FOR MARLBOROUGH?

6. 2015-25 Long Term Plan – Community Outcomes

(Cllrs Leggett/Arbuckle/Dawson) (Report prepared by Neil Henry)

S300-005-01

Purpose

1. To consider a proposed set of 'Smart and Connected' Community Outcomes for inclusion in the draft 2015-25 Long Term Plan.

Background

2. Community Outcomes are statements that describe the sort of community Marlborough could be in the future, as a result of actions that get taken now and in years to come. Each Council service should relate to one or more of the Community Outcomes and be able to show how they contribute towards its achievement.
3. It is a requirement of the Local Government Act that each Council develops a set of Community Outcomes. The form that these Outcomes take has changed in recent years as a result of changes to the Act. The requirement of the Act is that Outcomes relate only to Council provided services.
4. The Community and Finance Committee meeting on 15 July 2014 considered a range of options before agreeing that the draft set of Community Outcomes should be based upon the Marlborough Smart and Connected Vision and Strategic Framework diagram, and that these be presented to a future committee meeting.

Minute A.14/15.7 Community and Finance Committee, 15 July 2014 (check final Council minutes)

- | |
|--|
| <ol style="list-style-type: none">1. That Council agree that the Community Outcomes be included in the 2015-25 Long Term Plan based upon the Marlborough Smart and Connected Vision and Strategic Framework.2. That Council agree that a draft of the proposed Outcomes be presented to a future committee meeting. |
|--|

Comments

5. A draft set of Community Outcomes have been prepared for consideration (attached). The opportunity was taken to align these outcomes with the emerging Marlborough Story. The attachment shows for each of the Smart and Connected "Pillars", the proposed Community Outcome for that Pillar and underneath, as reference, the supporting words that formed part of that Pillar.

Summary

6. A set of Community Outcomes that are consistent with the Smart and Connected vision and Strategic Framework have been prepared for consideration to be included in the draft 2015-25 Long Term Plan.

RECOMMENDED

That Council agree that the set of Community Outcomes as presented be adopted for consultation as part of the process that will lead to the adoption of the 2015-25 Long Term Plan.

Draft Community Outcomes

Governance	<p>Creating an environment in which people can participate, connect with and help shape the community's future. Providing strong leadership when needed.</p> <p><i>inclusive, enabling, participative, transparent, strategic, and connected.</i></p>
Environment	<p>Marlborough's unique landscape, wildlife and its natural features are embraced and valued for preservation and celebration.</p> <p><i>attractive, control over pollution levels, forms and effects, systems for protection and care, sustainable resource management.</i></p>
People	<p>A vibrant community that is flourishing, diverse and inclusive for everyone, presenting opportunities for people to succeed.</p> <p><i>quality jobs, increasing incomes, increasing capital wealth, education, life long learning, diversity, flexibility, creativity, tolerance, engaged and participative.</i></p>
Economy	<p>Building a strong economy through strategic, thoughtful and innovative use of local resources.</p> <p><i>increasing people's wealth, innovation, entrepreneurship, productivity, flexible labour, international connections, ability to transform and the ability to connect.</i></p>
Mobility	<p>Where people are able to access and engage in a wide range of recreational, cultural and business activities locally, nationally and internationally.</p> <p><i>local accessibility, national accessibility, and international accessibility, sustainable, innovative and safe.</i></p>
Living	<p>A healthy and safe community that thrives on positive relationships between all people, where opportunities for a better life abound.</p> <p><i>health, individual safety, access to quality housing, access to quality education and access to quality employment, cultural facilities and events, sports and recreation, opportunities for participation and social cohesion.</i></p>

7. Review Revenue and Financing Policy - Principle and Changes from Previous Policy

(Clrs Leggett/Arbuckle/Dawson) (Report prepared by Martin Fletcher)

S300-L15-001

Purpose

1. To review Council's Revenue and Financing Policy, (who pays and how much), in the 2015-25 Long Term Plan.

Attachments

2. Council's current Revenue and Financing Policy (RFP) as contained in the 2012-2022 Long Term Plan (LTP) including suggested amendments.

Background

3. S102 of the Local Government Act 2002 requires Council to have a Revenue and Financing Policy (RFP) to provide predictability and certainty about sources and levels of funding. It is usual for Council to review this Policy every three years as part of preparing its Long Term Plan (LTP).
4. The RFP sets out how Council will finance its activities. In summary the RFP sets out:
 - The different types of revenue it will collect to fund each Activity's operating and capital expenditure.
 - The factors Council considered when determining the funding basis for each Activity.
 - The distribution of benefits for each Activity and whether they are District-wide, targeted to an area or individuals.
 - The funding sources for each Activity, i.e. Fees and Charges, Grants and Subsidies, General Type Targeted rates, General Type Targeted charges (UACs), Separate Targeted Rates and Separate Targeted Charges (UACs) and the percentage to be contributed by each revenue source.
 - Explanations including terminology, policies and differential rating categories adopted by Council.
5. The RFP is a high level document. It does not get down to the level of apportioning the percentage of costs to be met by individual geographic rating areas.
6. For the purpose of this paper it is proposed that Council remain at the high level and review whether or not the contents of the RFP are consistent with Council's current thinking. The review of how much an individual rating area should contribute towards the cost of an Activity has been largely agreed, with only Picton and Picton Vicinity remaining outstanding.

Statutory Requirements

7. The following is a summary of key statutory requirements that must be met when Council develops its Revenue and Financing Policy.

Section 100 - Balanced Budget Requirement

8. "A local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses".
9. Having made a clear statement the Act then permits variations (if prudent) to occur if for example:

- A planned reduction of levels of service is contained in the LTP.
- Revenue is projected to grow at a faster rate than expenditure so that over the period of the LTP revenue and expenditure are in balance.
- It is decided that it is inequitable to recover current year's expenditure from current ratepayers.

Section 101 - Financial Management (Prudence)

- Under this section "a local authority must manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community". A balanced budget is seen as a pre-requisite.
- This section, in particular subsection 3, gives guidance on determining appropriate funding sources for each Activity. The funding needs of a local authority must be met from those sources that the Council deems appropriate, following as a first step, consideration of all five elements, before step two is undertaken. The five elements are:
 - Community Outcomes** – *"The community outcomes to which the Activity primarily contributes"* i.e. the reason for providing/delivering the service.
 - User/Beneficiary pays** – *"The distribution of benefits between the community as a whole, any identifiable part of the community and individuals"*.
 - Exacerbator Pays** – *"The extent to which the actions or inaction of particular individuals or group contribute to the need to undertake the Activity"*.
 - Intergenerational Equity** – *"The period over which those benefits are expected to occur"*.
 - Costs and Benefits** – Including consequences for transparency and accountability of funding the Activity distinctly from other Activities.
- In law, no element has a greater weight or importance than any other. Each element will be covered in more detail below:

Community Outcomes

The Act signals that a local authority should think of the reason it is providing the Activity when thinking of how to charge for it. For example, if the rationale for providing a swimming pool is to promote community health or widen the set of recreational opportunities available to the community in the District, then selecting a 100% user pays revenue collection mechanism would appear inconsistent.

User Pays

Under this heading if an Activity benefits the community as a whole, then funding by a General Rate or UAC may be appropriate e.g. Democracy. However, activities that benefit particular individuals or groups, then funding these activities by way of a targeted rate, fee or charge maybe more appropriate e.g. Tradewaste Charges.

Exacerbator Pays

Possibly the best example is in the Compliance area, where the cost of inspecting food premises for example are charged to the owners.

Intergenerational Equity

The benefits that accrue from Council's major community facilities and infrastructure assets can accrue over many years. As a result the cost of these assets should not be charged in their entirety to current ratepayers. The main mechanism used to achieve intergenerational equity is debt. Currently Council uses a 20 year debt term, except for Grovetown which for affordability reasons was extended to 30 years.

Costs and Benefits

This element is a reality check i.e. is it worth the time and effort involved in separately levying for small amounts of revenue e.g. the Tourism Rate, when the majority of Destination Marlborough's activities are funded by General Rates. A separate paper on the Targeted Tourism Rate will be brought to a subsequent meeting.

There are two exceptions to this general approach:

- where a specific legal requirement exists to separately collect the revenue needed to fund an Activity; and
- if Council wants to particularly demonstrate what ratepayers get for the amount charged i.e. to demonstrate value for money.

“Step Two”

13. Once the five elements above have been considered for each Activity, Council considers the cumulative effects of step one on the current and future wellbeing of the community. Some of the questions that may be considered under this step include:

- What is the likely impact of the mix of funding sources on the elderly and others on fixed incomes or low incomes (in other words is there a genuine affordability issue)?
- Will the policy reduce the accessibility of some services (such as cultural and recreational facilities)?
- What incentives does the policy provide to conserve scarce resources?
- Does the policy provide incentives for people to avoid environmentally “unfriendly” activities?
- Does the policy provide any incentives for the preservation of natural, historical and other cultural heritage?
- Are there particular community or cultural groups that will be advantaged or disadvantaged by the policy?
- What implications does the policy have for community groups?
- What implications does the policy have for business in the District – are particular activities unduly penalised?
- Is the policy likely to have any effect on people's participation in community activities?
- What is the size of funding changes – is some sort of transitional process necessary?
- Are funding sources financially sustainable i.e. are the likely borrowing level and debt servicing costs affordable?
- What effect is the mix of funding sources likely to have on any particular sectors in the community?
- What are the current economic conditions and projected conditions over the life of the RFP?
- What incentives/disincentives will the policy have for development in the District?
- How is the burden of funding distributed across differing sectors of the community?

- What impact might the policy have on people’s participation in social, sporting and cultural activities?

S103 Revenue and Financing Policy

14. This section simply states that the RFP must include the local authority's policies in respect of the funding of operating and capital expenditure from the following sources:

- general rates, including—
 - (i) choice of valuation system; and
 - (ii) differential rating; and
 - (iii) uniform annual general charges:
- targeted rates;
- lump sum contributions;
- fees and charges;
- interest and dividends from investments;
- borrowing;
- proceeds from asset sales;
- development contributions;
- financial contributions under the Resource Management Act 1991;
- grants and subsidies; and
- any other source.

2012 – 22 LTP Review

15. As part of the 2012 RFP Review Council updated the Policy to enhance the definition of terms, including for example “Commercial”, and a number of other minor word changes. The remainder of the changes related to charges in the table that identified funding sources, the benefits attributable to each area and the percent of funding relating them to each. With regard to benefit allocations, the following changes were made:

Activity	Previously	Proposed	Comment
Biosecurity (Pest Management)	80% District wide 20% targeted area	50% District wide 50% targeted area	General Rural is the direct beneficiary from this Activity. Benefits attributable to other areas are secondary.
Resource Consents	20% District wide 80% individual	40% District wide 60% Individual	There is greater recognition of the environment’s importance to the District and how consents are providing a means of managing this.
Environmental Health and	20% District wide	40% District wide	Greater recognition of the need to protect the

Environmental Protection	80% individual	60% Individual	District's environment and the benefit relating to the District of having a diversity of quality food and beverage premises and other activities.
--------------------------	----------------	----------------	---

Benefits and Linkage to Rating

16. Distribution of benefits is only one of considerations previous Councils have taken account of in determining the level of rates funding for each activity as shown in the following table:

Activity	Previous Benefit Weighting	% of Total Expenditure Funded by Rates and Charges	Proposed Benefit Weightings
Biosecurity (Pest Management)	80% District wide 20% Targeted area	The apportionment between District wide benefit and Targeted area benefit is a requirement of the Act. Whereas all rates Marlborough rates are based on targeted areas using previously agreed weightings ranging from 13 for Blenheim to 100 for General Rural.	50% District wide 50% Targeted area
Resource Consents	20% District wide 80% Individual	44.2% 55.8%	40% District wide 60% Individual
Environmental Health	20% District wide 80% Individual	52.2% 47.8%	40% District wide 60% Individual
Environmental Protection	20% District wide 80% Individual	93.6% 6.4%	40% District wide 60% Individual

17. No changes were made to the incidence of rates based on the changes in benefit allocation. However, the amendments did result in closer alignments, between benefits and rates, particularly for Resource Consents and Environmental Health.

2015 – 25 LTP Review

18. As part of the 2015 RFP review, it is recommended that Council review in particular the benefit allocations for:
- Environmental Science and Monitoring;
 - Environmental Policy; and
 - Harbours.
19. These Activities have either put in place or are investigating alternative funding mechanisms. A separate Levy was established for Harbours and investigations are currently underway for the establishment of a form of Coastal Occupancy charges for Environmental Science and Monitoring, Environment Policy, and to a much lesser extent, Environmental Protection. Both

these revenue mechanisms recognise an element of individual benefit and this should be recognised. Similar to previous RFP reviews, the assessment of benefit is a result of Council exercising its collective wisdom and need not be scientifically based. The proposed changes are shown in the following table.

Activity	Previously	Proposed	Comment
Environmental Science and Monitoring	80% District wide 20% targeted area	60% District wide 20% Targeted area 20% Individual	Council has recognised the importance of its Coastal Marine Environment and has implemented its Coastal Monitoring Strategy. The prime beneficiaries of this work are those that operate in or about the Marine environment.
Environmental Policy	80% District wide 20% targeted area	60% District wide 20% Targeted area 20% Individual	The driver is the same as the above, but related to the planning of an appropriate Coastal Marine Environment.
Harbours	10% District 90% Targeted	10% District 50% Targeted 40% Individual	There is greater recognition of that many of the Harbour's activities are in response to the activities of users within the Sounds. A significant portion of those users also use the facilities provided by Port Marlborough NZ Ltd.

Operating and Capital Expenses Funding Policy

20. The tables in 8.1 and 8.2 of the LTP identify the various funding sources for each Activity. Following a review by the Financial Services Manager and CFO some further changes to these schedules are proposed and highlighted in the attachment in "yellow".

Benefits and Linkage to Rating

21. Distribution of benefits is only one of the considerations Council takes account of in determining the level of rates funding for each Activity. While there should be a relationship between the allocation of benefits and Rates, this is not always the case. Libraries is a case in point, where benefits were assessed as 20% District-wide and 80% individual, but following public submissions, it was decided that the Activity would be funded approximately 90% from rates. The following table shows current and proposed benefit allocations and current means of funding as shown in the 2014-15 Annual Plan.

Activity	Previous Benefit Weighting	% of Total Expenditure Funded by Rates and Charges in the 2014/15 Annual Plan	Proposed Benefit Weightings
Environmental Science and Monitoring	80% District wide 20% targeted area	84.3% Rates 15.7% Contributions and Levies	60% District wide 20% Targeted area 20% Individual
Environmental Policy	80% District wide 20% targeted area	90.4% Rates 9.6% Other Receipts	60% District wide 20% Targeted area 20% Individual
Harbours	10% District 90% Targeted	58.1% Rates 41.9% Contributions and Levies	10% District wide 50% Targeted area 40% Individual

22. It is likely that changes, if any, to the funding of Environmental Science and Monitoring and Environmental Policy will depend on how Council wishes to proceed with Coastal Occupancy Charges. Harbours as a result of the decisions made in 2014 to establish a Port Marlborough Levy have resulted in closer alignments, between benefits and rates.

Summary

23. Council is required to develop a Revenue and Financing Policy that enables it to meet its Operating and Capital Expenditure requirements in a prudent manner. The Local Government Act 2002 requires Council to identify the potential funding sources for each activity and how it's taken account of the requirements of s101(3) of that Act, relating to Community Outcomes, Distribution of Benefits, the timing of those benefits, how the actions or inaction of individuals or groups requires Council to provide a service and the overall impact of those funding sources on the community.
24. The paper has identified the process undertaken in reviewing Council's current policy and identified recommended changes either in the Attachment or this paper (particularly with regard to potential changes to benefit allocations) and the rationale for them.

RECOMMENDED

That Council endorse the proposed amendments to its Revenue and Financing Policy.

Revenue and Financing Policy (2015-25 LTP)

- The Revenue and Financing Policy provides a summary of Council's funding policies in respect of both operating expenses and capital expenditures. Council reviews its funding policy at least every three years. The last review was completed prior to the initiation of the 2015-25 Long Term Plan (LTP), and changes adopted are detailed in paragraph 12.
- Sources of funds available to Council are as follows:
 - General rates.
 - Targeted rates.
 - Lump sum contributions.
 - Fees and charges.
 - Interest and dividends from investments.
 - Borrowing.
 - Proceeds from asset sales.
 - Development contributions.
 - Financial contributions.
 - Grants and subsidies.
 - Other sources permitted by statute.
- Council's Revenue and Expenditure Policy deals with the revenue and financing mechanisms at a "Sub-Activity" level. Sub-Activities are a sub-set of "Activities", which in turn are a sub-set of "Activity Groups" using two examples:
 1. *One of Council's Activity Groups is "People".*
One of People's Activities is "Community Support".
One of Community Support's Sub-Activities is "Recreation".
 2. *One of Council's Activity Groups is "Environmental Management".*
One of Environmental Management's Activities is "Environmental Science and Monitoring".

One of Environmental Science and Monitoring's Sub-Activities is "Monitoring Groundwater Quantity and Quality".

- In determining which funding sources were appropriate, Council gave consideration to the following matters in relation to each activity to be funded:
 - The community outcomes to which the activity primarily contributes;
 - The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
 - The period in or over which those benefits are expected to occur, and
 - The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
 - The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
 - The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.
- Prior to determining the "Residual amount to be funded by General-type Rates", Council identified all other funding sources appropriate to each activity. These other sources, and the approach taken by Council are listed in the paragraph 9 table, which highlights the funding sources for every Council activity and any sub-activity which may exist. The table shows the rating tools which Council has determined to be fair and equitable for each activity.

Fees and Charges

These have been set at a level to recover private benefits where it is practical and economic to do so, unless there have been determinations arising from previous funding reviews to fund all or part of such benefits from rates.

Grants and Subsidies

These are sought and applied for whenever they are available.

General Revenues

These are allocated to geographic rating areas in proportion to the gross general-type rates and charges.

General-Type Targeted Rates and Charges

The proportion of each activity's costs to be met from general-type targeted rates and charges is detailed in Table 9. The allocations in that table reflect

Council's assessment of the benefits which should be funded by property value rates, and the benefits which should be funded by uniform annual charge. In these instances Council believe separate general targeted rates and charges are the most equitable funding mechanism based of the benefits assessed for each targeted geographic area.

Separate differential categories are utilised for general-type rates and charges, and these are specified in each year's Funding Impact Statement. Council currently has six geographic areas and three categories of land use for each of these areas. **To review after PV review**

Separate Targeted Rates

Targeted rates are levied to meet the full cost of separate water schemes, refuse and recycling collections, defined roading improvements, defined marketing and tourism activities, and for other services where Council has been requested to levy such rates. In these instances Council believe separate targeted rates are the most equitable funding mechanism based of the benefits assessed for the targeted area.

Council has adopted differential land value rates to fund the debt servicing requirement of all sewerage schemes, which takes account of the median land values for each scheme; and of funding operating costs by way of a common uniform annual charge. The most significant benefits derived from this combined single sewerage funding scheme are a smoothing of rating spikes in smaller schemes and better cash flow management through the timing of capital works.

Note:

The combined sewerage rates and charges do not include the initial debt servicing requirements for any new schemes not paid by lump sum contributions.

- The following explanations will give readers an understanding of terminology used in this policy statement. Unless otherwise specified, the term:
 - Uniform Annual Charge (UAC) or Charge refers to a targeted rate of a uniform amount calculated on each separately used or inhabited part of every rating unit; or for some charges, on every rating unit.
 - General-type targeted Rates are rates that are targeted to a particular geographic rating area or a differential rating area group. (These rates are based on the land value of each property).
 - General-type targeted Charges are charges that are targeted to a particular geographic rating area. (These charges are set differentially for the six geographic areas as a fixed amount on every separately used or inhabited part of a rating unit).

- Separate targeted Rates are rates that are targeted to a particular area of benefit. e.g. Water, Sewerage. (Separate targeted rates are based on the land value of each property other than Wairau Valley River Works Rates and the Kenepuru Road Rate which are levied on capital value, or the Southern Valleys' Irrigation Loan Rate which is based on irrigable hectares) or the Energy Efficiency rates which are based on the service amount.
- Separate targeted Charges are charges that are targeted to a particular area of benefit e.g. Water, Sewerage.
- Land values, capital values or rating units refers to rateable land values, rateable capital values or rateable rating units as the case may be.
- Residual Rate Funding Percentages refer to the residual amount to be funded, after allowance for sources of funds other than rates.
- Funding relationship weightings refer to a methodology for allocating the various general-type rates and charges where the highest weighting is always expressed as 100.
- (Where a weighting shows as zero, there is no contribution from that area, but where a weighting shows as a number between zero and 100 (e.g. 85), that area will pay a rate or uniform charge (as the case may be) of 85% of any area that has a weighting of 100.
- If all areas have a weighting of 100, the rate in the dollar or uniform charge (as the case may be) will be the same for all areas).
- Council has the following policies to determine what constitutes a "separately used or inhabited part of a rating unit":
 - That in situations where a rating unit contains both a commercial or industrial type use, and a residential or rural type use, they will be treated as two separate uses and be assessed two sets of charges, except for those predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.
 - For those predominantly residential rating units where the owner of the rating unit resides and operates a business or businesses (including a homestay or farmstay activity) from the same rating unit, they will be assessed only one uniform targeted charge for geographic area general-type works.
 - Where services such as water, sewerage and refuse and kerbside recycling collection are supplied, separate charges will be assessed on the separately used or inhabited portions, except for those predominantly residential properties where the owner of the commercial/industrial operation or a homestay or farmstay activity resides on the same rating unit.

- Where a number of different businesses are located on one rating unit, each separate business will be assessed uniform charges. An exception is made for motels, hotels and dwellings used for commercial rental – they are treated as one business use even if each accommodation unit may be capable of separate habitation.
 - Where rating units contain separate residential habitable dwellings that are capable of independent habitation (*i.e. they have all the facilities such as bathroom, toilets, kitchens, separate entrance ways etc*), uniform charges will be assessed on each dwelling.
 - If a rating unit contains a dwelling and a flat (*as shown as a "nature of improvements" on the Council valuation roll*) and the flat contains a kitchen; uniform charges will be assessed on the dwelling and flat.
- The Council has adopted the following differential rating categories for general-type rates:

Residential or Rural

All land used for a private residence and all land used for rural purposes. "Private residence" excludes rest homes and residential establishments that provide residential care. It also excludes all forms of commercial accommodation.

"Rural purposes" means any agricultural, horticultural or pastoral purpose and includes the keeping of bees, poultry or livestock. This group will include all rating units not otherwise categorised within a specified differential category.

Forestry is included in this category for the purposes of the General Works and Services Rate.

Commercial or Industrial

All land used for a commercial or industrial purpose. "Commercial purposes" includes but is not limited to, any trade or service or activity undertaken or provision of facilities, by any person with a view to making a profit or charging any fee or deriving any other consideration in relation to the trade or service or activity or provision. "Industrial" includes a business, manufacturer, undertaking, or service associated with the production of any type of goods. For the purposes of the General Works and Services Rate, this differential category includes residential rest homes and residential establishments that provide residential care, as well as rating units otherwise assessed as "utilities".

Commercial accommodation includes but is not limited to the provision of accommodation for a fee or other consideration with the exemption of:

- Properties where the principal purpose is the provision of longstay accommodation i.e: 28 days or more.
- Properties that provide accommodation for five or less people.
- Properties that were originally constructed as residential properties that provide accommodation for six or more, which are included in the homestay or farmstay category.

Homestay or Farmstay

Includes all rating units that are used for a homestay or farmstay activity on land predominantly used for residential or rural purposes, where a Building Act or Resource Consent was required for such a use.

Utilities

Land used for an essential service such as water, electricity, gas, telecommunications or sewerage.

Multiple Land Uses

The Council will partition a rating unit where there are two or more land uses that fit into different differential rating categories except for predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.

Property Valuation System

Independent property valuations are provided to Council, under contract, by Quotable Value Ltd. The Marlborough District was last revalued on 1 July 2014 and the new values apply from the 2015-16 rating year.

Compliance with Financial Management Requirements

The "Activities" that comprise the eleven "Activity Groups" of People, Community Facilities, Roads and Footpaths, Flood Protection and Control, Sewerage, Stormwater Drainage, Water Supply, Solid Waste Management, Environmental Management, Regulatory and Regional Development, are listed in the following tables together with a summary of Council's consideration outcomes:

8.1 Operating Expenses Funding Policy

The following table summarises Council's possible Operating Expenses Funding Policy at an Activity level:

Group	Activities	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	No	No	No	No	Yes
	Culture and Heritage	Yes	No	Yes	No	No	No	Yes	Yes
	Community Housing	No	Yes	No	No	No	No	Yes	No
	Community Safety	Yes	No	Yes	No	No	No	Yes	Yes
	Community Support	Yes	Yes	Yes	No	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	No	No	No	Yes	Yes
	Emergency Management	Yes	No	Yes	No	No	No	Yes	Yes
Community Facilities	Yes	Yes	Yes	No	No	No	Yes	No	
Roads and Footpaths	Yes	Yes	Yes	No	No	No	Yes	Yes	
Flood Protection and Control	Yes	Yes	Yes	No	No	No	Yes	No	
Sewerage	Yes	Yes	No	No	No	No	Yes	Yes	
Stormwater Drainage	Yes	Yes	Yes	No	No	No	Yes	No	
Water Supply	Yes	Yes	No	No	No	No	Yes	No	
Solid Waste Management	Yes	Yes	Yes	No	No	No	Yes	No	
Environmental Management	Environmental Policy	Yes	No	Yes	No	No	No	No	No
	Environmental Science and Monitoring	Yes	Yes	Yes	No	No	No	Yes	No
	Resource Consents	Yes	Yes	Yes	No	No	No	No	No
	Environmental Protection	Yes	Yes	Yes	No	No	No	No	No
Regulatory	Biosecurity (Pest Management)	Yes	Yes	Yes	No	No	No	Yes	No
	Building Control	Yes	Yes	Yes	No	No	No	No	No
	Environmental Health	Yes	Yes	Yes	No	No	No	No	No
	Animal Control	Yes	Yes	Yes	No	No	No	No	No
	Harbours	Yes	Yes	Yes	No	No	No	No	Yes
Regional Development	Yes	Yes	Yes	No	No	No	Yes	Yes	

8.2 Capital Expenditure Funding Policy

The following table summarises Council's possible Capital Expenditure Funding Policy at an Activity level: The utilisation order of the various funding sources is detailed in paragraph 10 Funding of Capital Requirements.

Group	Activity	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	Yes	Yes	No	No	Yes
	Culture and Heritage	Yes	No	Yes	Yes	No	No	Yes	Yes
	Community Housing	No	No	No	Yes	Yes	No	Yes	Yes
	Community Safety	Yes	No	Yes	Yes	No	No	Yes	Yes
	Community Support	Yes	No	Yes	No	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Emergency Management	Yes	No	Yes	Yes	Yes	No	Yes	Yes
Community Facilities	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Roads and Footpaths	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	
Flood Protection and Control	Yes	Yes	Yes	Yes	No	No	Yes	Yes	
Sewerage	Yes	Yes	No	Yes	No	Yes	Yes	Yes	
Stormwater Drainage	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	
Water Supply	Yes	Yes	No	Yes	No	Yes	Yes	Yes	
Solid Waste Management	Yes	Yes	Yes	Yes	No	No	Yes	Yes	
Environmental Management	Environmental Policy	Yes	No	Yes	No	No	No	No	No
	Environmental Science and Monitoring	Yes	No	Yes	No	No	No	No	Yes
	Resource Consents	Yes	No	Yes	No	No	No	No	Yes
	Environmental Protection	Yes	No	Yes	No	No	No	Yes	No
	Biosecurity (Pest Management)	Yes	No	Yes	No	No	No	Yes	No
Regulatory	Building Control	Yes	No	Yes	No	No	No	No	No
	Environmental Health	Yes	No	Yes	No	No	No	No	Yes
	Animal Control	Yes	Yes	Yes	Yes	No	No	No	No
	Harbours	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Regional Development	Yes	No	Yes	Yes	No	No	No	Yes	

8.3 Prior to determining the funding basis for each activity, Council gave consideration to the following matters which are summarised below at an Activity level: (Table 9 on page 222 further identifies the rate funding basis at a Sub-Activity level). **TO BE REVIEWED WHEN REVISED OUTCOMES UPDATED.**

- Community Outcomes to which Activities Contribute:

Council activities	Community and Council Outcomes			Environmental sustainability	Prosperity	Knowledge and learning	Enterprises and endeavour	Full participation	Positive aging	Positive youth	Safety and security	Energy efficiency	Affordable housing	Health choices	Essential services	Heritage	Fun and recreation	Physical activity	Creativity
	Live	Work	Play																
Democratic Process	✓							✓											✓
Culture and Heritage			✓													✓			✓
Community Housing	✓								✓				✓						
Community Safety	✓								✓	✓	✓								
Community Support	✓	✓	✓	✓				✓	✓	✓		✓		✓			✓	✓	
Library Services			✓			✓		✓								✓			✓
Emergency Management	✓										✓								
Community Facilities			✓													✓	✓	✓	
Roads and Footpaths	✓	✓		✓	✓										✓			✓	
Flood Protection and Control	✓			✓	✓										✓				
Sewerage	✓	✓		✓											✓				
Stormwater Drainage	✓			✓											✓				
Water Supply	✓	✓		✓											✓				
Solid Waste Management	✓	✓		✓											✓				
Environmental Policy	✓	✓	✓	✓	✓														
Environmental Science and Monitoring	✓	✓		✓	✓														
Resource Consents	✓	✓		✓	✓														
Environmental Protection	✓			✓										✓					
Biosecurity (Pest Management)		✓		✓	✓														
Building Control	✓	✓										✓	✓						
Environmental Health	✓	✓												✓					
Animal Control	✓										✓								
Harbours	✓	✓	✓	✓							✓						✓		
Regional Development		✓	✓		✓		✓	✓											

Extent to which the Actions or Inaction of Particular Individuals or a Group Contribute to the Need to Undertake the Activity.

Democratic Process	The democratic process is a public benefit available to the community at large.	Flood Protection and Control	The Council plans for flood protection to decide how best to protect life and property in the floodplain and to preserve or enhance the environment and amenity values of river corridors. The ratepayers in the floodplain (residents and businesses) in the area directly affected by the planning and subsequent works benefit directly through avoiding the risk of floods and potentially through increased property value. Owners and providers of infrastructure (telephone, roads, rails etc) also benefit directly by avoiding damage to their assets. Ratepayers in the surrounding economic 'catchment' adjacent to the floodplain benefit indirectly through their integration with the area affected by the flood protection scheme. The regional community also benefits indirectly through protection of their means of access around the region.
Culture and Heritage	The Council contributes towards these activities for the benefit of all, as it views arts and culture as essential to the health and well-being of society. It believes that a strong community is knowledgeable of its heritage and also preserves and respects the achievements of the past.	Sewerage	People who are connected to the sewer schemes are creating the need for the Council to undertake work to minimise the damage to the District's waterways. It is considered appropriate for these people to fund the work through targeted rates. Developers who are adding to the demands placed on schemes which require the Council to undertake new capital works related to growth will also contribute to these costs.
Community Housing	The social and economic position of individuals creates the need for community housing.	Stormwater Drainage	Owners of developed properties require that there are systems for the collection and disposal of stormwater. Developers who are adding to the demands placed on schemes which require the Council to undertake new capital works related to growth will also contribute to these costs.
Community Safety	Individuals and businesses desire to be safe and protect personal assets.	Water Supply	Ratepayers who are connected to the water schemes are creating the need for the Council to undertake work relating to the availability of potable water. It is considered appropriate for these people to fund the work through targeted rates. Developers who are adding to the demands placed on schemes which require the Council to undertake new capital works related to growth will also contribute to these costs.
Community Support	The Council supports the community by ensuring that the public has access to a broad range of recreational, arts, cultural, social opportunities and Passenger Transport including Total Mobility. Council service costs for energy efficiency projects will be recovered over a number of years by a targeted rate on properties that obtain a service.	Solid Waste Management	Council provides waste management services for public health reasons and to protect the environment. Benefits apply directly to those who are in an area which has a kerbside refuse collection service. The Council considers that properties that receive, or will receive, a waste collection service should be responsible for funding expenditure relating to collection and those that dispose of refuse at the transfer stations should pay a disposal fee.
Library Services	This activity is potentially beneficial to all as it provides individuals with the opportunity to develop a lifestyle that enhances learning and creates recreational, cultural and social opportunities.		
Emergency Management	Individual users of hazard information benefit from knowledge of hazards that directly affect them and learning how to mitigate the effects. Regional and national communities benefit directly from the maintenance of a response capability; knowledge of hazards; and measures to mitigate and contain harmful effects.		
Community Facilities	The Council provides community facilities to allow residents to enjoy access to a wide range of recreational, cultural and social activities.		
Roads and Footpaths	Users of the roading network create the need for maintenance from the number of trips that are made and the type of vehicle is used. The subsidies that the Council receives from New Zealand Transport Agency are funded through petrol taxes and road user charges that reflect the volume of use by each road user. The level of subsidies received does not, however equate to the Council's view of the public/private benefit split. Hence the balance must be rate funded. 'Areas of benefit' will be established for the purpose of funding seal extensions. The 'area of benefit' will fund the cost of seal extension.		

Environmental Policy	People and organisations benefit in the District community through from sound policy development, reviews and planning to enable the sustainable management of the region's resources.
Environmental Science and Monitoring	The District community is the primary beneficiary of this activity as the information collected provides the basis for monitoring and reporting, sound policy development, reviews and planning. It should be noted that an increasing proportion of this activity is undertaken for national benefit.
Resource Consents	Persons or organisations applying for services require the Council to undertake work and this is reflected in user charges.
Environmental Protection	Environmental health compliance benefits all through having a clean, healthy environment.
Biosecurity (Pest Management)	The management of pests is essential for the District's continued prosperity, environmental sustainability and health.
Building Control	Persons or organisations applying for services require the Council to undertake work and this is reflected in user charges.
Environmental Health	Environmental health compliance benefits all through having a clean, healthy environment.
Animal Control	The activity protects the public from aggressive or straying animals.
Harbours	<p>Recreational harbour users benefit directly by avoiding natural and other hazards e.g. collisions. They benefit directly from a clean marine environment and shorter duration of pollution. Swimmers and other recreational harbour users benefit directly from effective management of the harbour and marine environment by enjoying safe, less congested waterways and by avoiding other hazards.</p> <p>Commercial shipping and commercial fishing owners and operators benefit directly by avoiding natural and other hazards e.g. collisions; they also enjoy a direct commercial benefit. They also benefit directly from a clean marine environment and through shorter duration of pollution, thus avoiding delays and loss of business.</p>
Regional Development	Part of this activity is undertaken by Destination Marlborough and the Marlborough Research Centre Trust. Both of these organisations are Charitable Trusts to which Council makes contributions. They are important partners for the Council in assisting the District to achieve economic development outcomes, in particular attracting visitors, residents and investment to Marlborough, adding value to Marlborough enterprises and enriching the quality of life for Marlborough residents. The remainder of this activity (Economic Development, Parking and Irrigation) is provided by Council to support economic activity in the District.

- **Costs and Benefits of Funding the Activity Distinctly from Other Activities:**

<i>Democratic Process</i>	Costs associated with Democracy have been separated for reasons of transparency and accountability.
<i>Culture and Heritage</i>	Council funding is provided from general-type rates and charges as it is considered that all residents benefit from the well-being gained from creative pursuits and it is believed that it is beneficial to have a strong community which is knowledgeable of its heritage, and preserves and respects the achievements of the past.
<i>Community Housing</i>	Appropriate rentals are set to recover the costs associated with providing community housing.
<i>Community Safety</i>	The costs associated with community safety have been separated for reasons of transparency and accountability.
<i>Community Support</i>	Council provides grants and donations for social and community development groups and assists community groups to access funds for other (non-Council) sources. It works with specific sectors of the community including youth, and the older community, helps to provide liaison between community organisations and develops partnerships with and between central government and non-governmental organisations for the benefit and well-being of Marlborough residents. Council service costs for energy efficiency projects will be recovered over a number of years by a targeted rate on properties that obtain a service. The benefit of identifying passenger transport and total mobility distinctly is that it enables appropriate user charges to be calculated for this service. The Council accepts, however that user charges cannot fully fund the actual costs of the upkeep of the facilities and the shortfall is funded by way of general-type rates and charges and other external revenue.
<i>Library Services</i>	There is private benefit for those that use the library services, however, the Council considers that there are wide community benefits from ensuring only minimal charges are imposed.
<i>Emergency Management</i>	The significance of ratepayers funding this activity is an assurance of having a safer and secure community which benefits all.

Community Facilities	The benefit of identifying community facilities distinctly is that it enables appropriate user charges to be calculated for applicable facilities. The Council accepts, however that user charges cannot fully fund the actual costs of the upkeep of the facilities and the shortfall is funded by way of general-type rates and charges.
Roads and Footpaths	The benefit of funding roads distinctly is to enable a fairer distribution of rates between rural and urban ratepayers to be determined. This activity benefits the whole community either directly or indirectly through the transport of people and/or goods.
Flood Protection and Control	The activity, being an essential service to the District, benefits all, although some more than others. Therefore varying rates apply across the District that take account of benefits provided. Gravel extraction and quarry operations are 100% funded from user charges.
Sewerage	The benefit of funding sewerage distinctly is that only those in the area of benefit will contribute to the funding.
Stormwater Drainage	The benefit of funding drainage distinctly is that only those within urban drainage areas will contribute to their funding and rural drainage systems will be funded by rural areas.
Water Supply	Water supplies are funded distinctly from other activities because only those within the supply area fund the scheme costs.
Solid Waste Management	Where benefits are identified to specific users it is appropriate that user charges and targeted rates are set to match the private benefit received.
Environmental Policy	The benefit is the knowledge that the environment is being managed appropriately and concerns are being addressed. The community benefits through the sustainable management of the region's resources with some parts of the community benefiting from particular activities—. As a result while the majority is funded by general type rates and charges, particular areas of benefit/individuals may be separately charged, it is totally funded by general type rates and charges.

Environmental Science and Monitoring	The benefit is the knowledge that the environment is being managed-monitored appropriately and concerns are being addressed. The community benefits through the sustainable management of the region's resources with some parts of the community benefiting from particular activities—. As a result while the majority is funded by general type rates and charges, particular areas of benefit/individuals may be separately charged, it is totally funded by general type rates and charges.
Resource Consents	Charges can be administered cost effectively. Funding is partly user charges and the remainder, rate funded. There is no alternative funding mechanism that would be a reasonable substitute.
Environmental Protection	Charges can be administered cost effectively. Funding is partly user charges and the remainder, rate funded. There is no alternative funding mechanism that would be a reasonable substitute.
Biosecurity (Pest Management)	The benefit is the knowledge that Biosecurity issues are being managed appropriately and concerns are being addressed.
Building Control	Charges can be administered cost effectively. Funding is partly user charges and the remainder, rate funded. There is no alternative funding mechanism that would be a reasonable substitute.
Environmental Health	Charges can be administered cost effectively. Funding is partly user charges and the remainder, rate funded. There is no alternative funding mechanism that would be a reasonable substitute.
Animal Control	Separation of costs allows charges to be calculated on a full cost-recovery basis. Animal Control is required as a result of dog and animal ownership. In the main, the activity is funded by owners.
Harbours	Recreational harbour users, commercial shipping and commercial fishing owners and operators benefit directly by this activity. As Port Marlborough users benefit from the activity, it is levied a charge. The balance is funded predominantly from general type rates and charges.
Regional Development	The benefit of these activities is to promote the continued economic development of the District as a whole. Irrigation supply is funded distinctly from other activities because only those within the supply area fund the scheme costs.

- **Overall Impact on Current/Future Social, Economic, Environmental and Cultural Well- Being of the**

Community:

Democratic Process	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective decision making and leadership for the community, and through effective public information.
Culture and Heritage	The overall impact is significant in terms of promoting cultural enrichment, and giving residents the opportunity to gain valuable knowledge of their heritage.
Community Housing	Significant impact on the social well-being of the community.
Community Safety	Safety and security have a significant impact on the social, economic, cultural and environmental well being of the community.
Community Support	Significant impact on the social, economic and cultural well-being of the community in terms of promoting cultural enrichment and opportunities for residents to participate in community life. The health and wellbeing of the community benefits from energy efficiency initiatives.
Library Services	The provision of libraries contributes to the economic, social and cultural well-being of the community by providing individuals with the opportunity to enhance learning and contributes to the well being of the community.
Emergency Management	Significant impact on the social, economic, cultural and environmental well-being of the community through maintaining readiness to respond to adverse events, and assisting with the health, safety and well-being of the community.
Community Facilities	Significant impact on the social, economic and cultural well-being of the community, in terms of promoting cultural enrichment and opportunities for residents to be involved in community life.
Roads and Footpaths	An efficient road transport network has a significant impact on the social, economic and environmental well-being of the community.
Flood Protection and Control	Adequate river protection has a significant impact on the social, economic and environmental well being of the community.
Sewerage	Significant positive impact on the social, economic and environmental well being of the community. Treatment and disposal will protect the health of the community and the environment from adverse affects of untreated or uncontrolled effluent disposal.

Stormwater Drainage	An adequate drainage system has a significant impact on the social, economic and environmental well-being of the community.
Water Supply	Water is a necessity of life and the supply of water has a significant impact on the social, economic and environmental well-being of the community.
Solid Waste Management	An adequate refuse collection and disposal system has a significant impact on the social, economic and environmental well-being of the community.
Environmental Policy	Significant impact on the social, economic and environmental well being of the community through protecting the sustainability of the community.
Environmental Science and Monitoring	Significant impact on the social, economic and environmental well being of the community through protecting the sustainability of the community.
Resource Consents	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective public information and applying due diligence in processing and maintaining compliance.
Environmental Protection	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective public information and applying due diligence in processing and maintaining compliance.
Biosecurity (Pest Management)	Significant impact on the social, economic and environmental well being of the community through protecting the sustainability of the community.
Building Control	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective public information and applying due diligence in processing and maintaining compliance.
Environmental Health	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective public information and applying due diligence in processing and maintaining compliance.
Animal Control	The diligent policing of this activity has a significant impact on the social, economic, cultural and environmental well-being of the community.
Harbours	Significant impact on the social, economic and environmental well being of users of the waterways
Regional Development	Significant impact on the social, economic, cultural and environmental well being of the community.

- Distribution of Benefits**

Group	Activity	District-wide	Targeted area	Individuals
People	Democratic Process	100%		
	Culture and Heritage	100%		
	Community Housing			100%
	Community Safety	10%	90%	
	Community Support	100%		
	Library Services	20%		80%
	Emergency Management	100%		
	Community Facilities	50%	50%	
	Roads and Footpaths	80%		20%
	Flood Protection and Control	20%	80%	
	Sewerage		100%	
	Stormwater Drainage		100%	
	Water Supply		100%	
	Solid Waste Management	10%	90%	
Environmental Management	Environmental Policy	68%	20%	20%
	Environmental Science and Monitoring	60%	20%	20%
	Resource Consents	40%		60%
	Environmental Protection	40%		60%
Regulatory	Biosecurity (Pest Management)	80%	20%	
	Building Control	20%		80%
	Environmental Health	40%		60%
	Animal Control		10%	90%
	Harbours	10%	50%	40%
Regional Development	Regional Development (Economic Development, Marketing and Tourism and Research Centre)	80%	20%	
	Regional Development (Parking)	20%		80%
	Regional Development (Irrigation)			100%

NOTE: Benefits are expected to occur for at least the duration of the 10 year Plan, however, many extend to the life of the applicable assets or the service provided.

9. Funding of Expenditure by Activity

The following table illustrates how the Residual Rate funding requirement for each activity/sub-activity is proposed to be met, after provision has been made for any applicable Fees, Charges, Grants, and Subsidies; or other Direct Revenue that relates to the activity/sub-activity; and having given consideration to the matters in paragraph 8.

A separate supplementary report outlining "Relationship determinations, Area Funding %'s, and Geo-type Rates in \$, (or) Uniform Charge Amounts" is available on request, which provides a detailed analysis of the Geographic Rating Areas contribution to the General-type Targeted Rates and Charges; as well as the Relationship between the general-type rates and charges in those areas.

Table 9 Residual Rate Funding Basis

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UACs" %
People	Democratic Process	Democratic Process (excl. Community Boards (as determined)			0	100	0	0
		Community Boards (as determined)			0	0	100	0
		Community Boards (as determined)			0	0	0	100
		Picton Forum			0	0	0	100
	Culture & Heritage	Arts: Marlborough Art Gallery Grants			40	60	0	0
		Arts: Other Grants			40	60	0	0
		Heritage: Marlborough Historical Society Grants			40	60	0	0
		Heritage: Other Grants			40	60	0	0
		Museums – Picton			100	0	0	0
		Museums: Renwick			100	0	0	0
	Community Housing	Museums – Rural			100	0	0	0
		Community Housing			0	0	0	0
	Community Safety	Community: Safer Community			40	60	0	0
		Community: Security Cameras [Blenheim CBD]			100	0	0	0
	Community Support	Community: Grants & Donations			40	60	0	0
		Community: Recreation			0	100	0	0
		Energy Efficiency Initiatives			0	0	100	0
		Events Management			0	100	0	0
	Library Services	Passenger Transport			100	0	0	0
		Library Services			0	100	0	0
Emergency Management	Emergency: Fire Protection			100	0	0	0	
	Emergency Management			40	60	0	0	

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "JACs" %	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Community Facilities	Cemeteries				0	100	0	0
	Halls	Group 1 - Awarua Park			100	0	0	0
		Group 2 - Waitaria			100	0	0	0
		Group 3 - Gen Rural Halls			100	0	0	0
		Group 4 - Stadium			100	0	0	0
		Group 5 - Fairhall Hall			100	0	0	0
		Group 6 - Koromiko Hall			100	0	0	0
		Group 7 - Wairau Rd C/Centre			100	0	0	0
		Group 8 - QC College			100	0	0	0
		Group 9 - B/Vic. Halls			100	0	0	0
Memorials	Cleghorn Rotunda			100	0	0	0	
	Picton			100	0	0	0	
	Seymour Square			100	0	0	0	
	Town Centre Clock			100	0	0	0	
	Other			100	0	0	0	
Public Conveniences				0	100	0	0	
Community Facilities	Reserves	Group 1a - Blk Neighbourhood			1	99	0	0
		Group 1b - B/V Neighbourhood			1	99	0	0
		Group 2a - Pln Neighbourhood			1	99	0	0
		Group 2b - P/V Neighbourhood			1	99	0	0
		Group 3 - W/V Domain			1	99	0	0
		Group 4 - Blk Vicinity Domains			4	96	0	0
		Group 5 - Endeav. Prk/Waitohi Domain			4	96	0	0
		Group 6 - A&P/Horton Park			10	90	0	0
		Group 7 - Ath Park/Oliver Park			10	90	0	0
		Group 8 - Bobs Bay/Pln F'Shore etc			40	60	0	0
		Group 9 - Churchward Park			28	72	0	0
		Group 10 - Rural Domains			4	96	0	0
		Group 11 - Nelson Square			28	72	0	0
		Group 12 - Pollard/Seymour/Riverside			40	60	0	0
		Group 13 - Wither Walkway etc			40	60	0	0
Group 14 - Rural Reserves			100	0	0	0		
Group 15 - Misc Leased Reserves			100	0	0	0		
Street Trees	Berms & Plots			100	0	0	0	
Swimming Pools	Aquatic Centre			3	97	0	0	
	Awatere			3	97	0	0	
	Picton			3	97	0	0	

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
Roads And Footpaths	Subdivisional Works		*		100	0	0	0	
	Roading Network		*	*	100	0	0	0	
	Roading Related Works		*		100	0	0	0	
	CBD Works	Blenheim		*		100	0	0	0
		Picton			*	100	0	0	0
	Targeted	French Pass Road				0	0	0	100
		Kenepuru Road				0	0	100	0
		Other Roads (as approved)				0	0	0	100
		Other Roads (as approved)				0	0	100	0
		Landscaping (Urban 1)				0	0	0	100
		Landscaping (Urban 2)				0	0	0	100
Landscaping (Rural 1)					0	0	0	100	
Landscaping (Rural 2)				0	0	0	100		
Flood Protection and Control	Rivers in Wairau Valley District - (Separate Targeted Rate)		*		0	0	100	0	
	Rivers outside WV Rating District				100	0	0	0	
Sewerage - (Targeted Rates)	Combined Sewerage Group	Capital (includes Blenheim Group (Blenheim, Grovetown, Renwick, Spring Creek), Picton, Seddon and Havelock)	*	*	0	0	100	0	
		Operating (includes Blenheim Group (Blenheim, Grovetown, Renwick, Spring Creek), Picton, Seddon and Havelock)			0	0	0	100	
	Loans - No Lump Sum	Grovetown Sewerage			0	0	100	0	
		Picton Sewerage			0	0	100	0	
		Renwick Sewerage			0	0	100	0	
		St Andrews Sewerage			0	0	100	0	
Tuamarina Sewerage			0	0	100	0			
Stormwater Drainage	Blenheim		*		100	0	0	0	
	Havelock (General Rural)		*		100	0	0	0	
	Okivi Bay				0	0	0	100	
	Picton		*		100	0	0	0	
	Rai Valley (General Rural)				100	0	0	0	
	Renwick (Blenheim Vicinity)		*		100	0	0	0	
	Seddon (General Rural)		*		100	0	0	0	
	Spring Creek (Blenheim Vicinity)		*		100	0	0	0	
	Other				100	0	0	0	

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UACs" %
Water Supply (Separate Targeted Rates)	Awarua Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Blenheim Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Havelock Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Picton Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Rarangi Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
Renwick Water	Capital	*	*	0	0	100	0	
	Metered			0	0	100	0	
	UAC			0	0	0	100	
Riverlands Water	Riverlands Water	*		0	0	100	0	
	UAC			0	0	0	100	
Wairau Valley Water	Metered	*	*	0	0	100	0	
	UAC			0	0	0	100	
		Loan - No Lump Sum			0	0	100	
Solid Waste Management	Blenheim/Picton (Residential) Refuse and Kerbside Recycling Collection (Separate targeted rates) and any additional areas for which the service is offered.				0	0	0	100
Environmental Management	Blenheim/Picton (Residential) and Commercial/Industrial) Refuse Collection (Separate targeted rates)				0	0	0	100
	Sounds Area Waste Projects				0	100	0	0
	Landfills, Transfer Stations, Waste Minimisation		*		0	100	0	0
	Environment Policy				80	20	0	0
	Environment Science and Monitoring		*	*	80	20	0	0
	Resource Consents		*		100	0	0	0
	Hearings		*		0	100	0	0
Legal Section				100	0	0	0	
	Environmental Protection		*		100	0	0	

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Regulatory	Biosecurity (Pest Management)	Biosecurity: Regional Pest Control	*	*	100	0	0	0
		Bovine T.B. Control	*	*	100	0	0	0
	Building Control	Building Control	*		100	0	0	0
		LIM Section	*		100	0	0	0
	Environmental Health		*		0	100	0	0
	Animal Control	Dog Control	*		100	0	0	0
		Other Animal Control	*		100	0	0	0
	Harbours		*		100	0	0	0
Regional Development	Parking	Blenheim	*		100	0	0	0
		Blenheim Other	*		100	0	0	0
		Picton	*		0	100	0	0
		Picton Other	*		0	100	0	0
	Economic Development		*		100	0	0	0
	Southern Valleys	Capital – No Lump Sum	*	*	0	0	100	0
		Metered	*		0	0	100	0
	Marketing and Tourism		*		100	0	0	0
	Tourism (separate targeted rates)		*		0	0	0	100
	Research Centre		*		100	0	0	0
	Flaxbourne	Capital – No Lump Sum	*	*	0	0	100	0
		Metered	*		0	0	100	0
	Other Developments		*		100	0	0	0
Allocation of costs to geographic areas, land use categories and other targeted rates			Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Non-Group Activities								
Forestry			*		100	0	0	0
Land Development			*		100	0	0	0
Rental Housing			*		100	0	0	0
Commercial Leases			*		100	0	0	0
River Leases			*		100	0	0	0
MDC Holdings			*		100	0	0	0
Land Subdivision Reserve Grants			*		0	0	0	0
Agencies			*		0	0	0	100
Special Revenues			*		100	0	0	0
General Revenues (allocated on the basis of gross general-type rates and charges)			*		variable	variable	0	0

10. Funding of Capital Requirements

In general, the sources of funds for capital expenditure will be utilised in the following order:

- Development and financial contributions.
- Capital grants and subsidies (where available).
- User charges.
- General revenue sources [see below].
- Council financial reserves, including Depreciation Reserves.
- Loan raising (which will impact on rates in the form of loan servicing charges).
- Targeted rates [directly charged].

11. General Revenue Sources

There are some revenue sources which are not directly linked to an activity but are utilised by Council to assist in funding a number of Council activities either directly or indirectly.

These include:

Dividends and Interest from Investments

- Funded to specified Reserves for particular purposes or events (eg: Emergency Events Reserve).
- Used to subsidise general-type rates and charges by way of general revenue allocation.
- Used to fund interest and funding costs on external borrowings.

Petroleum Tax

- Used to subsidise general-type rates and charges by way of general revenue allocation.

Asset Sale Proceeds

- In general, 25% of all asset sales are used to build up the emergency events reserve in case of a major emergency e.g. earthquake.

The remaining 75% of all asset sales proceeds are used to fund the forestry and asset sales reserve.

Development and Financial Contributions

- Contributions received from developments and subdivisions are applied towards the cost of infrastructure to mitigate the effects of growth. (Where capital expenditure can be funded from these contributions, Council will generally use these sources of funding to meet the cost of growth of the District in preference to other services).

Forestry Income

- Currently used to fund the forestry and asset sales reserve which is used to fund infrastructural development.

12. Changes to Existing Funding Policy

12.1 Following an in-depth review of its Revenue and Financing Policy, Council initiated a number of funding changes that will take effect from 1 July 2015:

The review included the following issues:

- Consideration of the background to the existing funding policies.
- A review of user charges.
- An examination of the provisions of the Local Government (Rating) Act 2002.
- The appropriateness of the existing geographic areas for levying general-type rates and charges.
- The advantages and disadvantages of using either Land Value or Capital Value for levying general-type rates. (The current system is based on property land values).
- Review of the "funding relationship weightings system" (see explanation of this in Terminology), to ensure that appropriate funding allocations are made to take account of the Financial Management considerations outlined in section 101 of the Local Government Act 2002.
- The effect of collecting more revenue from "uniform annual charges" instead of from "rates levied on property values", having regard to the legislative constraints of the Local Government (Rating) Act 2002, and the regressive impact on low value properties.

~~12.2—The 2009-10 Long Term Council Community Plan outlined policy on Council funding of Depreciation and Sinking Funds.~~

~~Since then the basis of loan funding has changed from sinking fund loans to table mortgage.~~

12.312.2 In this Plan Council has funded Depreciation and Debt Servicing Costs on the following basis:

(i) Depreciation has been fully funded for all assets with the following exceptions:

- Roads, where funding has been adjusted to take account of NZ Transport Agency financial contributions.
- Halls, Convention Centre, reserves, drains, river channels, retards and Taylor Dam as it is planned that these assets are either maintained in perpetuity, or their replacement is not certain because of changing community needs.
- Wairau Valley Water and Southern Valleys' Irrigation Schemes, where funding is capped at current levels in accordance with practice established following community consultation.
- Activities with loans as well as a high value of non-depreciable assets, as below.

(ii) Debt Servicing Costs have been funded from depreciation reserves with the following exceptions:

- In activities with loans as well as a high value of non-depreciable assets debt servicing costs are fully funded from revenues and/or reserves and depreciation is not funded.
- Where there is a specific rate or dedicated part of any rate to meet debt servicing costs.

Items to be updated

12.412.3 A review of the Wairau Valley River Works Rates. Council proposes to ~~has~~ modified the weightings of the various Wairau Valley Rivers' groups to adjust for disproportionate valuation movements arising from the 2014 District wide revaluation.

This means that the various differential groups will have similar levies (in total) on the new capital values, as for the former valuation. **TO REVIEW PENDING FUTURE PAPERS AND DECISIONS**

12.5 As a result of a new Enlarged Rural Fire District (ERFD) becoming operational from 1 July 2012, recouping of the Rarangi Volunteer Rural Fire Force will now become Council's responsibility.

The former Rarangi Works and Services Charge (whose proceeds are currently being distributed five sixths to the Rarangi Rural Fire Force and one sixth to the Rarangi Residents Association) has been discontinued from 30 June 2012.

12.4 A review of Harbours and Environmental Monitoring.

12.8 Council has reviewed the six Geographic Rating Areas and contiguous areas that are receiving similar benefits and has agreed the following changes:

Blenheim Geographic Rating Area:

• Including in the Blenheim rating area commercial/industrial properties connected (or able to be connected) to Blenheim Water or Blenheim Group Sewerage Schemes (excluding properties in the Renwick, Spring Creek and Grovetown Sewerage Rating Areas), except for those properties in Riverlands Industrial Estate and Cloudy Bay Business Park that have an area greater than one hectare.

• Adding the following new paragraph for growth pockets:

"Growth pockets and other growth areas rezoned Residential following notification of the new Marlborough Resource Management Plan will be excluded from the Blenheim Area until consent for subdivision is granted."

• Transferring 42 properties from the northern end of Taylor Pass in a south easterly direction around the base of the foothills as far as the Branch River and 26 properties included in the land between SH 1 and both sides of Redwood Pass Road to and including 303 Redwood Pass Road from the General Rural Geographic Rating Area to the Blenheim Vicinity Geographic Rating Area.

12.7

12.812.5 Council has reviewed the six Geographic Rating Areas and contiguous areas that are receiving similar benefits and has agreed the following change:

12.6 The Geographic Areas are described in Part 4 - Funding Impact Statement on pages 167 to 169 and 199 to 200. **TO UPDATE**

12.9 The Revenue and Financing Policy includes the new Activity Groups included in pages 17 to 19.

Formatted: Font: Not Bold
Formatted: Font: Not Bold, Not Highlight
Formatted: Not Highlight

Formatted: Indent: Left: 1 cm, Tab stops: 1.9 cm, List tab + 3.89 cm, List tab + Not at 2.86 cm
Formatted: Font: Bold
Formatted: No bullets or numbering, Tab stops: 1 cm, Left

Formatted: Font: Not Bold

\\SLM-Q:\Staff\working\refidera\M-Q\msa\Working Drafts\Revenue and Financing Policy to Review-20.7.14.docx - Saved 26/07/2014 4:30:00 p.m. \\SLM-Q:\Staff\working\refidera\M-Q\msa\Working Drafts\Revenue and Financing Policy Reviewed by MFI 18.8.14.docx_Saved_18/08/2014 3:56:00 p.m.

8. Interim Financial Report for Council – Period Ended 30 June 2014

(Clr Arbuckle) (Report prepared by J Somerville)

F045-06

Purpose

1. To present the interim year-end results for the 2013-14 financial year.

Background

2. The draft Annual Report is currently being compiled to enable Audit New Zealand to provide Council with an opinion on the financial statements. The audit opinion will be provided in time for Council to adopt the final financial statements at a Special Council meeting scheduled for 30 October 2014. (There is a legislative requirement for Council's Annual Report to be adopted by 31 October each year).
3. Changes to the interim financial results will occur as preparation of the Annual Report is finalised. Changes will result from:
 - The application of International Financial Reporting Standards
 - Consolidation of Marlborough Regional Forestry results.
 - Incorporation of MDC Holdings Limited and its subsidiaries' results and the elimination of inter-company transactions.
 - Review of capital additions for 2013-14 including any minor changes and calculating/processing manual depreciation adjustments where appropriate for capital additions, mainly Roothing and Sewerage.
 - Review of capital programme funding e.g. reserve and loan funding which will affect interest charges to particular accounts.
 - Review contingencies and commitment schedules which may require further accruals to be provided.
 - Audit New Zealand comments.
4. The Interim results for the year ended 30 June 2014 show a surplus of \$8.36M which is \$6.34M higher than budget for the year including Councils approved 2012-13 Carry Forwards. Revenue is \$5.82M more than budget, including an additional \$1.74M in gain on sale of assets and \$1.46M in Marlborough Regional Forestry distributions. This together with less than anticipated expenditure of \$0.52M resulted in the expected surplus being well ahead of budget.

Revenue

5. Total MDC Income for the year is ahead of budget by \$5.82M (7%).
6. Comments are provided below on actual variances greater than \$100,000:
 - a. Rates includes \$374K more of metered water sales than budgeted, mainly for the Southern Valleys' Irrigation Scheme, Havelock and Riverlands, as well as \$120K less remissions than budgeted resulting from the Karaka Point Judicial Review decision.
 - b. Dividend revenue included receipt of a further \$600k in late June from MDC Holdings.
 - c. External interest revenue is under budget due the continuing low interest rates. As the Bancorp investments mature, the proceeds have been reinvested in short dated term deposits until interest rates increase.
 - d. Gain on sale of fixed assets is above budget due to greater than anticipated section sales. These funds are distributed to the Forest Park reserve. The \$2.175M cost of MDC's internal vested assets from the section developments are funded from this surplus and these transactions are in the process of being undertaken at the time of reporting.

- e. Funds received from Marlborough Regional Forestry are higher than originally budgeted because log prices and log quality have held and they are continuing to harvest in easier terrain. This distribution is transferred to the Forestry and Asset Sales reserve at year end.
- f. Property and other revenue is ahead of budget mainly due to the reimbursement of rates and insurance on the old Civic Theatre complex, increased corridor access fees, investment property fair value adjustment together with additional rental income including the sub lease of the Wither Road works depot (ex Downers).
- g. Community Safety is below budget because previously budgeted projects are now being undertaken by other organisations. Most of the reduction in revenue is offset by savings in expenditure.
- h. Roads and footpaths income is less than budget due to:
 - i. Slower than anticipated subdivision and development impact levies as well as external vested assets. \$250K has been invoiced in the 2014-15 financial year by Marlborough Roads for roading contributions originally included in the 2013-14 budget.
 - ii. Less than budgeted NZTA subsidy on capital expenditure projects partially offset by favourable NZTA roading subsidy revenue to assist with flood damage repairs.
- i. Flood protection and control works are ahead of budget mainly due to log sales on floodway reserve land, property rentals, quarry sales and higher than anticipated gravel extraction.
- j. Sewerage revenue is higher than budget because of:
 - i. Higher than budgeted sewer network upgrade and development contributions, to help fund capital expenditure.
 - ii. Increased trade waste charges from that budgeted.
- k. Solid Waste management is higher than budget mainly due to increased revenue from dump fees as well as unbudgeted third party funding for waste education programs.
- l. Environmental Science and Monitoring includes additional revenue from grants, subsidies and contributions towards the monitoring of coastal water quality in the Sounds, including use of a vessel, and the significant natural area's land owner assistance programme.
- m. Building Control revenue is less than budgeted due to the lower than anticipated income from building consents and associated inspections because applications received to date are less than predicted reflecting the ongoing economic climate. Consent numbers still vary month to month being either slightly higher or lower than the same period last year which indicates sustained growth has not yet occurred.
- n. Harbours income is higher than expected mainly due to unbudgeted revenue resulting from MDC staff being on standby in August during the oil rig "off load" from the Kan Tan IV vessel in Admiralty Bay. There has also been recovery of expenditure relating to the retrieval from Bay of Many Coves of the burnt yacht Aqua Luna.

Expenditure

- 7. Overall expenditure is less than budget by \$.52M (1%). Comments are provided on variances greater than \$100,000.
 - a. Community Housing is ahead of budget mainly due to the loss on the transfer of the Seddon pensioner flats as well as 2 owner occupied units in Bryant Place Picton from fixed assets to property intended for sale (a current asset in the balance sheet for reporting purposes in the 2013-14 annual report).
 - b. Emergency Management is ahead of budget due to emergency earthquake works for the Haldon Dam. A statutory land charge has been registered and six months deferral of recovery from the property owner has been agreed.
 - c. Community Facilities is ahead of budget due to the additional insurance together with increased repairs and maintenance costs to maintain levels of service and seismic strengthening consultancy.
 - d. Flood protection and control works expenditure is ahead of budget due to:

- i. Additional repair works resulting from flood damage to be funded from the additional revenue in 6i above.
 - ii. Taylor Dam safety and seismic review as well as dam valuation.
 - iii. Increased costs associated with the management of the Wither Hills soil conservation area.
- e. Sewerage is slower than budget in the areas of:
- i. Treatment costs. The original budget allowed for a full year of operational expenses relating to the Blenheim sewer treatment plant upgrade. Construction delays resulted in the plant being operational for only six months and there are savings of \$252K for treatment costs compared to budget.
 - ii. Depreciation and loan interest are lower than expected as the budget was based on the 2012-13 capital expenditure budget. Actual capital expenditure for 2012-13 was below budget which has a flow on effect into this financial year. 2013-14 depreciation and loan interest will be completed during the year end funding process currently under way.
These favourable variances are offset by;
 - iii. Reticulation infiltration/leaks and connections maintenance which are all ahead of budget due to ongoing infiltration failures.
- f. Solid Waste Management is less than budget in the areas of:
- i. Landfill aftercare provisions less than anticipated by \$393K.
 - ii. Ministry for the Environment landfill levy payments not as high as budgeted.
These favourable expenditures are offset by;
 - iii. Contracts for the operation of both the transfer stations and the regional landfill, as a result of the additional revenue in 6k above.
 - iv. Unbudgeted landfill ETS obligation.
 - v. Higher than budgeted waste education projects funded by third party grants.
- g. Environmental Policy is ahead of budget mainly due to costs associated with the Colonial Vineyard plan change appeal defending Council's plan change decision (not recoverable) together with unbudgeted Council initiated plan changes (Blenheim growth area, Marlborough Ridge rezoning and new dairy farm plans).
- h. Building Control is ahead of budget due to:
- i. Contracts expenditure for compliance inspections.
 - ii. Increased personnel costs.
 - iii. Legal advice and settlement of claims.
- i. Biosecurity expenditure is lower than budgeted, however, there are carryover requests for \$105K to complete various projects currently in progress or deferred.
- j. Harbours expenditure is ahead of budget due to increased personnel costs as well as expenditure relating to the retrieval of the burnt yacht and the Kan Tan IV oil rig "offload" (both invoiced to recover costs in 6n above).
- k. External interest expense is slower than anticipated due to the savings, deferrals and delays in the 2012-13 and 2013-14 capital expenditure programme as identified below.
- l. Property and Other expenditure is less than budget mainly due to:
- i. Depreciation and loan interest are lower than expected as the budget was based on the 2012-13 capital expenditure budget. Actual capital expenditure for 2012-13 was below budget which has a flow on effect into this financial year. Final adjustments to 2013-14 depreciation and loan interest will be completed during the year end funding process currently under way.
 - ii. Less than expected personnel expenses including insurance and fringe benefit tax.

- iii. Less than budgeted Westpac facility charges. When the budget was prepared it was assumed that the current bank facility would be extended, however alternative funding through the Local Government Funding Authority has saved the increased facility costs.

These savings were partially offset by:

- iv. Higher than expected costs for the Seismic review of the MDC's building portfolio after the Seddon earthquakes and some associated repairs.
- v. Defending MDC's position at the Karaka Point Judicial Review and final settlement.
- vi. The maintenance costs for new software, in particular the new Asset Management Information system.

Capital Expenditure

- 8. Budgeted capital expenditure for the year is \$45.19M including \$19.1M of carryovers from the 2012/13 financial year.

Net actual expenditure of \$21.32M (\$29.98M last year) is less than expected for the year by \$23.87M.

- 9. Significant carryovers to 2014/15 of approximately \$18.45M are as follows:

Activity	\$M	Comment
Community Facilities	2.0	Taylor River footpath and Picton foreshore water play feature both delayed until sufficient reserve fund contributions have been received. Lansdowne and A&P Parks together with Awatere Hall earthquake strengthening delayed until decisions made on their future with Athletic Park works now programmed. Picton historic cemetery restoration works delayed due to programme scheduling, Omaka cemetery improvements on hold awaiting the removal of the Sexton's Cottage and Fairhall cemetery natural burial development also delayed. Ohingaroa public convenience awaiting resource consent decision. Seymour Square clock foundation strengthening and Cleghorn rotunda reroofing will now also be undertaken in 2014-15. Various reserve playgrounds safety matting installation delayed due to scheduling after late arrival of materials. Endeavour Park drainage improvements on hold until spring and construction delays at the Equestrian Centre as well as development of new softball sportsfield at Lansdowne Park.
Flood protection & control works	1.15	Iwi consultation and land owner access agreements still to be completed for stopbank additions on Lower Wairau river. Various other land purchases still being negotiated or pending including for the new Main St pump station as well construction of same. Complete network review and progress schedule of approved upgrades with the town branch drainage channel upgrade.
Harbour Control	0.43	Instrumentation acquisition, risk control measures and further expansion all deferred pending outcome of Harbours risk assessment.
Information & Support Services	0.51	Various projects including development of Customer connect online payments, stage 1 implementation of new asset management and budget system. Also allows for upgrade of meeting rooms and programmed equipment renewal.

Activity	\$M	Comment
Investment Activities	6.0	Queen St property - portion of progress payments for purchase deferred until 2014/15.
Library Services	0.11	Adelaide Fraser bequest together with shelving space costs both carried over until new facilities have been constructed.
Roads	2.82	Jackson/ORR intersection upgrade awaiting NZTA funding approval to proceed. Waikakaho Road seal extension due to consultation delays with the affected rate payers. NZTA approval pending re major rehabilitation of Northbank Road and bridges network. Kaka bridge replacement awaiting increased NZTA project funding. Planning and consultation delays with planned Picton CBD upgrade and no projects assigned in the Blenheim CBD. Footpath renewals planned have been deferred to 2014-15 due to broadband works.
Sewerage	3.34	Complete construction of Hardings Road treatment plant upgrade including pond dividing bund. Revised program for main pipeline and pump station upgrades for Blenheim to reduce overflow occurrences and cater for future urban growth. Delays with Picton truck main pipeline and pump station due to consenting process, as well as relining pipe renewals deferred due to wet weather.
Stormwater	0.79	Redwood St catchment upgrade delayed including pipeline renewals in Muller Road. Also piping of open drain in Kent Street, Picton
Water Supply	1.30	Revised program for Speeds Road water treatment plant upgrade as well as delays with upgrade of Elevation reservoir and design of new Picton reservoir. Delays confirming design for Picton pressure management zones. Complete construction of building and generator upgrade for water treatment in Renwick. Complete installation of Southern Valleys' pump station booster flow meters, as well as completing replacement of Awatere water meters and valves.

10. There is also expected to be capital savings to budget of \$1.26M in the following activities:

Activity	\$M	Comment
Sewerage	1.26	Blenheim / Riverlands treatment plant overall costs savings. Alabama Rd pump station upgrade deferred in favour of full replacement planned in 2021. Seddon treatment upgrade rebudgeted for 2018-19 financial year and upgrade of Picton UV disinfection treatment completed under budget.

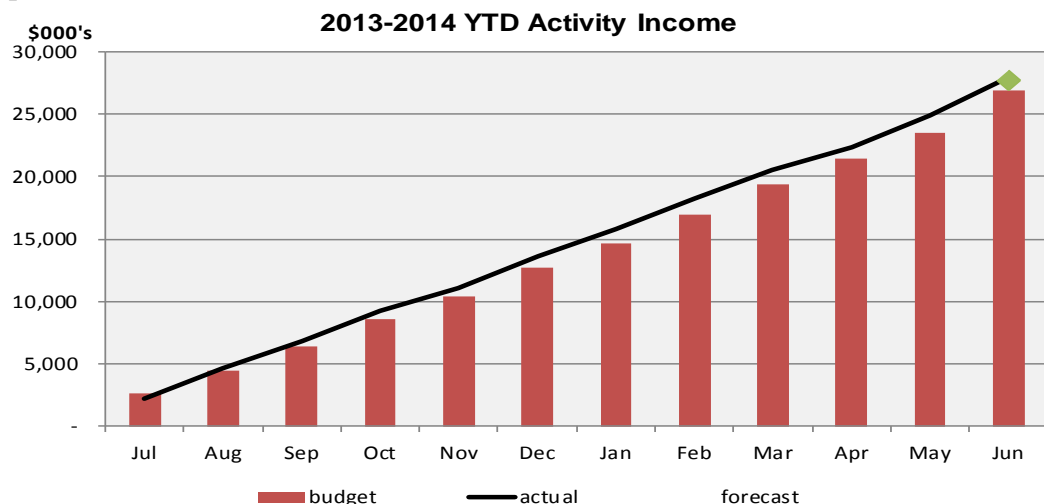
RECOMMENDED

That the interim financial report for the period ended 30 June 2014 be received.

Income and Expenditure Year Ended 30 June 2014

Income

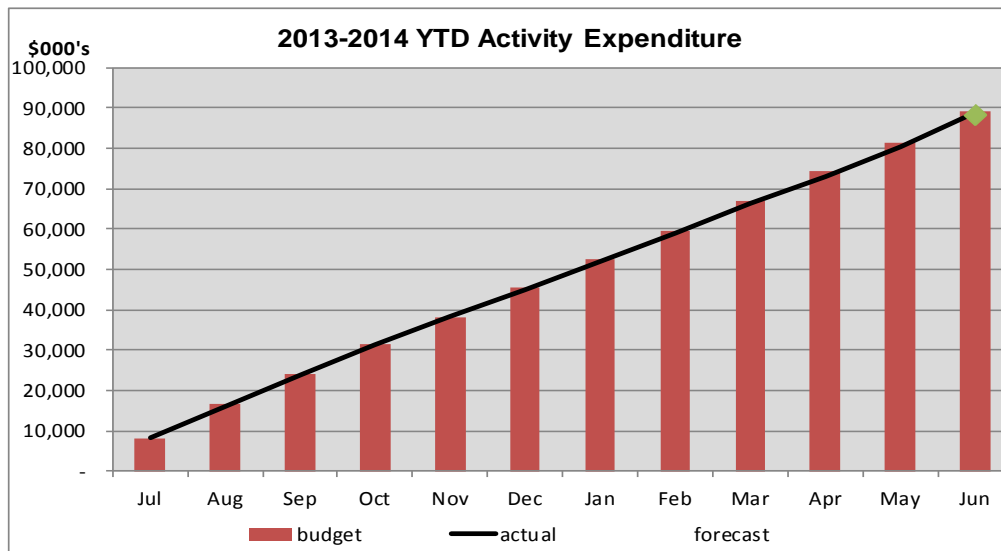
	actual	budget	variance	
Rates	56,354,734	55,709,852	644,882	1%
-less remissions	(389,816)	(510,000)	120,184	-24%
Rates	55,964,917	55,199,852	765,065	-22%
Rates penalty income	344,528	375,000	(30,472)	-8%
Total Rates	56,309,445	55,574,852	734,593	1%
Other Income				
Dividends	1,335,120	827,000	508,120	61%
Interest Revenue (external)	739,196	878,200	(139,004)	-16%
Petroleum Tax	372,627	367,000	5,627	2%
Gain on Sale of Fixed Assets	3,355,958	1,620,000	1,735,958	107%
Marlborough Regional Forestry	2,876,250	1,416,000	1,460,250	103%
Property and Other Revenue	1,546,109	1,024,841	521,268	51%
Total Other Income	10,225,260	6,133,041	4,092,219	308%
Activity Income				
Democratic Process	72,684	41,680	31,004	74%
Culture and Heritage	1,708	-	1,708	-
Community Housing	1,104,898	1,119,927	(15,029)	-1%
Community Safety	152,082	261,841	(109,759)	-42%
Community Support	266,864	210,030	56,834	27%
Library Services	120,340	139,000	(18,660)	-13%
Emergency Management	103,470	48,200	55,270	115%
Community Facilities	1,287,630	1,337,180	(49,550)	-4%
Roads and footpaths	7,130,179	8,072,415	(942,237)	-12%
Flood protection and control works	3,406,018	2,920,914	485,104	17%
Sewerage	2,415,928	1,635,650	780,278	48%
Stormwater drainage	163,424	226,000	(62,576)	-28%
Water Supply	407,384	438,500	(31,116)	-7%
Solid Waste Management	4,987,868	4,458,821	529,047	12%
Environmental Policy	14,706	-	14,706	-
Environmental Science and Monitoring	154,634	5,000	149,634	2993%
Resource Consents	1,229,521	1,225,000	4,521	0%
Building Control	1,768,869	2,114,150	(345,281)	-16%
Compliance	922,723	868,600	54,123	6%
Biosecurity (Pest Management)	119,367	20,000	99,367	497%
Harbours	450,177	188,731	261,446	139%
Regional Development	1,656,895	1,611,688	45,207	3%
Total Activity Income	27,937,368	26,943,327	994,041	4%



Total MDC Income	94,472,073	88,651,220	5,820,854	7%
-------------------------	-------------------	-------------------	------------------	-----------

**Income and Expenditure
Year Ended 30 June 2014**
Expenditure

	actual	budget	variance	
Activity Expenditure				
Democratic Process	2,834,393	2,765,358	(69,035)	-2%
Culture and Heritage	2,900,325	2,966,157	65,832	2%
Community Housing	1,455,349	1,242,839	(212,510)	-17%
Community Safety	278,316	374,725	96,409	26%
Community Support	1,243,152	1,334,710	91,558	7%
Library Services	1,731,770	1,716,524	(15,246)	-1%
Emergency Management	944,813	787,295	(157,518)	-20%
Community Facilities	8,543,304	8,124,134	(419,170)	-5%
Roads and footpaths	19,716,069	19,813,746	97,676	0%
Flood protection and control works	4,903,223	4,482,034	(421,189)	-9%
Sewerage	8,839,686	10,397,178	1,557,492	15%
Stormwater drainage	1,678,098	1,717,643	39,545	2%
Water Supply	8,131,075	8,095,439	(35,636)	-0%
Solid Waste Management	6,605,444	6,760,572	155,128	2%
Environmental Policy	1,755,234	1,358,470	(396,764)	-29%
Environmental Science and Monitoring	3,059,632	3,148,375	88,742	3%
Resource Consents	2,200,726	2,229,187	28,461	1%
Building Control	2,653,203	2,508,096	(145,107)	-6%
Compliance	2,207,056	2,231,032	23,976	1%
Biosecurity (Pest Management)	1,156,183	1,300,375	144,192	11%
Harbours	1,131,560	1,027,965	(103,595)	-10%
Regional Development	5,035,353	5,001,259	(34,095)	-1%
Total Activity Expenditure	89,003,964	89,383,111	379,147	0%
Includes Internal Interest	6,380,316	7,527,804	1,147,488	15%
	82,623,648	81,855,306	(768,342)	-1%



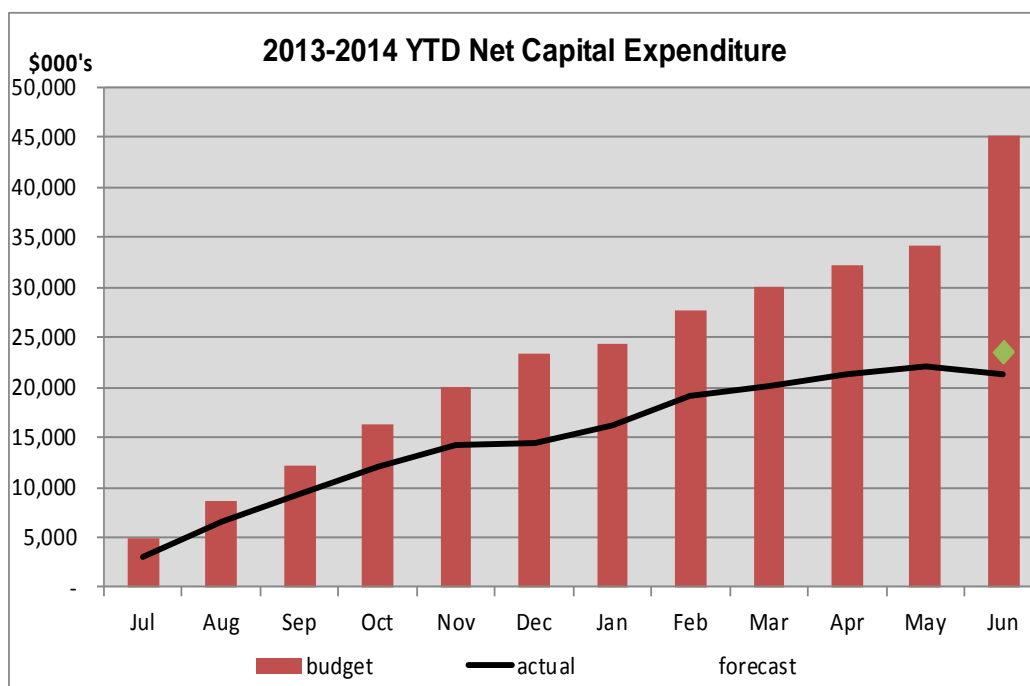
Other expenditure				
Interest expense (external)	1,211,335	2,389,438	1,178,103	49%
Property and other expenditure	2,272,724	2,383,853	111,129	5%
Total other expenditure	3,484,059	4,773,291	1,289,232	27%
Total MDC expenditure	86,107,707	86,628,597	520,890	1%
SURPLUS	8,364,367	2,022,623	6,341,744	314%

Capital Expenditure Statement

Year Ended 30 June 2014

Net capital expenditure

	actual	budget	variance	
Democratic Process	23,219	20,000	(3,219)	-16%
Culture and Heritage	-	10,000	10,000	100%
Community Housing	(260,071)	445,500	705,571	158%
Community Support	259,931	202,000	(57,931)	-29%
Library Services	202,730	316,562	113,832	36%
Emergency Management	28,588	35,800	7,212	20%
Community Facilities	745,424	3,040,260	2,294,836	75%
Roads and footpaths	7,448,964	10,117,750	2,668,786	26%
Flood protection and control works	1,119,914	2,286,800	1,166,886	51%
Sewerage	10,220,970	14,516,330	4,295,360	30%
Stormwater drainage	1,199,991	1,344,242	144,251	11%
Water Supply	1,533,637	2,646,167	1,112,530	42%
Solid Waste Management	134,342	160,800	26,458	16%
Environmental Science and Monitoring	78,336	69,000	(9,336)	-14%
Consents and Compliance	-	6,500	6,500	100%
Harbour Control	117,844	540,898	423,054	78%
Regional Development	426,639	148,000	(278,639)	-188%
Investment activities	(4,778,180)	6,104,000	10,882,180	178%
Corporate Overheads	2,816,960	3,176,580	359,620	11%
Total Net Capital Expenditure	21,319,238	45,187,189	23,867,951	53%



9. 2013/14 Budget Carry-Overs

(Cllr Arbuckle) (Report prepared by Alison Trustrum-Rainey)

F045-01

Purpose

1. To obtain Council approval for 2013/14 budget carry-overs to be incorporated into the 2014/15 budgets.

Background

2. A number of works scheduled for completion in the 2013/14 year did not proceed or were not completed for a variety of reasons.
3. Details of these works are shown on the **attached** schedule.
4. Since funding for these works was determined in the 2013/14 budget within the 2013/14 Annual Plan it is now necessary to amend the 2014/15 budgets to reflect these 'carry-overs'.
5. There is no rating impact arising from the 'carry-over' action.

RECOMMENDED

That the 2014/15 budgets be amended to incorporate the 2013/14 carry-overs.

**SUPPORT SERVICES: REQUEST FOR 2013/14 BUDGET
CARRYOVERS TO 2014/15**

Reason for carry-over \$ amount	\$
Information Services	
Online development customer connect not undertaken in 2013/14 ePlan \$52,500, Customer connect \$22,000 and Lidar \$65,000	139,500
Network Storage Area Network (SAN)	25,000
Asset Management Information System Project, Enterprise Budgeting Project work to occur in 2014/15	98,741
OH: HR General Operations	
Tax carryover due to delay in receipt of invoices	21,700
Libraries	
Equipment to be purchased 2014/15	2,156
Additional computer to be purchased 2014/15	1,500
Underspent - carryover	1,462
Adelaide Fraser Bequest Carryover + Limited shelving space - Carryover for new facilities	108,452
Customer and Office Services	
Administration Building and Equipment Renewals Programme, carpet renewal	145,000
Administration Building and Equipment Renewals Programme, balance carryover for meeting rooms and chairs and aircon R&M	98,000
Smartpower	45,000
Office Services unspent training course and associated travel moved to September	13,218
Customer Services unspent furniture, uniforms and training	15,354
Regional Development	
Carryover due to late start of regional events co-ordination activity	18,123
Economic Impact report- Marlborough food and wine	13,500
Events website fee	2,500
Parking Blenheim replacement of parking handhelds	18,000
Funding for review of Economic Development structure, Marlborough Story implementation + possible China and young person's skills project.	60,273
Corporate Finance	
Obtain expert advice as necessary on:	
• Rating area review	20,000
• Implementing recent and potential changes to the Local Government Act 2002	80,000
• Enterprise Budgeting enhancements	20,000
• Development Contributions Policy review	40,000
• Wairau River & Tourism rating review	20,000
• Possible Credit rating for Council	75,000
• Group taxation review	30,000
• International Public Sector Accounting Standards implementation	10,000
Community Development:	
Heritage Other	
Grants not yet uplifted: Flaxbourne Museum partnership \$5,000, Picton Historical Society \$20,000	25,000
Edwin Fox Book	20,000
Grants and Donations	
Youth Initiatives Funding as follows all to occur in 2014-15:	
Board Art Project	5,000
Youth Performance Funding	1,000
Individuals in Need Fund not uplifted	500
Public Health Grant	500
Intergenerational Event	10,000
Community Grants not uplifted yet	
Picton Ambulance	2,500
Search and Rescue	4,000
Waikawa Marae	3,000
Plunket Society	3,000
Blenheim Tae Kwon Do	500
Badminton Marlborough	00
Wifi Picton and Blenheim Funding	11,944
Annual Operating Grant carry over approved by Council - Marlborough Youth Trust	60,000
Picton Forum grant	,091
Positive Aging projects	10,000
Festive Lights	9,000
Community Development - Management	
Contracts for Volunteer Marlborough & WHO Project	25,000
Commercial Property	
Queen Street-Civic Theatre Complex purchase	6,000,000

10. Debtor's Overdue Report as at 31 July 2014

(Clr Arbuckle) (Report prepared by Sonja Greenhill)

F220-002-020-13-14

Purpose

1. To present the Debtors and Property Leases and Licences Debtors reports as at 31 July 2014.

Background

2. This report reports on the levels of debt relating in the main to the following revenue streams:
 - Building Consents
 - Resource Consents
 - Development Contributions
 - Licences
 - Tradewaste
 - Water and Sewerage Connections
3. The Debtors Report as at 31 July 2014 is **attached** for Councillors' information.
4. The 30-90 days balance includes \$316,338.80 of 30 days debtors. Payment from four large debtors totalling \$145,070.58 was received in early August.
5. The Property Leases and Licences Debtors Report as at 31 July 2014 is also **attached** for Councillors' information. Current and Total balances fluctuate monthly depending on individual leases and invoicing periods, e.g. monthly, quarterly, six monthly or annual.

RECOMMENDED

That the information be received.

DEBTORS REPORT AS AT 31 JULY 2014

	Current Month	Comparison for Previous 5 Months				
Aged Analysis Report	July	June	May	April	March	February
Current	1,021,967.71	1,399,670.33	1,252,377.82	945,842.28	1,251,414.20	1,120,659.42
30 - 90 Days	365,936.94	207,143.99	295,346.12	256,389.40	175,188.50	235,175.00
90 Days	383,618.49	380,539.77	369,444.70	360,306.77	407,796.11	381,344.30
Outstanding Debtors Closing Balance	1,771,523.14	1,987,354.09	1,917,168.64	1,562,538.45	1,834,398.81	1,737,178.72

Debtors Action Report - Debtors over 90 days with Balance >\$250

	July	June	May	April	March	February
With Receivables Management	2,685.33	2,685.33	2,685.33	2,685.33	2,685.33	1,997.37
Paying by Arrangement	41,454.70	38,827.67	39,117.27	37,021.44	33,899.40	52,068.88
Negotiating Payment Arrangement	13,043.35	13,043.35	298,732.39	298,234.89	309,182.23	308,703.01
Debts in Dispute	324,622.07	324,208.07	10,895.03	10,895.03	10,895.03	13,769.78
Payments since month end taken off above amounts	1,180.00	1,100.00	17,482.13	10,844.36	50,017.68	3,393.58
Sub-Total	382,985.45	379,864.42	368,912.15	359,681.05	406,679.67	379,932.62
Various Debtors with Balances <\$250	633.04	675.35	532.55	625.72	1,116.44	1,411.68
Over 90 days Outstanding Total	383,618.49	380,539.77	369,444.70	360,306.77	407,796.11	381,344.30

Property Leases and Licences Debtors Report as at 31 July 2014

Aged Analysis Report	Current Month	Comparison for Previous 5 Months				
	July	June	May	April	March	February
Current	84,304.31	49,174.41	71,065.53	50,492.32	9,227.37	56,019.58
30 Days	15,967.92	18,400.50	11,751.04	1,783.79	8,852.91	7,252.50
60 Days	7,848.04	1,077.30	(1,161.50)	10,314.95	117.17	4,670.96
90 Days	16,353.79	15,784.42	17,191.55	18,542.76	23,264.45	25,642.19
Outstanding Debtors Closing Balance	124,474.06	84,436.63	98,846.62	81,133.82	41,461.90	93,585.23
60 and 90 days Overdue Balance	24,201.83	16,861.72	16,030.05	28,857.71	23,381.62	30,313.15

11. Rates Reports as at 1 August 2014

(Clr Arbuckle) (Report prepared by Wendy Williams)

F270-28-14

Purpose

1. To present the Rate Levies Status Report, Rate Arrears Aged Balance Report as at 1 August 2014 and the Water Billing Debtors' Report as at 31 July 2014.

Rate Levies Status Report and Rate Arrears Aged Balance Report

2. **Attached** for information are the Rate Levies Status Report and Rate Arrears Aged Balance Report as at 1 August 2014. These reports incorporate the 2014-15 levies for the first quarter, invoiced on 1 August 2014.
3. We have collected 2.74% of the overall rates levied for 2014-2015 (inclusive of arrears) and this compares with 4.57% at this time last year. The lower collection percentage reflects that this year's report was prepared two weeks earlier than last year and is only five weeks into the financial year.
4. Since the final day for payment of 2013-14 rate instalment four on 10 June 2014, 789 (687) reminder letters were posted due to non-payment, 234 (254) received a second letter and will require further follow up action. The comparable number for this time last year is shown in brackets. One reason for the drop in second letter numbers relates to our decision in July 2013 to now follow up those with outstanding rates over \$100 rather than \$50 as previously reported.
5. We commenced processing rate rebate applications on 1 August 2014 and designated staff will be available for the first six weeks to assist ratepayers to complete their applications. As at 14 August 2014, 650 applications have been received.
6. 2014-15 Rate instalment one, rate assessment and rates information were posted out during the first week of August. Payment of rate instalment one is due on 10 September 2014.

Water Billing Debtors Report

7. **Attached** for information is the Water Billing Debtors Report as at 31 July 2014.
8. 90 Days balance has reduced since June.
9. 30-90 days is all 30 days following June quarterly billing.

RECOMMENDED

That the report be received.

Rate Levies Status Report as at 1 August 2014

Financial Division	Balance B/Fwd (01/07/14)	Inst Levy To Q4	Arrears Pen	Instal Pen	Adjustments	Cash Received (incl Paid in Advance)	Add back Paid in Advance 01/08/2014	Balance 01/08/2014
Blenheim	210,139	8,168,477	28,796	(883)	(119,720)	(815,662)	120,372	7,591,519
Blenheim Vicinity	40,089	3,169,445	6,106	(519)	(76,696)	(155,901)	36,479	3,019,004
General Rural	154,387	2,386,058	16,902	(306)	(43,853)	(103,256)	52,715	2,462,648
Picton	117,002	1,998,098	9,567	(75)	(49,237)	(156,746)	27,567	1,946,175
Picton Vicinity	6,638	141,670	897	-	(1,981)	(8,515)	2,813	141,523
Sounds Admin Rural	21,595	262,868	2,240	-	(12,391)	(11,724)	12,158	274,746
Utilities Network	-	3,814	-	-	-	-	-	3,814
Current Year Totals	549,850	16,130,430	64,508	(1,783)	(303,878)	(1,251,804)	252,105	15,439,428

Rate Arrears Aged Balance Report as at 1 August 2014

Year	Total Outstanding (01/07/2014)	Cash Received (-)	Total Arrears Outstanding 01/08/2014	Postponed Rates included in Total Arrears
2013/14	885,680	209,640	676,041	12,425
2012/13	98,850	9,467	89,383	6,184
2011/12	27,291	934	26,357	5,168
2010/11	17,224	-	17,224	4,868
2009/10	12,449	300	2,149	5,319
Prior 2009	5,552	60	5,492	47
Total	\$1,047,047	\$220,401	\$826,646	\$34,910

Rates balance b/fwd	549,850	
Add back Paid in Advance	497,196	Paid in Advance 1/7/2013
Total Arrears Actual	\$1,047,047	435,552

Water Billing Debtors Report as at 31 July 2014

Aged Analysis Report	Current Month	Comparison for Previous 5 Months				
	July	June	May	April	March	February
Current	(136.46)	765,275.73	4,424.16	213.17	895,278.34	210,216.25
30 - 90 Days	156,241.19	80.84	32,998.17	120,872.01	68,138.76	38,279.08
90 Days	12,295.36	32,290.48	20,614.71	(7,472.40)	20,487.15	12,273.91
Outstanding Debtors Closing Balance	168,400.09	797,647.05	58,037.04	113,612.78	983,904.25	260,769.24
Debtors Action Report - Debtors over 90 days Balance >\$250	July	June	May	April	February	January
Paying by Arrangement	-	-	-	-	340.00	-
Negotiating Payment Arrangement	15,904.19	26,627.13	30,337.84	4,650.04	6,012.81	21,022.08
Payments since month end taken off above amounts	-	10,635.55	1,183.68	255.68	22,126.50	-
Sub-Total	15,904.19	37,262.68	31,521.52	4,905.72	28,479.31	21,022.08
Various Debtors with Balances <\$250 or Credit Balances	(3,608.83)	(4,972.20)	(10,906.81)	(12,378.12)	(7,992.16)	(8,748.17)
90 days Outstanding Total	12,295.36	32,290.48	20,614.71	(7,472.40)	20,487.15	12,273.91

12. 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

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
Debtors' Overdue Report	In order to protect the privacy of natural persons, as provided for under Section 7(2)(a).	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.