



**ATTACHMENT  
COUNCIL AGENDA –  
28 FEBRUARY 2013  
ITEM 3.10 – COUNCIL  
ACTIVITIES**

## Council Activities

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## Activity: Democratic Process

Operating costs of this activity represent approximately 3.3% of total activity expenditure.

Manager: Mike Porter

### Emerging Issues and Expected Changes

The following are the emerging issues and expected changes within this Activity:

The main emerging issue within this Activity is the community's expectation for more information, consultation and recognition of significant events and people, which increases the cost in these areas.

The Triennial election takes place in October 2013, therefore there are also increased costs for this financial year.

### Levels of Service: Democratic Process

Refer to the LTP.

### Expenditure by Significant Type

Democratic Process	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Contributions - Miscellaneous	2	2	2	2
Refunds (other than rates)	0	40	0	0
<b>Total External Revenues</b>	<b>2</b>	<b>42</b>	<b>2</b>	<b>2</b>
Personnel costs	282	303	294	301
Advertising	201	210	205	211
Audit Fees	0	0	95	0
External Support	0	0	36	0
Contracts	5	120	0	8
Councillors Salaries	640	580	594	606
General Expenses	27	23	31	22
Legal	31	32	31	33
Subscriptions	91	91	93	96
Travel and Accommodation	28	28	29	29
Overhead Allocation	1,085	1,121	1,165	1,196
Section management	123	132	136	139
Other	121	125	109	120
<b>Operating expenditures</b>	<b>2,634</b>	<b>2,765</b>	<b>2,818</b>	<b>2,761</b>

**Contracts** - This relates to the 2013 election.

**Councillor Salaries** - when the estimate of Councillors' remuneration was made for 2012-13, the official determination had not been received. It was anticipated that the remuneration levels would be higher than finally determined.

### Projects > \$20,000

\*(Includes Professional Advice, Contracts and Contributions)

Description	2012/13	2013/14	2014/15	2015/16
LTP Audit			\$97,000	
Election		\$149,150		

**Major Contracts - > 5% of the Activity's Expenditure or \$100,000 whichever is the lesser**

<b>Contract</b>	<b>\$ per annum/total</b>	<b>Finishes</b>	<b>Comment</b>
Elections – with Elections.com	\$149,150	At conclusion of triennial election	For election services

**Project and Other Operating Expenditure Reduction Possibilities**

<b>Description</b>	<b>\$Values</b>	<b>Impact/Consequence/Risks on LOS</b>
	\$0	No reduction recommended as the community is generally seeking greater engagement with Council.

**Local Government Act (2012 Amendment)**

Democracy is listed in Section 10(1)(a) of the Act.

**RECOMMENDED**

That Council receive this report.

## Activity: Culture and Heritage

Operating costs of this activity represent approximately 0.8% of total activity expenditure.

Manager: Lyne Reeves

### Emerging Issues and Expected Changes

The Heritage and Arts sectors are under stress due to limited funding sources and a need to invest in new technology, update collections and collection practices, and cope with the increasingly diverse forms of arts being practised in Marlborough. There is also a desire in the sector for the expansion of museum facilities and to provide a greater level of trained professionals in the local industry.

Council recognises the importance of heritage and art to Marlborough and will assist organisations in accessing resources to increase support beyond the current levels with assistance from other funding organisations.

Council's relationships with its partners in the heritage and arts sectors will remain its most important resource in delivering this activity.

### Levels of Service: Culture and Heritage

Refer to LTP.

### Operating Expenditure by Significant Type

<b>Total Arts</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Grants	3,713	3,732	414	414
Overhead Allocation	4	5	5	5
Section Management	13	13	14	14
<b>Operating expenditures</b>	<b>3,730</b>	<b>3,750</b>	<b>432</b>	<b>432</b>

<b>Total Heritage</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Grants	326	333	333	333
Insurance	2	0	0	0
Depreciation	4	5	5	5
Overhead Allocation	5	5	5	5
Section Management	14	14	15	15
Other	3	4	4	5
<b>Operating expenditures</b>	<b>354</b>	<b>361</b>	<b>362</b>	<b>363</b>

### Capital Expenditure Projects > \$20,000

Nil

### Project and Other Operating Expenditure Reduction Possibilities

<b>Description</b>	<b>\$Values</b>	<b>Impact/Consequence/Risks on LOS</b>
Grants		<p>Historically the response from the community to a reduction in grants funding has seen a significant lobbying from the sector through local media to have these reinstated.</p> <p>\$5,000 allocated for Arts Strategy Grants and \$75,000 allocated for Heritage Strategy Grants in both 2011-12 and 2012-13 total \$100,000 and \$150,000, only \$48,142 was allocated for Arts and \$116,781 for Heritage. As a result cumulative carry forwards total \$85,077.</p> <p>As a means of reducing the impact on rates it is proposed that any unallocated contestable funding to be carried over and used to offset the need</p>

		for current use rates. The maximum annual budget for contestable funding at \$50,000 for arts and \$75,000 for heritage will be retained.  It is recommended that this approach be endorsed for future years.
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## Grants

Grants	2012/13	2013/14	2014/15	2015/16	Impact /Consequence
Millennium Art Gallery - CEO	50,000	50,500	50,500	50,500	Annual Operating
Millenium Art Gallery	50,000	50,500	50,500	50,500	Annual Operating
<b>Total Art Gallery</b>	<b>100,000</b>	<b>101,000</b>	<b>101,000</b>	<b>101,000</b>	
Civic Theatre Trust Operating	-	100,000	200,000	200,000	Operating grant. 2013/14:part year, 2014/22: full year
Civic Theatre Trust Capital	3,500,000	-	-	-	significant portion epected to be carried over to 13/14
Marlb. District Brass Band	20,000	20,000	20,000	20,000	Annual Operating
Arts Strategy Implementation	50,000	50,000	50,000	50,000	Applied to, Annual & Contract
<b>Total Arts Other</b>	<b>3,570,000</b>	<b>170,000</b>	<b>270,000</b>	<b>270,000</b>	
Historical Society - general	101,000	101,000	101,000	101,000	Annual Operating
Historical Society - insurance	10,000	16,700	16,700	16,700	Annual Operating (since 2010/11)
Historical Society - Archives Position	20,400	20,400	20,400	20,400	Annual Operating (since 2009/10)
Historical Society \$ for \$	50,000	50,000	50,000	50,000	
<b>Total Historical Society</b>	<b>181,400</b>	<b>188,100</b>	<b>188,100</b>	<b>188,100</b>	
Picton Historical Society	20,000	20,000	20,000	20,000	Annual Operating (since 2010/11)
Heritage Strategy Implementation	125,000	125,000	125,000	125,000	\$50,000 is committed to partnership agreements for Renwick, Havelock & Flaxbourne Museums and Edwin Fox as well as contract for the Marl Heritage Inventory database. \$75,000 is contestable and applied to once p.a.
<b>Total Heritage Other</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>	
<b>TOTAL ACTIVITY</b>	<b>3,996,400</b>	<b>604,100</b>	<b>704,100</b>	<b>704,100</b>	

The 2012-13 Grant figures shown above are those approved in the Draft 2012-13 Annual Plan. As part of the consultation process, the following additional allocations were made:

	2012/13	
Arts strategy	11,000	Millennium Art Gallery: CEO \$500 pa, Grant \$500 pa, one-off \$10,000 Millennium Art Gallery.
Heritage Strategy	46,021	Carried over from 2011-12; applied 6,700 pa Historical Society Insurance, \$34,321 Cobb Cottage, Brayshaw Park Administrators \$5,000, remainder Heritage Strategy Implementation.

## Local Government Act (2012 Amendment)

Arts and Heritage activities are consistent with S11A of the Act "museums and community infrastructure" and S11(1)(b) "local public services" are provided in a highly cost effective manner through the use of external parties and volunteers.

## RECOMMENDED

**That Council receive this report.**

## Activity: Community Housing

Operating costs of this activity represents approximately 1.5% of total activity expenditure.

Manager: Dean Heiford

### Emerging Issues

The following issues are emerging within this Activity:

- Age of units.
- Increasing elderly population with decreasing income.
- Rents below market levels.
- Increasing maintenance costs.
- Increase in demand for current units and demand for Council to build more units.

Currently the housing is of reasonable quality but due to some units being old and some on unstable land there is a need to undertake redevelopment and upgrading of a number of units. Council agreed to a comprehensive budget in the 2012/13 LTP.

### Levels of Service: Community Housing

Refer to the LTP.

### Expenditure by Significant Type

Community Housing	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Property rentals	1,074	1,112	1,155	1,178
Other	0	8	0	0
<b>Total External Revenues</b>	<b>1,074</b>	<b>1,120</b>	<b>1,155</b>	<b>1,178</b>
General Expenses	2	2	2	2
Insurance	40	69	70	72
Loss On Sale of Fixed Assets	108	0	0	0
R & M Community Housing	493	507	520	433
Subsidies Community Housing	11	21	21	21
Depreciation	227	258	268	277
Interest payments	5	0	0	0
Overhead Allocation	40	50	52	53
Property Management	85	85	87	89
Other	243	251	257	263
<b>Operating expenditures</b>	<b>1,254</b>	<b>1,243</b>	<b>1,277</b>	<b>1,210</b>

### Projects > \$20,000\*

Description	2013/14	2014/15	2015/16	2016/17	Comment
R&M Grounds	\$73,000	\$72,000	\$76,000	\$76,000	Contract
R&M Painting	\$122,000	\$124,000	\$95,000	\$54,000	Asset Plan
R&M Plumbing	\$44,000	\$44,000	\$45,000	\$46,000	
Renovations	\$0	\$80,000	\$0	\$0	

### Project and Other Operating Expenditure Reduction Possibilities

N/A

## Capital Expenditure Projects > \$20,000

Community Housing	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Andrew Place Dashwood Redevelopment	832,500	-	-	-	
Buller Street Redevelopment	-	-	-	-	
Cleghorn Units Renovation	-	-	-	-	
Vivian Place Renovation	-	81,836	-	-	
Vivian Place Redevelopment	-	-	174,459	536,748	
Conversion of Bedsits	-	-	157,170	-	
<b>Total</b>	<b>832,500</b>	<b>81,836</b>	<b>331,629</b>	<b>536,748</b>	

The development programme has been agreed by Council in the 2012-13 LTP – in the long term this portfolio is self-funding.

### Local Government Act (2012 Amendment)

The provision of Community Housing is specifically identified as a significant activity of Council in Section 5 definition of strategic asset which includes “any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable leasing as part of its social policy”.

This activity is managed under contract by a third party and is not rate funded.

### RECOMMENDED

**That Council receive this report.**



## Activity: Community Safety

Operating costs of this activity represent approximately 0.4% of total activity expenditure.

Manager: Paul Johnson

### Emerging Issues and Expected Changes

Safer Communities Marlborough has always operated in an environment of potential change with the majority of funding provided by central government for each of the individual projects.

Recent changes with the Truancy and Youth Services contracts along with changes to key staff have resulted in the implementation of a review of the viability of Safer Communities Marlborough.

It is considered that the various services that Safer Communities Marlborough provide are of high value to the community and so options are being explored for transition of services to other providers.

### Levels of Service: Community Safety

Refer to the LTP. There is the potential that the present review of Safer Communities Marlborough will result in changes with the possibility that some of the present services provided by Safer Communities Marlborough may be provided by other community organisations.

### Expenditure by Significant Type

<b>Community Safety</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Donations and Grants - GST liable	287	228	234	240
Other	18	34	19	19
<b>Total External Revenues</b>	<b>305</b>	<b>262</b>	<b>253</b>	<b>259</b>
Personnel costs:				
reduced as Truancy Contract not renewed	278	228	0	0
other	0	0	234	239
General Expenses	14	14	14	15
Maintenance Vehicles	6	4	4	4
Repairs & Maintenance	15	6	6	6
Depreciation	54	0	0	0
Overhead Allocation	10	11	11	11
Section Management	6	7	7	7
Other	0	0	108	110
Other - Increased to cover CCTV leave.	36	105	0	0
<b>Operating expenditures</b>	<b>419</b>	<b>375</b>	<b>384</b>	<b>392</b>

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

N/A

### Project and Other Operating Expenditure Reduction Possibilities

<b>Description</b>	<b>\$Values</b>	<b>Impact/Consequence/Risks on LOS</b>
Nil		Generally there is no reduction in expenditure as Safer Communities Marlborough is mainly funded by Government Ministries to provide contracted services. This could change with the outcome of the present review.

**Capital Expenditure Projects > \$20,000**

N/A

## **Local Government Act (2012) Amendment**

As this activity is predominantly Government funded, it is a service that Government expects Councils to provide.

### **RECOMMENDED**

**That Council receive this report.**

## Activity: Community Support

Operating costs of this activity represent approximately 1.5% of total activity expenditure.

Manager: Lyne Reeves, David Craig and Murray South

### Emerging Issues and Expected Changes

The changing age structure of the Marlborough community will pose some challenges for future infrastructure and delivery of services. In the coming years our community is going to be “older” – 2006 Census shows 16% of the population was over 65, by 2016 that will have increased to 22% and expected to increase to almost a third of the population by 2031. The other significant change anticipated is an increase in the ethnic diversity of the Marlborough community. It is already apparent that ethnic and cultural diversity will be an increasingly prominent feature of the population.

These changes to the composition to the community have major implications for planning of Council and non-Council services – they affect for example the demand for and delivery of health and education services, along with housing, transport (including passenger transport and mobility) and recreation. They have implications for the labour market, and the demand for a wide range of goods and services. Delivery of community based services is also affected by the changes experienced in the community. Volunteer input is an enormously valuable community resource. Support is needed to build the capacity of the sector to ensure services continue to be provided that reflect the changing needs of the community and reduction of funding from other funding sources and changes in government policy.

For Events Management, the main challenge is to keep events relevant and interesting in times of changing population demographics. This includes challenges for the providers to achieve funding from other sources to maximise the events at a time when there is significant pressure on these sources from the community sector. Sponsorship is also decreasing from the business sector.

It is anticipated that a review of Blenheim bus service routes will be required in response to public demand to service the new Outer Limits (Westwood) development.

Total Mobility Scheme membership and usage is increasing in line with our aging population demographic. It will be challenging to manage expenditure without imposing restrictions on purpose and frequency of travel.

### Levels of Service - Community Support

Refer to LTP.

### Revenue and Expenditure by Significant Type

<b>Community: Grants &amp; Donations</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Personnel costs	42	43	44	45
Grants	302	288	288	288
Grants - Youth	60	60	60	60
Grants - Picton forum	5	5	5	5
Grants - Positive Ageing	15	15	15	15
Overhead Allocation	22	22	23	24
Departmental Management	21	22	23	23
<b>Operating expenditures</b>	<b>466</b>	<b>455</b>	<b>458</b>	<b>460</b>

<b>Regional Development: Events Management</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Contracts	160	160	164	168
Overhead Allocation	13	13	14	14
<b>Operating expenditures</b>	<b>173</b>	<b>173</b>	<b>177</b>	<b>182</b>

<b>Community: Energy Efficiency</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Energy Efficient Services	150	150	150	150
Internal Allocations	27	40	48	54
Other	6	6	6	6
<b>Operating expenditures</b>	<b>183</b>	<b>196</b>	<b>204</b>	<b>210</b>

<b>Total Recreation</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Personnel costs	11	12	12	12
Contracts	50	50	51	52
Personnel	6	6	6	6
Section Management	6	6	6	6
<b>Operating expenditures</b>	<b>73</b>	<b>74</b>	<b>75</b>	<b>77</b>

<b>Total Other Transport Services</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Sponsorship	35	35	35	35
Roading subsidy revenue	168	157	162	178
Sales	15	15	15	16
Other	6	3	4	0
<b>Total External Revenues</b>	<b>224</b>	<b>210</b>	<b>216</b>	<b>229</b>
Contracts	145	146	149	153
Grants	15	8	8	15
Materials	105	105	108	116
Subsidies	32	32	33	35
Passenger Transport administration	11	11	11	12
Overhead Allocation	14	14	15	15
Other	12	13	13	15
<b>Operating expenditures</b>	<b>334</b>	<b>329</b>	<b>337</b>	<b>361</b>

## Grants

Grants	2012/13	2013/14	2014/15	2015/16	Impact /Consequence
<b>Community Grants</b>					
Citizens Advice Bureau	7,100	7,100	7,100	7,100	Annual Operating Grant
Sport Tasman	20,000	20,000	20,000	20,000	Annual Operating Grant
Picton Resource Centre	4,500	4,500	4,500	4,500	Annual Operating Grant
Marlb. Safer Community Group	7,500	7,500	7,500	7,500	Annual Operating Grant - under review
Awatere Community Trust	6,500	6,500	6,500	6,500	Rent
Awatere Community Trust	10,000				Building
Awatere Community Trust	7,500	7,500	7,500	7,500	Annual Operating Grant
Lions Science Fair and miscellaneous	2,000	2,000	2,000	2,000	Annual Operating Grant
Marlborough Youth Trust	40,000	40,000	40,000	40,000	Annual Operating Grant
Marlborough Migrant Centre	10,000	10,000	10,000	10,000	Annual Operating Grant
Rarangi Surf Life Saving	10,000	10,000	10,000	10,000	Annual Operating Grant
Community Grants	100,000	100,000	100,000	100,000	Criteria set applied to annually
Building Consent Grants	15,000	15,000	15,000	15,000	Applied to under policy criteria
Resource Consent Grants	13,000	13,000	13,000	13,000	Applied to under policy criteria
Transfer Station Grants	2,000	2,000	2,000	2,000	Applied to under policy criteria
Festive Lights	22,500	22,500	22,500	22,500	Reserves administrator
Life Flight	10,000	10,000	10,000	10,000	
Nelson Rescue Helicopter	10,000	10,000	10,000	10,000	
Bm Ministers Assoc.	4,000	-	-	-	
Youth Initiatives Funding	60,000	60,000	60,000	60,000	Annual contract, applied to plan implementation, allocated by the Youth Council
Picton Forum	5,000	5,000	5,000	5,000	Annual Operating Grant
Positive Ageing Accord	15,000	15,000	15,000	15,000	Policy implementation, events, contracts
<b>sub-total</b>	<b>381,600</b>	<b>367,600</b>	<b>367,600</b>	<b>367,600</b>	
<b>Passenger Transport Grants</b>					
Other Transport Services	15,000	7,500	7,500	15,000	Wheel chair hoists-taxi vans, new one every 3rd yr
<b>Total Grants</b>	<b>396,600</b>	<b>375,100</b>	<b>375,100</b>	<b>382,600</b>	

Note – the above figures do not include carry overs from 2011-12.

Contracts	2012/13	2013/14	2014/15	2015/16	Impact /Consequence
Events Management	160,000	160,000	163,721	167,597	Festival Events Trust and Go Marlborough Contracts, \$160k inflated by berl indices in future years
Recreation	50,000	50,000	51,163	52,374	Go Marlborough, \$50k inflated by berl indices in future years
Passenger Transport	145,000	146,075	149,472	153,011	Ritchies inflated by berl indices in future years
<b>Total Contracts</b>	<b>355,000</b>	<b>356,075</b>	<b>364,356</b>	<b>372,982</b>	

## Project and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risks on LOS
Community Grants	\$300,000+	<p>These grants are a mixture of annual ongoing operating grants, Contracts, policy implementation funding and contestable funding – details in the previous table.</p> <p>Historically the response from the community to a reduction in grants funding has seen a significant lobbying from the sector through local media to have these reinstated.</p> <p>However, of the \$100,000 allocated for community grants in both 2012-12 and 2012-13, total \$200,000, only \$57,834 was allocated in 2011-12 and \$80,640 in 2012-13. As a result cumulative carry forwards total \$61,526.</p> <p>As a means of reducing the impact on rates it is proposed that any unallocated contestable funding to be carried over and used to offset the need for current use rates. The maximum annual budget for contestable funding at \$100,000 for community support will be retained.</p> <p>It is recommended that this approach be endorsed for future years.</p>
Total Mobility Scheme	\$162,315	Any reduction in budget would require travel restrictions to be imposed on scheme participants and loss of NZTA subsidy.

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

Contract	\$ per annum/total	Finishes	Comment
See Projects table above for more information.			
Blenheim Urban Bus Services (Ritchies Transport Holdings Ltd)	\$146,073	28/02/2015	New contract commenced on 1 March 2012
Total Mobility Services (Taxi operators)	\$105,000	On going	Financially assisted national scheme
Festivals & Events Trust – Community events	\$132,550	30 June 2013	New contract commences 1 July 2013 – three year term.
Go Marlborough – NYE Concerts	\$20,000	30 June 2013	Under Review, renewal proposed.

### Local Government Act (2012 Amendment)

The demand from the community for local public services (s10(1)(b)) embodied within this activity is high, based on the community's response to earlier attempts to reduce funding. The means of delivery varies from competitively tendered contracts for service to grants to highly cost effective volunteer organisations.

### RECOMMENDED

That Council receive this report.

## Activity: Library Services

Operating costs of this activity represents approximately 2.1% of total activity expenditure.

**Manager: Dean Heiford/Glenn Webster**

### Emerging Issues and Expected Changes

The major challenge facing Library Services is the lack of space in both libraries for collections and library users, especially class visits. Council has recognised the inadequacies of both facilities and is looking at options to update and/or expand them to meet the needs of the users and the community. Council's urban design strategies have reinforced the need for improved facilities in both Blenheim and Picton. Council is budgeting to expand/replace these libraries between 2018-19 and 2020-21, partially funded from the Forest Park Reserve and the sale of the old library buildings.

### Levels of Service: Library Services

Refer to the LTP.

Expenditure by Significant Type

<b>Library Services</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Fines	46	35	36	37
Non-property rentals	70	70	72	74
Other	28	34	34	35
<b>Total External Revenues</b>	<b>144</b>	<b>139</b>	<b>142</b>	<b>146</b>
Personnel costs	691	772	790	806
Cleaning	30	30	31	32
Contracts	44	60	61	63
Insurance	26	32	33	34
National Library Charges	18	19	19	20
Newspapers	14	14	14	15
Periodicals & Publications	11	11	11	12
Power	28	28	29	30
Depreciation	312	314	320	328
Corporate allocations & recoveries	315	335	348	357
Internal Contracts and Recharges	20	15	15	15
Other	50	87	97	94
<b>Operating expenditures</b>	<b>1,559</b>	<b>1,717</b>	<b>1,768</b>	<b>1,806</b>

### Personnel costs

Costs associated with opening the Libraries at the weekends have now been correctly budgeted for (\$21,000). The other increases in personnel costs are due to increased ACC levies and bringing the staff up to a full complement.

### Other

The voluntary reduction of \$50,000 to operating costs in 2012/2013 is proving not to be sustainable and have been partially returned to previous levels of funding (\$37,000).

### Projects > \$20,000\*

\*(Includes Professional Advice, Contracts and Contributions)

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

Kotui Library Mgt System	\$42,270	Annual maintenance / support contract
APNK	\$12,730	Annual maintenance / support contract
IN-SITE	\$5,000	Annual maintenance contract

**Project and Other Operating Expenditure Reduction Possibilities**

Description	\$Values	Impact/Consequence/Risks on LOS
Library	Nil	No reduction proposed. Staffing levels already compare very favourably with the staffing levels existing in the Nelson and Tasman libraries.

**Capital Expenditure Projects > \$20,000**

Libraries	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Additions: Permanent material buildings	-	-	-	-	2018-21 Provision has been made for new library
Additions: Computers	1,500	1,537	50,425	23,201	2015/16 Computer renewal 2019/20 Computer renewal
Additions: Computer servers	-	-	-	-	2019/20 Library Management System
Additions: Library books	220,000	231,602	243,722	256,831	Annual increase to build District Collection to meet national standard 3.5bks per head of population (148,953 items). Total collection (bks & non-bks) currently @ 128,227 items. Possible Reduction \$3k pa. Longer Period to meet national standard.
Additions: Library - non-books	20,000	21,520	23,112	24,820	Annual increase to update non-book collection to meet demand - Talking Books, E-books, DVDs etc
Additions: Office equipment	5,000	10,248	73,537	10,791	The need for carpet replacement in 2015-16 will be reviewed depending on progress in obtaining new library accommodation.
<b>Total Additions</b>	<b>246,500</b>	<b>264,907</b>	<b>390,796</b>	<b>315,643</b>	

**Local Government Act (2012 Amendment)**

Libraries are specifically referenced in Section 11A(e) of the Act.

**RECOMMENDED**

**That Council receive this report.**



## Activity: Emergency Management

Operating costs of this activity represent approximately 0.9% of total activity expenditure.

Manager: John Foley

### Emerging Issues

Refer to LTP

- Bedding in of new Marlborough/Kaikoura Rural Fire District.
- Possible legislative changes following the Canterbury earthquakes may have an impact upon Civil Defence.
- Group Welfare Response Plan needs to be completed in 2013.

### Levels of Service: Emergency Management

Refer to LTP.

### Revenue and Expenditure by Significant Type

<b>Emergency Management: General Operations</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Personnel costs	150	160	164	167
Lease - Admin vehicles	16	7	8	8
Overhead Allocation	20	25	26	27
Internal Contracts and Recharges	5	6	6	6
Other	34	35	35	36
<b>Operating expenditures</b>	<b>225</b>	<b>233</b>	<b>239</b>	<b>244</b>

<b>Emergency Management: Civil Defence</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Advertising	9	9	9	9
Equipment	7	7	7	7
Insurance	26	3	3	3
Power	13	13	13	14
Depreciation	20	19	19	17
Overhead Allocation	28	29	30	31
Other	62	58	61	76
<b>Operating expenditures</b>	<b>165</b>	<b>138</b>	<b>142</b>	<b>157</b>

<b>Fire Protection: Suppression</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Refunds (other than rates)	30	30	31	32
<b>Total External Revenues</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>32</b>
General Expenses	40	40	41	42
Overhead Allocation	8	8	9	9
Other	1	2	1	2
<b>Operating expenditures</b>	<b>49</b>	<b>50</b>	<b>51</b>	<b>53</b>

<b>Fire Protection: Operations</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Subsidies Revenue	18	18	18	19
<b>Total External Revenues</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>19</b>
Advertising	9	9	9	9
Equipment	19	19	19	19
Grants	106	71	71	71
Insurance	28	0	0	0
Depreciation	21	20	23	23
Overhead Allocation	15	15	16	16
Internal Contracts and Recharges	93	93	97	102
Other	72	82	84	87
<b>Operating expenditures</b>	<b>363</b>	<b>309</b>	<b>319</b>	<b>327</b>

Grants decrease reflect that there was a \$35,000 one off grant to the Awatere Rural Fire Force – building extension.

Insurance is now met by the enlarged Rural Fire Authority.

### Projects > \$20,000\*

N/A

### Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser

N/A

### Project and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risks on LOS
Nil	\$0	No cost reductions are suggested for this activity. Costs have changed and increased in some areas as a result of the enlarged rural fire district e.g. Rarangi rural fire force is now under Council control.

### Capital Expenditure Projects > \$20,000

Emergency Management	2013/14	2014/15	2015/16	Impact Consequence of reducing/deferring
Additions: Pumps - light	15,000	15,372	15,758	Pumps required to be replaced on a rotational basis to maintain fire response capability and reliability. Pumps can attract a 50% subsidy.
Other	13,000	13,323	13,657	Communications Equipment, Radio Telephones, and Office equipment
Asset additions	28,000	28,695	29,415	Equipment must be retained to meet standards

### Local Government Act (2012 Amendment)

Emergency Management is undertaken in accordance with the Civil Defence Emergency Management Act 2002, Forest & Rural Fires Act 1977 and S11A(d) of the Local Government Act 2002 “the avoidance or mitigation of natural hazards”.

**RECOMMENDED**

**That Council receive this report.**

## Activity: Community Facilities

Operating costs of this activity represent approximately 9.5% of total activity expenditure.

Manager: Rosie Bartlett

### Emerging Issues and Expected Changes

The following are the emerging issues and expected changes within this Activity:

- Significantly reduced revenue from the Land subdivision Account (financial contributions from subdivisions) which funds the Reserves capital works programme, including those resulting from Annual Plan submissions, and urban design projects, potential projects from the sports facility plan and community grants. This has meant a significant reduction in the capital spending able to be funded in recent years.
- Prioritising, budgeting and implementation of the growing Marlborough Strategy will be challenging.
- Endeavour Park Pavilion project is due for completion this year. Final funding for the project completion is under strict management. Stage 2 still requires funding. Operation of the facility will require funding assistance.
- Drainage issues at Endeavour Park require improvement. A capital budget has been allocated from a Reserve fund but design issues need to be resolved.
- Renwick Pavilion will require Operational funding assistance..
- Freedom Camping Implementation of the new Bylaw and review after 12 months will require close monitoring of issues on the ground and complaints from the public. Collaboration with DOC will be necessary regarding provision of facilities particularly in rural communities
- Picton proposed indoor swimming pool. While this project is currently viewed as “unaffordable’ for the community it will be important for achieving community outcomes to ensure the Queen Charlotte College community pool is accessible and maintained to a standard that caters to the community. This will require investment in the current facility.
- The increasing pressure for improved sporting facilities and in some cases larger land areas will require actions from the Marlborough Sports Facilities Plan to be initiated. Current Council priorities are consultation with users of Lansdowne Park to develop as a multi code facility, Development of Lansdowne park on the North side of the stop bank for Softball and further sports fields and the development of Bothams Bend into an Equestrian Park as a joint project with Marlborough Equestrian Park steering Group are the highest priorities.
- Safety audits have identified several playgrounds which have matting which is below New Zealand safety standards. Short term investment is required to replace the matting and long-term repair and maintenance budgets will need to incorporate limited life span of this as an asset.
- Prioritising, budgeting and implementation of structural upgrading requirements for seismic strengthening will be required on certain Council owned buildings; Seymour Square Clock Tower, Lansdowne Park Grand Stand, Athletic park Grandstand, A&P Park Grand Stand, Blenheim Gymnasium, Seddon Hall, Stadium 2000.
- Asset Management Systems and data collection will be enhanced enabling a more planned approach to maintenance renewals and future planning.

### Levels of Service: Community Facilities

Refer to LTP.

## Revenue and Expenditure by Significant Type

<b>Reserves and Regional Land Sub</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>Revenue</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Development Contributions	278	286	302	335
Miscellaneous Revenue	32	21	22	22
Reserve Fund Contributions - Cash	824	849	896	992
<b>Total External Revenues</b>	<b>1,142</b>	<b>1,174</b>	<b>1,237</b>	<b>1,367</b>
Personnel costs	758	755	774	789
Contracts	1,134	1,152	1,179	1,210
Contributions	105	113	116	119
Grants	12	13	13	13
Insurance	63	61	62	64
Materials	55	60	61	63
Power	77	78	80	84
Repairs & Maintenance	672	712	710	746
Depreciation	339	355	374	391
Interest payments	179	172	167	162
Overhead Allocation	243	252	261	268
Departmental Management	36	38	39	40
Section Management	241	246	254	260
Other	249	239	244	247
<b>Operating expenditures</b>	<b>4,163</b>	<b>4,246</b>	<b>4,334</b>	<b>4,456</b>

<b>Total Cemeteries</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Grants - Private Plot Maintenance	10	10	11	11
Interment - Conventional	67	67	69	71
Interment - Cremation	10	10	10	11
Plot Purchases - Conventional	44	44	45	46
Plot Purchases - Cremated	15	15	15	16
Other	5	5	5	4
<b>Total External Revenues</b>	<b>151</b>	<b>151</b>	<b>155</b>	<b>159</b>
Personnel costs	47	46	47	48
Burials	72	72	73	75
Contracts	147	147	150	154
Plants seeds and Shrubs	9	9	9	9
Repairs & Maintenance	25	25	26	26
Depreciation	10	13	16	19
Interest payments	34	50	63	76
Overhead Allocation	36	37	38	39
Section Management	35	36	37	38
Other	16	15	17	18
<b>Operating expenditures</b>	<b>431</b>	<b>450</b>	<b>476</b>	<b>502</b>

<b>Street berms, trees and plots</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Personnel costs	22	22	22	23
Contracts	280	328	336	344
Repairs & Maintenance	84	84	86	88
Depreciation	1	3	4	6
Overhead Allocation	17	17	18	18
Section Management	16	17	17	18
Other	18	17	18	18
<b>Operating expenditures</b>	<b>438</b>	<b>488</b>	<b>501</b>	<b>515</b>

Contracts have increased to reflect the increase in total area being maintained.

<b>Total Halls</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Property rentals	1	1	1	1
<b>Total External Revenues</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personnel costs	18	16	17	17
Contributions	25	25	26	27
Grants	9	56	11	11
Insurance	41	43	44	45
Repairs & Maintenance	73	36	37	38
Depreciation	66	69	71	73
Section Management	14	13	13	14
Other	20	28	28	28
<b>Operating expenditures</b>	<b>266</b>	<b>286</b>	<b>247</b>	<b>253</b>

<b>Total Public Conveniences</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Personnel costs	58	57	58	59
Contracts	339	344	352	361
Contributions	11	8	9	9
Insurance	8	0	0	0
Power	18	18	19	19
Repairs and Maintenance	44	44	45	46
Vandalism	15	15	15	16
Depreciation	54	60	64	69
Interest payments	68	79	89	107
Overhead Allocation	43	44	46	47
Section Management	42	43	45	46
Other	28	31	31	32
<b>Operating expenditures</b>	<b>728</b>	<b>743</b>	<b>773</b>	<b>811</b>

<b>Total Memorials</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Personnel costs	9	9	9	10
Contracts	8	8	9	9
Insurance	7	9	9	9
Power	16	16	17	18
Repairs & Maintenance	14	15	14	15
Depreciation	12	17	18	18
Section Management	7	7	7	8
Other	17	15	14	16
<b>Operating expenditures</b>	<b>90</b>	<b>96</b>	<b>97</b>	<b>103</b>

<b>Total Swimming Pools</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Miscellaneous Revenue	8	0	0	0
<b>Total External Revenues</b>	<b>8</b>	<b>12</b>	<b>12</b>	<b>12</b>
Personnel costs	35	36	37	37
Contracts	800	800	819	838
Contributions	83	85	87	89
Depreciation	315	365	379	394
Interest payments	299	285	273	262
Overhead Allocation	26	29	30	31
Section Management	26	28	29	30
Other	17	16	16	16
<b>Operating expenditures</b>	<b>1,601</b>	<b>1,644</b>	<b>1,670</b>	<b>1,697</b>

## Services Infrastructure Costs

Major Expenditure Type	\$	Opportunities for \$ reduction and associated Impact/Consequence/Risks on LOS
Contracts	\$2,783,712	<ul style="list-style-type: none"> <li>• Blenheim open space maintenance (sport parks, Reserves, berms, walkways maintenance)</li> <li>• Picton Cemeteries and Open Space Maintenance</li> <li>• Maintenance of Street and Carpark plots and Trees</li> <li>• Havelock and Sounds Open space maintenance</li> <li>• Marlborough Cemeteries and Renwick Open space Maintenance</li> <li>• Picton Public convenience Servicing</li> <li>• Blenheim Public convenience Servicing</li> <li>• Awatere Maintenance contract</li> <li>• Various small community facility maintenance contracts.</li> <li>• Stadium Trust Aquatic Centre Operations Grant (\$800k)</li> </ul> <p><b>Opportunities to Reduction spend:</b>            Contracts that are in fixed term would need to be negotiated with the contractor to lower the service delivery for a lower price. It is doubtful that contractors would accept a lower price while in a fixed contract. There was opportunity with five contracts that expire last year to consider lowering the levels of service that is provided to the community. However, Council decided to maintain current level of service and to meet Community expectations where possible. The Picton Cemeteries and Open Space Maintenance contract is to go out for tender this year. Staff are currently working on the specifications for this contract which are consistent with specifications across the District. Staff would not recommend lowering specifications for one township unless there was a strategy to subsequently extend it across the district over time.</p> <p><a href="O:\Corporatereference\ReservesandAmenities\0General\Powerpoint presentations\Shortcut to Levels of Service (Contracts).ppt.lnk">O:\Corporatereference\ReservesandAmenities\0General\Powerpoint presentations\Shortcut to Levels of Service (Contracts).ppt.lnk</a></p>
Contributions	\$235,039	<ul style="list-style-type: none"> <li>• Awatere Hall \$11,000 (this may need to increase depending on earthquake strengthening requirements)</li> <li>• Flaxbourne Hall \$3,041</li> <li>• Queen Charlotte College Hall \$4,500</li> <li>• Stadium 2000 \$39,000</li> <li>• Wairau Hall \$2,190</li> <li>• Waitaria Bay Hall \$4,212</li> <li>• Flaxbourne Cemeteries \$2,400</li> <li>• Public Conveniences Sounds \$7,320</li> <li>• Public Conveniences Canvastown \$1,000</li> <li>• Ward Memorial \$917</li> <li>• Picton Swimming pool \$22,000</li> <li>• Awatere Swimming Pool \$24,000</li> <li>• Marlborough Cricket Horton Park cricket block maintenance \$17,352</li> <li>• Marlborough Cricket Oliver Park cricket block maintenance \$19,352</li> </ul>



		<ul style="list-style-type: none"> <li>• Renwick Domain (Recreation committee) \$56,000</li> <li>• Seddon Domain (Awatere Community Ass) \$7,000</li> <li>• Ward Domain (Flaxbourne Settlers Assn) \$13,255</li> <li>• Canvastown Hall \$500</li> </ul>
		Community facility management e.g. Hall Maintenance which is paid out to local community groups in more rural locations. If maintenance was not with the local community association it would need to be under contract and inevitably cost more therefore other than not providing grants to the above, no savings are evident.
Repairs and Maintenance	\$890,393	Day works, one-off unplanned works, community demands e.g. flood damage repairs, clearing and sanding beaches, special projects such as head stone safety audit. Budgets are outside of Contracts. Have recently been cut back so little to no slack.
Personnel costs	\$1,189,615	Internal staff, garden staff and grounds man Lansdowne (to be incorporated into the Blenheim Open Space contract)

### Grants

Description	2012/13	2013/14	2014/15	2015/16	Comment
Linkwater Settlers Association	\$9,405	\$9,405	\$9,405	\$9,405	Hall Management
School Playgrounds	\$8,000	\$8,000	\$8,000	\$8,000	Must be available for community use
Rarangi Residents Association	\$1,500	\$1,500	\$1,500	\$1,500	Replaced previous targeted rate
Bright Centre	\$1,240	\$1,240	\$1,240	\$1,240	Cleaning toilets (Dillons Pt Community Centre)
PD Service	\$3,500	\$3,500	\$3,500	\$3,500	Equipment grant
Queen Charlotte College Gymnasium		\$45,000			Community Share of toilet/kitchen upgrade

The figures on the above table are not inflated.

### Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.

Contract	\$ per annum/total	Finishes	Comment
Blenheim Open space maintenance <b>Downers</b>	\$718,843 (plus Dayworks)	01/11/2018	
Maintenance of Street and Carpark plots and Trees <b>Nelmac</b>	\$212,723	30/11/2013	.
Marlborough Cemeteries and Renwick Open Space Maintenance <b>Nelmac</b>	\$147,200	30/10/2014	
Blenheim Public convenience Servicing <b>OCS</b>	\$195,632	16/06/2015	
Picton Reserves and Cemetery <b>Marlborough Turf Professionals</b>	\$402,893	30/06/2013	

## Projects and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risk on LOS
Nil		All capital works projects will need to be prioritised and approved only when funds are available through development contributions collected.

## Capital Expenditure Projects > \$50,000

Cemeteries	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Cemeteries: Fairhall	5,000	81,836	36,673	16,119	2014-16 Memorial Wall, Columbaria and Touch screen grave locator
Cemeteries: Omaka	8,000	102,294	41,912	-	2014-15 reopening, house removal to allow for development
Cemeteries: Picton	115,000	112,523	130,975	118,203	2013-17 Historic cemetery restoration work 2018-19 Roading extension
Cemeteries: Tuamarina	20,000	51,147	-	-	2014-15 Development of Stage 2.
Cemeteries: Other	-	-	-	53,728	2015-16 Development of Rural Cemeteries
Flaxbourne & Awatere Cemeteries (Other < \$50000)	3,000	5,115	-	5,373	Concrete beams
<b>Total Additions</b>	<b>151,000</b>	<b>352,915</b>	<b>209,560</b>	<b>193,423</b>	

Street Trees & Plots	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Total Street Plots	15,000	15,497	96,127	16,587	2015-16 includes \$75k for Bythell Place upgrade
Total Street Trees	13,000	19,630	20,293	21,010	
<b>Total Additions</b>	<b>28,000</b>	<b>35,127</b>	<b>116,420</b>	<b>37,597</b>	

Halls	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
<b>Total Additions</b>	<b>120,000</b>	<b>20,459</b>	<b>20,956</b>	<b>21,491</b>	2013-14 includes \$100k for earthquake strengthening Awatere Hall

Swimming Pools	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Swimming Pools: Picton	30,000	-	-	-	2013-14 Pool surround resurfacing
Swimming Pools: Awatere	-	-	36,673	-	2015-16 Plant upgrade
<b>Total Additions</b>	<b>30,000</b>	<b>-</b>	<b>36,673</b>	<b>-</b>	

## Capital Expenditure Projects > \$50,000

Public Convenience	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Public Conveniences: Blenheim	125,000	86,950	104,780	-	2013-14 \$125k Disabled Facilities Seymour Sq, future years allows for future development of facilities
Public Conveniences: Pictou	-	122,753	20,956	48,356	2014-15 Endeavour Pavillion contribution
Public Conveniences: Sounds	100,000	25,574	73,346	26,864	2013-14 Ohingaroa new PC's 2012-19 Annual provision of \$25k+ for Freedom camping facilities
Public Conveniences: Other (Flaxbourne and Other capital spend < \$50,000 each)	-	-	-	-	2016-17 Installation of new facility Seddon
Total Additions	255,000	235,277	513,422	166,558	

Memorials	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Memorials: Cleghorn Rotunda	-	-	-	16,119	2012-13 Reroofing of Rotunda
Memorials: Renwick	-	-	-	-	2019-20 Land purchase adjoining property
Memorials: War Memorial - Clock (Other < \$50000)	-	-	-	-	2017-19 Refurbishment
Total Additions	131,000	25,573	45,055	8,597	
Total Additions	131,000	25,573	45,055	24,716	

Reserves	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Reserves: A&P Park (Group 6)	180,000	-	-	-	2013-14 Earthquake strengthening grandstand
Reserves: Athletic park (Group 7)	80,000	-	-	-	2013-14 Earthquake strengthening grandstand
Reserves: Endeavour Park (Group 5)	300,000	-	-	-	2013-14 Sand slitting of playing surface
Reserves: Lansdowne Park (Group 6)	165,000	-	-	-	2013-14 Earthquake strengthening grandstand
Reserves: Unspecified (Group 1a)	735,163	786,867	903,996	1,049,213	Capital Provision funded from Land Subdivision Reserve. Projects to be prioritised.
Total Additions	1,460,163	786,867	903,996	1,049,213	

Community Facilities	2013/14	2014/15	2015/16	2016/17	
TOTAL ACTIVITY	2,175,163	1,456,218	1,846,082	1,492,998	

**Local Government Act (2012 Amendment)**

Community facilities are specifically referenced in S11A(e) of the Act with competitively tendered contracts being the prime means of delivery.

**RECOMMENDED:**

**That the Council receive this report.**

## **Activity: Roads and footpaths**

Operating costs of this activity represent approximately 20.7% of total activity expenditure.

**Manager: Frank Porter, Marlborough Roads**

### **Emerging Issues and Expected Changes**

The following are the emerging issues and expected changes within this Activity:

- Possible TLA funding for state highway upgrades not able to be funded by NZTA.
- Urban growth demands and the funding of increased expectations for townscape upgrades.
- Management of road networks with no provision for escalations (flat-line budgets).

### **Levels of Service: Roads and footpaths**

Refer to LTP.

## Revenue and Expenditure by Significant Type

	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's
<b>Roads and footpaths</b>				
Subsidy on Capex project	2,698	2,602	2,241	3,568
Roading subsidy revenue	3,043	3,135	3,329	3,689
Contributions - Miscellaneous	315	85	87	89
Contributions - Vested Assets	624	624	639	656
Contributions - Subdivisional Works	148	148	147	155
Development Impact Levies	160	160	164	168
Other	289	41	51	322
<b>Total External Revenues</b>	<b>7,277</b>	<b>6,795</b>	<b>6,658</b>	<b>8,647</b>
Insurance	7	0	0	0
Materials	59	59	60	62
Power	5	5	5	5
Repairs & Maintenance	70	75	82	89
<b>Operating costs</b>	<b>141</b>	<b>139</b>	<b>147</b>	<b>156</b>
Concrete footpath maintenance	82	83	87	91
Emergency reinstatement	500	500	517	534
Environmental Maintenance	684	709	747	1,155
Minor Improvements (Safety)	502	850	865	594
Network and Asset Management	502	482	494	608
Road Safety Programmes	135	108	110	142
Routine Drainage maintenance	425	425	436	478
Sealed footpaths maintenance	78	79	83	87
Sealed pavement maintenance	1,390	1,410	1,483	1,613
Street cleaning	420	420	434	454
Structure Maintenance	231	171	177	371
T A administration support	110	110	114	117
Traffic services maintenance	856	861	895	930
Unsealed pavement maintenance	600	600	620	668
Other	617	334	463	424
<b>Roading infrastructure costs</b>	<b>7,132</b>	<b>7,142</b>	<b>7,525</b>	<b>8,266</b>
Depreciation	7,368	8,200	8,626	9,040
Interest payments	418	397	449	505
Overhead Allocation	900	935	971	997
Departmental Management	134	142	145	148
Section Management	332	296	360	374
Other	35	18	36	36
<b>Other operating Expenditures</b>	<b>9,187</b>	<b>9,988</b>	<b>10,587</b>	<b>11,100</b>
<b>Operating expenditures</b>	<b>16,460</b>	<b>17,269</b>	<b>18,259</b>	<b>19,522</b>

Minor safety improvements have increased because NZTA has funded bridge renewals under this work category.

## Roading Infrastructure Costs

Major Expenditure Type	\$Values	Opportunities for \$ reduction and associated Impact/Consequence/Risks on LOS
Roading infrastructure costs		<p>Subsidised roading maintenance activities have been budgeted at equivalent levels to the approved 2012/15 National Land Transport Programme.</p> <p>Non subsidised activities are at or below the minimum values identified in the Roothing Asset Management Plan (RAMP).</p>

## Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.

Contract	\$ per annum/total	Finishes	Comment
Marlborough North Area Maintenance (HEB)	5,233,333	2017	Value includes highway expenditure. Has been competitively priced and needed approval prior to award from NZTA Unsustainable Tender Committee (UTC). Marlborough Roads and suppliers are proposing to convert the maintenance and professional services contracts into a single primary supplier contract.
Marlborough South Area Maintenance (HEB)	6,695,405	2018	Value includes highway expenditure. Contract Award required UTC approval.
Street Light Maintenance (Marlborough Lines)	554,328	2016	Value includes highway expenditure.
Professional Services Contract (Opus International Consultants)	1036,092	2014	Value includes highway expenditure (629,340).

## Projects and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risk on LOS
Capital Projects		All non approved capital projects (NZTA) have been removed from the roading programme. This includes the Middle Renwick Road roundabouts and Bells Road/St Leonards Road intersection.
Seal Extensions	100.000	Unallocated provision for Wairau/Awatere seal extensions.

## Capital Expenditure Projects > \$50,000

Roads and Streets	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Vested Assets - External	624,000	639,466	655,527	Budget dependent on level of subdivision development
Renewals: Associated Improvements	665,000	645,699	710,271	Sudsidisable activity. Decline in level of service
Renewals: Bridges	-	-	1,003,993	2013-15 bridge renewals are being funded from Minor Improvements (Safety) work category 2015-16 Includes Maori Ford bridge renewal \$500k
Renewals: Drainage	430,000	439,075	614,144	Sudsidisable activity. Decline in level of service
Renewals: Major rehabilitation	765,000	-	534,039	Sudsidisable activity. Decline in level of service (Northbank Road)
Renewals: Pavement rehabilitation	915,000	945,304	1,003,993	Sudsidisable activity. Decline in level of service
Renewals: Sealed road resurfacing	1,720,000	1,776,964	2,360,451	Sudsidisable activity. Decline in level of service
Renewals: Structures Component Replacement	233,000	242,783	306,538	Sudsidisable activity. Decline in level of service
Renewals: Traffic Services	217,000	224,187	258,475	Sudsidisable activity. Decline in level of service
Renewals: Unsealed road metalling	545,000	563,050	651,527	Sudsidisable activity. Decline in level of service
Additions: Sealed pavement	-	72,318	-	Funded by targeted rate
Additions: Sealed pavement	-	-	74,765	Funded by targeted rate
Renewals: Sealed road resurfacing	-	-	85,446	Sudsidisable activity. Decline in level of service
Other < \$50000	1,000	1,033	1,068	
<b>Total Additions</b>	<b>6,115,000</b>	<b>5,549,879</b>	<b>8,260,237</b>	

## Capital Expenditure Projects > \$50,000

Total CBD Works	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Paved/Cobbled areas	150,000	154,968	160,212	Funded from reserves. Loss of momentum in upgrade of CBD area
<b>Total Additions</b>	<b>150,000</b>	<b>154,968</b>	<b>160,212</b>	

Roading Related Works: Other (Budget member)	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Sealed pavement	100,000	103,312	106,808	Provision for seal extension. No specific projects allocated.
Additions: Cycle Facilities	62,000	66,120	123,897	Unable to progress developments identified in Walking and Cycling Strategy
Additions: Footpaths (concrete)	91,000	95,047	99,331	Levels of service already at or below the minimum identified in Ramping Asset Management Plan (RAMP)
Additions: Kerb & Channel	90,000	92,981	96,127	Levels of service already at or below the minimum identified in RAMP
Additions: Signs	30,500	31,510	37,917	Levels of service already at or below the minimum identified in RAMP
Renewals: Street Furniture	35,000	36,160	48,063	Levels of service already at or below the minimum identified in RAMP
Additions: Streetlighting	40,000	41,325	42,723	Levels of service already at or below the minimum identified in RAMP
Renewals: Vehicle crossings	68,000	75,417	83,310	Levels of service already at or below the minimum identified in RAMP
Renewals: Footpaths (sealed)	350,000	382,254	464,614	Levels of service already at or below the minimum identified in RAMP
Renewals: Kerb and Channel	92,250	95,305	98,530	Levels of service already at or below the minimum identified in RAMP
Other < \$50000	-	-	-	
<b>Asset additions</b>	<b>958,750</b>	<b>1,019,431</b>	<b>1,201,320</b>	



## Capital Expenditure Projects > \$50,000

Total Wharves	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Asset additions	107,000	110,544	114,284	Renewal provision as per RAMP. Decline in levels of service

Total Subdivisional Works	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Sealed pavement	150,000	154,968	160,212	Unable to meet Council's share of infrastructure upgrades resulting from subdivision
Total Additions	150,000	154,968	160,212	

LAND TRANSPORT	2013/14	2014/15	2015/16	
TOTAL ACTIVITY	7,480,750	6,989,790	9,896,265	

### Local Government Act (2012 Amendment)

The Roads and Footpaths activity falls within the definition of local infrastructure (S10B) and network infrastructure (S11A(b)). Virtually all expenditure is competitively tendered to deliver a highly cost effective result.

### RECOMMENDED

That Council receive this report.

## Activity: Flood Protection and Control Works

Operating costs of this activity represents approximately 5.3% of total activity expenditure.

Manager: Geoff Dick

### Emerging Issues and Expected Changes

Refer to LTP. No immediate issues that materially affect this 2013-14 budget update.

There are some emerging issues that will need discussion and decision which will likely affect the next LTP. These include possible extension to the Pukaka Quarry, the Condors Bend training bank upgrade, channel alignment issues on the lower Wairau and Blenheim stormwater upgrades.

### Levels of Service: Rivers and Land Drainage

Refer to LTP.

### Revenue and Operating Expenditure by Significant Type

<b>River Leases</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Disbursement recoveries	121	115	118	121
Property rentals	2,176	2,294	2,111	2,117
<b>Total External Revenues</b>	<b>2,297</b>	<b>2,409</b>	<b>2,229</b>	<b>2,238</b>
Rates payable	124	122	125	128
Property Management	85	85	87	89
Other	8	8	8	9
<b>Operating expenditures</b>	<b>217</b>	<b>215</b>	<b>220</b>	<b>226</b>

<b>Total Rivers outside the Wairau Floodplain</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Personnel costs	34	29	29	30
Contracts	51	51	52	53
Greenscape contracts	76	76	78	80
Interest payments	53	48	47	45
Overhead Allocation	21	17	18	19
Departmental Management	3	3	3	3
Section Management	25	21	22	22
<b>Operating expenditures</b>	<b>263</b>	<b>245</b>	<b>249</b>	<b>252</b>

<b>Total Wairau Floodplain Drainage</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Personnel costs	82	85	87	89
Contracts	150	150	153	157
Drain spraying contracts	90	90	92	116
Minor Works contracts	97	97	99	102
Power	59	59	61	64
Depreciation	121	116	128	142
Interest payments	4	14	21	31
Overhead Allocation	52	51	53	55
Section Management	60	62	64	65
Other	56	56	58	57
<b>Operating expenditures</b>	<b>771</b>	<b>780</b>	<b>816</b>	<b>878</b>

<b>Total Wairau Rivers and Tributaries</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Gravel Extraction	400	400	410	420
Sales	110	110	113	116
Other	2	2	2	2
<b>Total External Revenues</b>	<b>512</b>	<b>512</b>	<b>525</b>	<b>538</b>
Personnel costs	499	509	522	532
Contracts	771	751	768	786
Flood Damage	250	250	258	267
Greenscape contracts	222	222	228	233
Minor Works contracts	702	732	749	766
Depreciation	31	32	33	34
Interest payments	0	0	0	0
Overhead Allocation	311	308	320	328
Departmental Management	46	47	48	49
Section Management	363	372	382	391
Internal Contracts and Recharges	(114)	(139)	(122)	(126)
Other	52	54	55	59
<b>Operating expenditures</b>	<b>3,133</b>	<b>3,138</b>	<b>3,241</b>	<b>3,319</b>

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

Contract	\$ per annum/total	Finishes	Comment
Simcox Construction Ltd	Approx \$850,000	Oct 2013	Supply of heavy plant for river and drain maintenance, gravel extraction and quarry operation.
Dave Fowler Contracting	Approx \$600,000	Oct 2013	Supply of labour for river and drain maintenance including aquatic weed spraying, routine pump station and floodgate maintenance, and flood checks.

**Projects and Other Operating Expenditure Reduction Possibilities**

Description	\$Values	Impact/Consequence/Risk on LOS
Delay extension to the lower Wairau plain drainage network	Save \$250k capital expenditure over next two years.	Retain existing network with inconsistent level of service to landowners who pay Class A rates.

**Capital Expenditure Projects > \$50,000**

Wairau Floodplain rivers	2013/14	2014/15	2015/16	Impact Consequence of reducing/deferring
Extension/renewal of Wairau River protection works	120,000	124,188	75,085	To improve integrity of floodway to ensure 1 in 100 flood security. Risk multiple erosion bays and increased stop bank breach. 2013-15 includes \$100k to rock armour Lower Wairau -Diversion junction
Stopbanks	190,000	196,632	203,802	Stopbanks in Lower Opawa, Opawa Loop, Riverlands and Taylor above and below Burleigh each below \$50k pa.
Land	200,000	204,589	209,560	To gradually obtain river corridors and maintenance access strips into public ownership to provide appropriate control and access. Deferral may result in opportunities being missed when they present.
Drainage Channels	20,000	20,698	21,453	Wither Hills soil Conservation < \$50k
<b>Total Additions</b>	<b>530,000</b>	<b>546,107</b>	<b>509,900</b>	

Total Rivers outside the Wairau Floodplain	2013/14	2014/15	2015/16	Impact Consequence of reducing/deferring
Additions: Rock and Gabion protection	20,000	20,698	21,453	Picton/ Waikawa protection, under \$50k

Total Wairau Floodplain Drainage	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Pump Stations (Blenheim)	100,000	268,223	276,930	Replace aging pump station and upgrade capacity to 1 in 50 yr flood security. 2012-14 Main St, 2014-16 Redwood St, 2016-22 Blenheim. Flood risk if deferred.
Additions: Pump stations	30,000	30,949	31,953	Rural pump stations - minor upgrades including telemetry.
Blenheim Minor Rivers: Drainage Channels	100,000	-	107,264	Upgrade town stormwater outfall channels to meet development runoff.
Rural Zone A: Drainage Channels	150,000	103,491	-	Objective to extend network to provide drainage outfall to all rural landowners. Current network has not changed with land use intensification including subdivision. Deferring would be accepting current deficiencies in network.
Rural Zone B: Drainage Channels	40,000	41,396	42,906	
Total Additions	420,000	444,059	459,053	

### Local Government Act (2012 Amendment)

The River Protection and Control Works activity falls within the definition of local infrastructure (S10(1)(b)), network infrastructure (S11A(b)) and the avoidance of mitigation of natural hazards (S11A(d)). Virtually all expenditure is competitively tendered to deliver a cost effective result.

### RECOMMENDED

**That Council receive this report.**

## Activity: Sewerage

Operating costs of this activity represents approximately 12.5% of total activity expenditure.

Manager: Stephen Rooney

### Emerging Issues

The following issues are emerging within this Activity:

- The upgrade of Blenheim Sewage Treatment Plant – to meet stringent resource consent conditions for environmental discharges (new wetland and outfall to Wairau River mouth adjacent to the Wairau Bar).
- Increased treatment capacity to meet continuing growth in trade waste.
- The upgrade of trunk sewers in Blenheim & Picton will need to be investigated to test its ability to cope with increased flows and population growth
- Consideration for upgrading Havelock's oxidation pond system to allow for industrial growth
- The management and control of rainfall derived inflow and ground water infiltration into the wastewater reticulation
- Infrastructure renewal is becoming necessary across all networks as pipelines near the end of their useful life, particularly in Picton.

### Levels of Service: Sewerage

Refer to LTP.

## Revenue and Operating Expenditure by Significant Type

<b>Sewerage: Riverlands Industrial</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Trade Waste - Operating Charges	857	770	974	998
Trade Waste - Capital Charges	264	336	357	360
<b>Total External Revenues</b>	<b>1,121</b>	<b>1,106</b>	<b>1,331</b>	<b>1,358</b>
Insurance	20	25	26	26
<b>Operating costs</b>	<b>20</b>	<b>25</b>	<b>26</b>	<b>26</b>
Pump stations	31	41	43	47
Reticulation	3	2	2	2
Treatment costs	721	771	799	828
<b>Services infrastructure costs</b>	<b>755</b>	<b>814</b>	<b>844</b>	<b>877</b>
Personnel costs	17	18	18	18
Depreciation	218	253	274	284
Interest payments	508	669	699	690
Overhead Allocation	15	16	16	17
Section Management	11	11	12	12
Works depot costs	5	5	6	6
Other	8	8	8	8
<b>Other operating Expenditures</b>	<b>782</b>	<b>980</b>	<b>1,033</b>	<b>1,035</b>
<b>Operating expenditures</b>	<b>1,557</b>	<b>1,819</b>	<b>1,903</b>	<b>1,938</b>

Interest payments have increased as a result of using loan funding to undertake the major upgrade of Blenheim sewerage treatment station.

<b>Sewerage: Combined schemes</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Contributions - Vested Assets	221	50	61	105
Development Contributions	350	135	143	147
Trade Waste - Operating Charges	255	190	195	200
Trade Waste - Capital Charges	0	73	76	76
Connection charges	92	57	64	65
Other	0	25	26	26
<b>Total External Revenues</b>	<b>918</b>	<b>530</b>	<b>565</b>	<b>619</b>
Contributions	20	0	0	0
Insurance	116	46	47	48
Rates payable	26	29	29	30
Trade Waste Sampling	9	9	9	9
Other	3	21	22	23
<b>Operating costs</b>	<b>174</b>	<b>105</b>	<b>107</b>	<b>110</b>
Pump stations	493	538	558	641
Grinder Pumps -Mechanical	6	6	6	6
Reticulation	431	431	445	459
Treatment costs	740	671	693	797
<b>Services infrastructure costs</b>	<b>1,669</b>	<b>1,647</b>	<b>1,701</b>	<b>1,903</b>
Personnel costs	499	552	566	577
Depreciation	2,344	2,605	2,906	3,261
Interest payments	1,628	2,361	2,752	3,285
Overhead Allocation	477	493	512	526
Section Management	347	350	360	370
Works depot costs	156	143	181	185
Other	296	311	315	316
<b>Other operating Expenditures</b>	<b>5,747</b>	<b>6,815</b>	<b>7,592</b>	<b>8,520</b>
<b>Operating expenditures</b>	<b>7,590</b>	<b>8,567</b>	<b>9,400</b>	<b>10,533</b>

Personnel costs have increased because of the engagement of an additional technician.

Interest and depreciation charges have increased because of the major capital works undertaken at Blenheim and Picton.

<b>Sewerage: St Andrews</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Depreciation	14	14	14	14
Interest payments	6	8	7	33
Other	(1)	(1)	1	0
<b>Other operating Expenditures</b>	<b>19</b>	<b>21</b>	<b>22</b>	<b>47</b>
<b>Operating expenditures</b>	<b>19</b>	<b>21</b>	<b>22</b>	<b>47</b>



### Services Infrastructure Costs

Major Expenditure Type	\$Value	Opportunities for \$ reduction and associated Impact/Consequence/Risks on LOS
<b>Combined Schemes (excl Riverlands)</b>		
Pump Stations	\$544,279	Includes power charges of \$244,300 Includes cost for operation of Grinder pumps
Reticulation	\$431,000	Includes mains maintenance \$215,000 and infiltration detection \$150,000
Treatment	\$671,351	Includes power charges of \$136,000
<b>Riverlands Industrial</b>		
Pump Stations	\$40,500	
Treatment	\$771,980	Includes power charges of \$550,000
<b>All Schemes</b>		Reduction of the above operating and maintenance costs is not considered possible without either reducing levels of service or deferring maintenance. Reduction of levels of service will mean sewer blockages and repairs will take longer to respond to, quality of discharges could worsen and increased environmental health risks would result.

### Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.

Contract	\$ per annum/total	Finishes	Comment
Picton Water, Sewerage and Stormwater Operation and Maintenance Contract	\$468,000	30/06/2014	

### Projects and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risk on LOS
Nil.		No opportunities were considered available in operations. All opportunities were being taken in capital projects by the proposed deferrals. Consequently, operating expenditure (depreciation charges and debt servicing) will also be deferred.

## Capital Expenditure Projects > \$50,000

\*(Includes Professional Advice, Contracts and Contributions)

Sewerage: Seddon	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Connections	5,000	5,219	5,452	Funded by connection charges
Additions: Pump stations	200,000	-	-	2013-14 Nursery Lane sewer pipe and pump station (latest estimate \$225,000)
Additions: Treatment plant	240,000	51,581	372,791	Investigate alternative treatment and discharge options
Additions: Engineering	30,721	2,295	14,860	Engineering overhead apportioned on capital spent in each year
Sewerage: Spring Creek	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Telemetry field equipment	500	512	525	
Additions: Connections	2,000	2,088	2,181	Funded by connection charges
Additions: Treatment plant	-	-	-	
Additions: Engineering	173	105	106	Engineering overhead apportioned on capital spent in each year
Sewerage: Combined schemes	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Total Additions	5,437,488	12,425,940	10,407,644	
Sewerage: Riverlands Industrial	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Total Additions Treatment plant	1,118,655	128,799	39,850	Completion of wetland development and estuary discharge
Sewerage: Tuamarina	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Total Additions Pipelines	-	-	-	
Sewerage: St Andrews	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Total Additions Pipelines	-	-	763,221	Reticulation of wider St Andrews area
Total Sewerage	2013/14	2014/15	2015/16	
TOTAL ACTIVITY	6,556,143	12,554,739	11,210,715	

### Local Government Act (2012 Amendment)

The Sewerage activity falls within the definition of local infrastructure (S10(1)(b)) and network infrastructure (S11A(b)). Virtually all expenditure is competitively tendered to deliver a highly cost effective result.

### RECOMMENDED

That Council receive this report.

## Activity: Stormwater

Operating costs of this activity represents approximately 2.0% of total activity expenditure.

Manager: Stephen Rooney

### Emerging Issues

Stormwater management in Blenheim is a challenge for the town, both currently and in the future. Many challenges are created by the flat topography and unique and sensitive receiving environments. Council has approved a stormwater strategy which provides clear direction and an integrated approach in managing Blenheim's stormwater into the future. This strategy sets out a ten year plan of activity and provides a comprehensive framework to manage both the quality and quantity of stormwater. It also provides for an overhaul of the resource consent structure for Blenheim's stormwater. The strategy requires clear responsibility, improved integration, rigorous monitoring and a more modern approach to regulation. Ongoing investment in the stormwater strategy is expected to return a much improved infrastructure operating in harmony with Blenheim's sensitive receiving environments. Stormwater management is a significant factor in the identification and planning of new urban development pockets as part of the Urban Development Strategy.

The impact of climate change is also a factor that is becoming increasingly important in future planning. The current indications are that extreme weather events will become more frequent and more intense. Existing design standards and infrastructure will be severely tested by changing weather patterns.

The following issues are emerging within this Activity:

- Improvement of urban stormwater systems and associated river drainage in Blenheim and Picton.
- Lack of stormwater reticulation systems in rural towns.
- Review of stormwater discharge consents.
- Urban growth.
- Climate change.
- Increasing public expectations on the performance of stormwater networks to remove flood water more quickly on or close to properties

### Levels of Service: Stormwater

Refer to LTP.

## Revenue and Operating Expenditure by Significant Type

<b>Stormwater: Blenheim</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Contributions - Vested Assets	260	150	154	210
Development Contributions	62	30	41	53
Connection charges	70	35	41	42
Other	0	0	0	0
<b>Total External Revenues</b>	<b>392</b>	<b>215</b>	<b>236</b>	<b>305</b>
Contributions	20	0	0	0
Monitoring Expense	15	15	15	16
Other	2	10	11	10
<b>Operating costs</b>	<b>37</b>	<b>25</b>	<b>26</b>	<b>26</b>
Pump stations	12	8	8	9
Reticulation	69	68	70	72
Other	0	0	0	0
<b>Services infrastructure costs</b>	<b>81</b>	<b>76</b>	<b>78</b>	<b>81</b>
Personnel costs	57	58	60	61
Depreciation	801	852	899	948
Interest payments	46	0	0	0
Overhead Allocation	50	52	54	56
Section Management	37	37	38	39
Works depot costs	17	15	19	20
Other	7	19	19	19
<b>Other operating Expenditures</b>	<b>1,015</b>	<b>1,033</b>	<b>1,089</b>	<b>1,143</b>
<b>Operating expenditures</b>	<b>1,133</b>	<b>1,134</b>	<b>1,193</b>	<b>1,250</b>

<b>Stormwater: Picton</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Connection charges	5	5	5	5
<b>Total External Revenues</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Monitoring Expense	5	3	3	3
Other	1	0	1	1
<b>Operating costs</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>4</b>
Pump stations	5	5	5	5
Reticulation	36	33	34	35
Other	(1)	0	0	0
<b>Services infrastructure costs</b>	<b>40</b>	<b>38</b>	<b>39</b>	<b>40</b>
Personnel costs	14	14	14	15
Depreciation	222	237	248	260
Interest payments	37	0	0	0
Overhead Allocation	12	13	13	13
Section Management	9	9	9	9
Works depot costs	4	4	5	5
Other	1	1	2	2
<b>Other operating Expenditures</b>	<b>299</b>	<b>278</b>	<b>291</b>	<b>304</b>
<b>Operating expenditures</b>	<b>345</b>	<b>319</b>	<b>334</b>	<b>348</b>

<b>Other Stormwater systems</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Connection charges	8	6	6	6
<b>Total External Revenues</b>	<b>8</b>	<b>6</b>	<b>6</b>	<b>6</b>
Rates payable	3	3	3	3
<b>Operating costs</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Reticulation	40	40	41	43
<b>Services infrastructure costs</b>	<b>40</b>	<b>40</b>	<b>41</b>	<b>43</b>
Personnel costs	9	9	9	9
Depreciation	120	126	132	138
Interest payments	53	26	24	23
Overhead Allocation	8	8	8	8
Section Management	6	6	6	6
Works depot costs	3	2	3	3
Other	(1)	1	2	2
<b>Other operating Expenditures</b>	<b>198</b>	<b>178</b>	<b>184</b>	<b>189</b>
<b>Operating expenditures</b>	<b>241</b>	<b>221</b>	<b>228</b>	<b>235</b>

## Services Infrastructure Costs

Major Expenditure Type	\$Values	Opportunities for \$ reduction and associated Impact/Consequence/Risks on LOS
<b>Blenheim</b>		
Reticulation	\$68,000	Storm events over the last few years have identified issues with current levels of service in all areas. To reduce expenditure given this, from already low levels, is not recommended.
<b>Picton</b>		
Reticulation	\$32,500	As above
<b>Other</b>		
Reticulation	\$12,000	As above
Open Drains	\$28,000	Progressively provides for new open drains where needed in the District. Recent expenditure in Dry Hills, Rai Valley and Seddon.

## Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser

Contract	\$ per annum/total	Finishes	Comment
Picton Water, Sewerage and Stormwater Operation and Maintenance Contract	\$468,000	30/06/2014	

## Projects and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risks on LOS
Nil		No opportunities were considered available in operations. All opportunities were being taken in capital projects by the proposed deferrals. Consequently, operating expenditure is also deferred.

## Capital Expenditure Projects > \$50,000

Stormwater: Blenheim	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Vested Assets - External	150,000	153,718	210,105	No rating impact
Additions: Connections	35,000	41,750	43,613	Connections funded by charges
Renewals: Pipelines	50,000	1,095,950	54,516	Annual pipeline renewal provision of \$50,000 2014-15 Implementation of Blenheim Stormwater Strategy
Storm Water Blenheim Total Additions	235,000	1,291,418	308,234	

Stormwater: Other	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Connections and Pipelines all other areas < \$50k	50,000	52,189	54,516	Connections & Pipelines in Havelock, Picton, Renwick, Spring Creek. Connections funded by charges

Stormwater	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
TOTAL ACTIVITY	285,000	1,343,607	362,750	

**Local Government Act (2012 Amendment)**

The Stormwater activity falls within the definition of local infrastructure (S10(1)(b)) and network infrastructure (S11A(b)). Virtually all expenditure is competitively tendered to deliver a highly cost effective result.

**RECOMMENDED**

**That Council receive this report.**

## Activity: Water Supply

Operating costs of this activity represents approximately 9.7% of total activity expenditure.

Manager: Stephen Rooney

### Emerging Issues

The following issues are emerging within this Activity:

- Compliance with the NZ Drinking Water Standards continues to require significant capital expenditure which has affordability issues for smaller communities – e.g. Awatere, Renwick, Wairau Valley, Havelock and Rarangi. It is proposed that compliance with these standards is delayed beyond the current statutory timeframe for these communities enabling further consultation.
- Growth in demand for water causes supply capacity issues, in particular for Picton, Renwick and Havelock. Therefore demand management techniques are being considered including universal metering, pressure zone management and leakage control.
- Infrastructure renewal is becoming necessary across all networks as pipelines near the end of their useful life. In particular for older networks as in the Awatere.

Traditionally many people in New Zealand have regarded water as an unlimited resource and for many it is a commodity that is purchased at such a low cost it is virtually free. The water supply for residents in all areas except Awatere and Wairau Valley is unmeasured and generally unrestricted. It is supplied at a pressure to meet every reasonable domestic need. It also provides a primary source of water in urban areas for fire fighting.

Daily water consumption in Blenheim is around 600 litres per person as an average throughout the year but on peak days during the summer is more than double the average. The demand in the other settlements is similar to Blenheim. The summer peak is almost entirely due to irrigation of domestic gardens and other leisure uses (this compares with the city of Melbourne for example that has been actively encouraging water conservation and achieved a daily average domestic consumption 2010/11 of 140 litres/person.). Many of the costs associated with water supply are 'fixed' and incurred irrespective of the volumes pumped. A small proportion of operational costs such as power and chemicals are related to the volume of water pumped into the supply. Bigger savings are likely to be achieved however by delaying major capital upgrades as the result of increased demand. A particularly relevant example of this is the current position of the Picton water supply. Peak day demand in Picton is likely to outstrip the capacity of the existing water sources in the near future. Investigations into additional nearby sources of water have so far been unsuccessful and the next nearest reliable source appears to be the Wairau Aquifer near Spring Creek. The cost of developing the source and laying a new pipeline from the Wairau Plain to Picton will be very high and is likely to be prohibitively expensive. The introduction of demand management techniques such as universal metering, pressure management zones and leakage control provide a realistic alternative.

### Levels of Service: Water Supply

Refer to LTP.



## Revenue and Operating Expenditure by Significant Type

<b>Water: Awatere</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Development Contributions	40	15	20	26
Connection charges	10	10	10	11
Other	0	0	1	0
<b>Total External Revenues</b>	<b>50</b>	<b>25</b>	<b>31</b>	<b>37</b>
Other (Advertising, Insurance and Rates)	3	1	1	1
<b>Operating costs</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>
Meter reading and maintenance	30	30	31	32
Pump stations	30	28	29	30
Reticulation	126	126	130	134
Treatment costs	23	26	26	27
<b>Services infrastructure costs</b>	<b>209</b>	<b>210</b>	<b>216</b>	<b>223</b>
Personnel costs	40	41	41	42
Depreciation	316	359	387	387
Interest payments	15	14	13	11
Overhead Allocation	35	36	38	39
Departmental Management	5	5	6	6
Section Management	25	26	26	27
Planning and Development charges	13	12	12	12
Other	9	9	9	10
<b>Other operating Expenditures</b>	<b>458</b>	<b>502</b>	<b>532</b>	<b>534</b>
<b>Operating expenditures</b>	<b>670</b>	<b>713</b>	<b>749</b>	<b>758</b>

<b>Water: Blenheim</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Contributions - Vested Assets	195	195	200	205
Development Contributions	200	90	102	126
Connection charges	80	40	46	47
Other	0	12	13	13
<b>Total External Revenues</b>	<b>475</b>	<b>337</b>	<b>361</b>	<b>391</b>
Contributions	20	0	0	0
Insurance	51	66	68	70
Rates payable	18	15	15	15
Other	42	26	27	27
<b>Operating costs</b>	<b>131</b>	<b>107</b>	<b>110</b>	<b>112</b>
Meter reading and maintenance	12	11	11	11
Pump stations	472	332	344	357
Reticulation	269	274	283	292
Treatment costs	265	385	398	412
Other	0	11	11	12
<b>Services infrastructure costs</b>	<b>1,018</b>	<b>1,013</b>	<b>1,047</b>	<b>1,084</b>
Personnel costs	258	260	266	271
Depreciation	1,480	1,526	1,605	1,705
Interest payments	1,226	1,105	1,047	1,049
Overhead Allocation	266	232	241	248
Departmental Management	40	35	36	37
Section Management	193	165	169	174
Works depot costs	89	69	87	88
Planning and Development charges	100	80	80	80
Other	17	39	40	41
<b>Other operating Expenditures</b>	<b>3,669</b>	<b>3,511</b>	<b>3,571</b>	<b>3,693</b>
<b>Operating expenditures</b>	<b>4,818</b>	<b>4,631</b>	<b>4,728</b>	<b>4,889</b>

The pump station and the treatment cost increase reflects the reallocation of electricity between the two activities.

<b>Water: Havelock</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Connection charges	7	3	3	3
<b>Total External Revenues</b>	<b>7</b>	<b>3</b>	<b>3</b>	<b>3</b>
Other (Advertising, Insurance and Rates)	3	2	2	2
<b>Operating costs</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>
Meter reading and maintenance	1	1	1	1
Pump stations	38	37	39	40
Reticulation	24	24	25	26
Treatment costs	22	22	23	23
Other	0	0	(1)	0
<b>Services infrastructure costs</b>	<b>85</b>	<b>84</b>	<b>87</b>	<b>90</b>
Personnel costs	20	21	21	22
Depreciation	62	52	54	59
Interest payments	33	30	28	26
Overhead Allocation	18	19	19	20
Departmental Management	3	3	3	3
Section Management	13	13	14	14
Works depot costs	6	6	7	7
Planning and Development charges	7	6	6	6
Other	2	2	3	2
<b>Other operating Expenditures</b>	<b>164</b>	<b>152</b>	<b>155</b>	<b>159</b>
<b>Operating expenditures</b>	<b>252</b>	<b>238</b>	<b>244</b>	<b>251</b>

<b>Water: Picton</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Development Contributions	20	15	20	21
Connection charges	15	19	22	25
Other	0	4	7	10
<b>Total External Revenues</b>	<b>35</b>	<b>38</b>	<b>49</b>	<b>56</b>
Insurance	23	29	29	30
Other (Advertising and Rates payable)	11	11	12	12
<b>Operating costs</b>	<b>34</b>	<b>40</b>	<b>41</b>	<b>42</b>
Meter reading and maintenance	5	5	5	52
Pump stations	147	147	153	158
Reticulation	209	233	240	248
Treatment costs	122	92	139	188
Other	0	4	6	10
<b>Services infrastructure costs</b>	<b>483</b>	<b>481</b>	<b>543</b>	<b>656</b>
Personnel costs	116	118	121	123
Depreciation	490	568	646	670
Interest payments	283	263	418	617
Overhead Allocation	102	105	109	112
Departmental Management	15	16	16	17
Section Management	74	75	77	79
Works depot costs	34	31	39	40
Planning and Development charges	38	36	36	36
Other	5	5	6	5
<b>Other operating Expenditures</b>	<b>1,157</b>	<b>1,217</b>	<b>1,468</b>	<b>1,699</b>
<b>Operating expenditures</b>	<b>1,674</b>	<b>1,738</b>	<b>2,052</b>	<b>2,397</b>

<b>Water: Renwick</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Development Contributions	20	15	15	21
Connection charges	10	10	10	11
Other	0	0	1	0
<b>Total External Revenues</b>	<b>30</b>	<b>25</b>	<b>26</b>	<b>32</b>
Other (Advertising, Insurance and Rates)	(32)	2	2	2
<b>Operating costs</b>	<b>(32)</b>	<b>2</b>	<b>2</b>	<b>2</b>
Meter reading and maintenance	1	1	1	1
Pump stations	60	60	63	65
Reticulation	37	57	58	60
Treatment costs	22	12	12	13
<b>Services infrastructure costs</b>	<b>120</b>	<b>130</b>	<b>134</b>	<b>139</b>
Personnel costs	46	46	47	48
Depreciation	128	140	150	132
Interest payments	2	2	1	1
Overhead Allocation	40	41	43	44
Departmental Management	6	6	6	7
Section Management	29	29	30	31
Works depot costs	13	12	15	16
Planning and Development charges	15	14	14	14
Other	3	4	4	1
<b>Other operating Expenditures</b>	<b>282</b>	<b>294</b>	<b>310</b>	<b>294</b>
<b>Operating expenditures</b>	<b>370</b>	<b>426</b>	<b>446</b>	<b>435</b>

<b>Water: Riverlands</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Sales	5	11	11	11
<b>Total External Revenues</b>	<b>5</b>	<b>11</b>	<b>11</b>	<b>11</b>
Other (Advertising, Insurance and Rates)	8	12	12	12
<b>Operating costs</b>	<b>8</b>	<b>12</b>	<b>12</b>	<b>12</b>
Meter reading and maintenance	5	5	5	5
Pump stations	59	57	59	61
Reticulation	6	6	6	7
Treatment costs	12	12	12	13
Other	0	0	1	(1)
<b>Services infrastructure costs</b>	<b>82</b>	<b>80</b>	<b>83</b>	<b>85</b>
Personnel costs	29	32	33	34
Depreciation	88	71	81	91
Interest payments	51	33	57	80
Overhead Allocation	28	29	31	31
Departmental Management	4	4	5	5
Section Management	23	21	22	22
Works depot costs	9	9	11	11
Planning and Development charges	11	10	10	10
Other	4	5	2	5
<b>Other operating Expenditures</b>	<b>247</b>	<b>214</b>	<b>252</b>	<b>289</b>
<b>Operating expenditures</b>	<b>337</b>	<b>306</b>	<b>347</b>	<b>386</b>

<b>Water: Wairau Valley</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Pump stations	8	9	10	10
Reticulation	1	1	1	1
Treatment costs	13	11	11	12
Other	0	0	0	0
<b>Services infrastructure costs</b>	<b>22</b>	<b>21</b>	<b>22</b>	<b>23</b>
Depreciation	11	12	12	13
Other	8	9	10	10
<b>Other operating Expenditures</b>	<b>19</b>	<b>21</b>	<b>22</b>	<b>23</b>
<b>Operating expenditures</b>	<b>41</b>	<b>42</b>	<b>44</b>	<b>46</b>

## Services Infrastructure Costs

Major Expenditure Type	\$Value	Opportunities for \$ reduction and
<b>Awatere</b>		
Meters	\$30,000	
Pump Stations	\$28,365	
Reticulation	\$125,800	Includes main maintenance \$85,000
Treatment	\$25,500	
<b>Blenheim</b>		
Pump Stations	\$331,792	Includes power charges of \$250,000
Reticulation	\$273,920	Toby maintenance \$70,000. Council could place responsibility for this onto property
Treatment	\$385,000	Includes power charges of \$200,000
<b>Havelock</b>		
Pump Stations	\$37,200	Includes power charges of \$30,000
Reticulation	\$24,200	
Treatment	\$12,000	
<b>Picton</b>		
Pump Stations	\$147,460	Includes power charges of \$90,000
Reticulation	\$232,500	
Treatment	\$92,000	
<b>Renwick</b>		
Pump Stations	\$60,355	Includes power charges of \$45,000
Reticulation	\$56,600	
Treatment	\$12,000	\$10,000 to be added, due to a budget error
<b>Riverlands</b>		
Pump Stations	\$58,599	Includes power charges of \$40,000
Reticulation	\$56,723	
Treatment	\$12,000	This is monitoring only
<b>Southern Valleys</b>		
Pump Stations	\$270,000	Includes power charges of \$230,000
Reticulation	\$30,000	
<b>Wairau Valley</b>		
Pump Stations	\$9,485	Includes power charges of \$6,900
Treatment	\$11,000	
<p><b>All Schemes</b> Reduction of the above operating and maintenance costs is not considered possible without either reducing levels of service or deferring maintenance. Reduction of levels of service will mean supply outage times will increase, pressures will be below required levels or there will be increased health risks from under maintained treatment assets.</p>		

## Major Contracts - > 5% of Activity Costs or \$100,000 whichever is the lesser

Contract	\$ per annum/total	Finishes	Comment
Awatere Water Operations and Maintenance Contract	\$223,735	30/06/2014	
Picton Water, Sewerage and Stormwater Operation and Maintenance Contract	\$468,000	30/06/2014	

## Projects and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risk on LOS
Nil		No opportunities were considered available in operations. All opportunities were being taken in capital projects by the proposed deferrals. Consequently, operating expenditure will be deferred.

### Capital Expenditure Projects > \$50,000

Water: Awatere	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Connections & Pipelines	80,600	241,076	366,978	\$10,000 funded by connection charges \$70,600 pipeline renewals as per AMP
Renewals: Pump stations	323,000	134,469	-	13/14 Budget is for Blairich pump station renewal, which could be deferred until further treatment options finalised.
Additions: Treatment plant	220,000	20,633	85,209	2014-18 high risk due to surface water contamination. Currently further water treatment improvements in the Awater and other small townships are unaffordable. Staff have been instructed to investigate lower cost water treatment options. Slow sand filters are a possibility and a trial is required.
Additions: Engineering (ATM)	43,051	16,013	17,765	Engineering overhead apportioned on capital spent in each year
<b>Total Additions</b>	<b>666,651</b>	<b>412,191</b>	<b>469,952</b>	

### Capital Expenditure Projects > \$50,000 continued

Water: Blenheim	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Vested Assets - External	195,000	199,833	204,852	No rating impact
Renewals: Connections	167,200	239,480	250,162	Includes \$40,000 funded by connection charges and lateral renewals \$127,200
Renewals: Pipelines	160,000	563,520	174,451	\$50,000 Pipeline renewals as per AMP. Also install Bulk flow metering to identify water losses 2013-14 \$110,000 for pipeline & connection to new Taylor high reservoir
Renewals: Pump stations	-	-	42,605	2016-17 \$0.77m for Wither booster & MRR generators and \$0.16m for renewals as per AMP
Additions: Reservoirs	-	319,805	2,630,837	2014-16 \$2.95m Taylor Pass high reservoir - demand dependent 2016-17 \$1.0 Strengthen Wither reservoir
Additions: Engineering (ATM)	36,051	53,455	129,757	Engineering overhead apportioned on capital spent in each year
<b>Total Additions</b>	<b>558,251</b>	<b>1,376,093</b>	<b>3,432,664</b>	



### Capital Expenditure Projects > \$50,000 continued

Water: Havelock	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Renewals: Pipelines	2,000	17,744	18,535	
Additions: Treatment plant	-	-	159,767	2015-17 \$2.3m Risk water quality 2020-22 \$3.48m
Additions: Engineering (ATM)	362	853	7,143	Engineering overhead apportioned on capital spent in each year
Telemetry, Connections & Pump stations (under \$50k)	3,250	3,387	3,534	
Total Additions	5,612	21,984	188,979	

### Capital Expenditure Projects > \$50,000 continued

Water: Picton	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Connections	15,000	15,656	16,355	Funded by connection charges
Additions: Pipelines	639,863	1,332,424	1,827,981	2013-16 Mains upgrades incl Speeds Rd WTP \$1.7m. Also to install Bulk flow metering and mains pressure reduction to identify and reduce water losses 2013-17 \$1.8m Universal water metering
Additions: Pump stations	35,000	810,253	38,161	2014-15 Incl Speeds Rd pumps \$0.75m
Additions: Reservoirs	-	2,269,581	-	2014-15 \$0.95m Elevation reservoir strengthening 2014-15 \$1.25m Speeds Rd treatment reservoir
Additions: Treatment plant	350,000	1,010,995	-	2013-15 \$1.4m Speeds Rd WTP to meet NZ Drinking water standards.
Additions: Engineering (ATM)	137,374	180,208	73,955	Engineering overhead apportioned on capital spent in each year
Total Additions	1,177,237	5,619,117	1,956,452	

Water: Rarangi	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Treatment plant	-	-	-	2016-19 \$4.09m incl eng, risk arsenic, area wider than existing community scheme

### Capital Expenditure Projects > \$50,000 continued

Water: Renwick	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Connections	10,000	10,438	10,903	Funded by connection charges
Additions: Pipelines	3,000	3,131	35,981	
Additions: Pump stations	187,500	5,219	5,452	2013-14 New generator & noise suppression to meet standards
Additions: Reservoirs	-	8,253	342,968	2015-17 \$2.58m Storage reservoir
Additions: Treatment plant	-	-	372,790	2015-18 \$9.22m Upgrade WTP
Additions: Engineering (ATM)	13,841	1,093	30,175	Engineering overhead apportioned on capital spent in each year
Total Additions	214,341	28,134	798,269	

Water: Riverlands	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Renewals: Pipelines	1,000	1,044	1,090	
Additions: Reservoirs	-	976,952	127,814	2014-15 Reservoir Strengthening
Additions: Engineering (ATM)	65,208	42	5,064	Engineering overhead apportioned on capital spent in each year
Total Additions	66,208	978,038	133,968	

### Capital Expenditure Projects > \$50,000 continued

Water: Wairau Valley	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Treatment plant	8,000	3,095	21,302	2015-18 \$1.35m Upgrade WTP
Additions: Engineering (ATM)	552	125	836	Engineering overhead apportioned on capital spent in each year
Treatment plant	8,552	3,220	22,138	2015-18 \$2.77m existing scheme chlorinated

WATER	2013/14	2014/15	2015/16	
TOTAL ACTIVITY	2,696,852	8,438,777	7,002,422	

### Local Government Act (2012 Amendment)

The Water activity falls within the definition of local infrastructure (S10(1)(b)) and network infrastructure (S11A(b)). Virtually all expenditure is competitively tendered to deliver a highly cost effective result.

### RECOMMENDED

**That Council receive this report.**

## Activity: Solid Waste Management

Operating costs of this activity represent approximately 8.1% of total activity expenditure.

Manager: Stephen Rooney

### Emerging Issues and Expected Changes

Whilst the reduction in waste to Landfill is the desirable outcome going forward it should be noted that any such scheme will have a financial impact on the ratepayer. Recycling is not free and can often be as expensive as disposal, dependant on the volume of material and the infrastructure associated with processing it.

Reducing waste is a far more effective method of breaking reliance on landfills e.g. through home composting. This is a challenging area for the Region and will require the cooperation of the public and business community alike. The WMMP sets out proposals to expand the kerbside collection service to Renwick, Havelock, Grovetown, Spring Creek, Tuamarina and Rarangi by 2018. This proposal is not budgeted for in the Long Term Plan. In the first instance areas on the Blenheim periphery are being considered for inclusion to the collection service. This small area has a nil rating impact.

The requirement for Emissions Trading Scheme payments required an increase to landfilling charges of \$5.75 (incl GST) per tonne. This charge is dependent on the global market for carbon credits. Further waste diversion is being considered through the establishment of a commercial and industrial waste sorting facility based in Blenheim. This proposal is not budgeted for in the Long Term Plan.

### Levels of Service: Solid Waste Management

Refer to LTP.

### Revenue and Operating Expenditure by Significant Type

Total Landfills	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's
Dump Fees	3,012	3,225	3,305	3,388
Property rentals	2	2	2	2
<b>Total External Revenues</b>	<b>3,014</b>	<b>3,227</b>	<b>3,307</b>	<b>3,390</b>
Personnel costs	132	136	139	142
Consultancy	100	150	153	157
Contracts	727	1,057	1,082	1,107
Levy payment	668	560	560	560
Materials	40	20	20	21
Monitoring Expense	63	66	68	70
Depreciation	261	238	230	231
Interest payments	352	324	300	273
Overhead Allocation	116	121	126	129
Section Management	84	86	89	91
Other	104	119	129	131
<b>Operating expenditures</b>	<b>2,647</b>	<b>2,877</b>	<b>2,896</b>	<b>2,912</b>

- Dump fees increase reflects the increase in fees to recover EIS charges and to reflect the recovery of void space payments from the contractor. Contracts expenditure new includes the completion of void space.
- Levy payments have decreased to reflect the lower price for ETS units.

<b>Total Refuse Collections</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Miscellaneous Revenue	0	0	0	0
Sales	135	135	138	142
<b>Total External Revenues</b>	<b>135</b>	<b>135</b>	<b>138</b>	<b>142</b>
Personnel costs	65	72	73	75
Contracts	198	210	215	220
Fees & Charges	300	374	383	393
Projects	488	534	546	559
Refuse Bags	135	154	158	161
Depreciation	18	19	20	20
Interest payments	0	0	0	0
Overhead Allocation	56	59	61	63
Section Management	41	42	43	44
Other	25	36	39	39
<b>Operating expenditures</b>	<b>1,326</b>	<b>1,500</b>	<b>1,538</b>	<b>1,574</b>

- Fees and charges have increased because of the increased fees charged at the landfill.
- Projects have increased because of additional area now being serviced in the Blenheim periphery.
- Contracts have decreased to reflect actual costs following the new contract being in place for a full year.

<b>Total Transfer Stations</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Dump Fees	662	751	770	800
<b>Fees</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personnel costs	2	2	2	2
Contracts	1,342	1,247	1,276	1,290
Fees & Charges	0	0	0	0
Insurance	0	0	0	0
Depreciation	10	10	11	11
Interest payments	8	6	4	3
Overhead Allocation	22	23	24	25
Section Management	40	41	42	43
Other	21	24	24	24
<b>Operating expenditures</b>	<b>1,445</b>	<b>1,353</b>	<b>1,383</b>	<b>1,398</b>

<b>Total Waste Minimisation</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Donations and Grants - GST liable	150	125	128	131
Subsidy on Capex project	160	0	0	0
Dump Fees	20	20	20	21
Sales	160	200	205	210
<b>Total External Revenues</b>	<b>490</b>	<b>345</b>	<b>354</b>	<b>362</b>
Personnel costs	61	54	55	56
Contracts	384	420	451	461
General Expenses	122	122	120	123
Minor Works contracts	30	0	0	0
Depreciation	76	79	80	82
Interest payments	132	126	121	116
Overhead Allocation	46	48	50	51
Section Management	34	34	35	36
Other	125	147	137	128
<b>Operating expenditures</b>	<b>1,010</b>	<b>1,030</b>	<b>1,049</b>	<b>1,053</b>

### Services Infrastructure Costs

<b>Major Expenditure Type</b>	<b>\$Values</b>	<b>Opportunities for \$ reduction and associated Impact/Consequence/Risks on LOS</b>
<b>Refuse Collection</b>		
Contracts	\$198,000	Refuse collection service to Blenheim and Picton. An extra \$12,000 budget provision has been made for additional collection area
Fees and charges	\$374,004	Landfill fees for blue bags
Kerbside recycling	\$378,000	Kerbside recyclables collection
Kerbside recycling	\$155,620	Kerbside recyclables processing
Refuse bag purchases	\$153,723	Refuse bags for supply to Blenheim and Picton households
<b>Transfer Stations</b>		
Contracts	\$1,247,328	Operation of 7 Transfer stations throughout the District
<b>Landfills</b>		
Consultancy	\$150,000	Landfill Contract administration and technical assistance
Contracts	\$1,057,000	Predominantly operation of Regional landfill facility
Levy Payment	\$559,614	Waste levy and ETS payments to Central Government
Materials	\$20,000	Pea metal for liner protection
Monitoring Expenses	\$66,200	Leachate and air quality monitoring

<b>Waste Minimisation</b>		
Education	\$159,050	Enviroschools, General schools programmes, Kid's Edible Gardens, Worm farm and Bokashi discounts, Sustainable Households, Sustainable Business
General Operations	\$35,500	Coin skips maintenance at Rai Valley, Portage, Ohingaroa and the Grove and waste oil collection
Hazardous Waste	\$120,000	If no hazardous waste collection facilities are available then there is an increased risk of uncontained disposal to environment
Illegal Dumping	\$8,500	Collection and disposal of illegal dumping
Recycling	\$312,592	Includes operation of Resource Recovery Centre and Re-use shop, glass recycling and recycling activities at transfer stations
Rubbish Removal	\$29,000	Cost share - Port Marlborough marina collection \$18,000 and inorganic waste collections from Marlborough Sounds communities \$10,000
Waste Audit	\$17,000	SWAP Study provides a detailed analysis of types and volumes of waste deposited to landfill as required to show compliance for ETS audits.

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

<b>Contract</b>	<b>\$ per annum total</b>	<b>Finishes</b>	<b>Comment</b>
Landfill Operation Contract	\$1,057,000	30/06/2022	
Resource Recovery Centre, Re-use shop and Refuse Transfer Stations Contract	\$1,402,948	30/06/2014	Includes processing of kerbside recyclables.
Refuse Collection Contract Blenheim, Picton and Waikawa	\$198,000	30/06/2014	Excludes landfill charges
Kerbside Recyclables Collection Contract	\$378,000	30/06/2014	Includes performance bonus of \$18,000

**Capital Expenditure Projects > \$50,000**

Solid Waste Management	2013/14	2014/15	2015/16	Impact Consequence of reducing/deferring
Blenheim Landfill	150,000	51,147	52,390	Management of closed landfill to comply with resource consent requirements
Regional Landfill	-	298,000	3,090,482	2014/16 stage 7 Regional Landfill required to ensure suitably engineered landfill is available to accept waste. Stage 8 budgeted 2019-20.
Closed Landfills	-	5,115	47,151	All <\$50k, for Kaituna, Picton and Seddon closed landfill management
<b>Total Landfills</b>	<b>150,000</b>	<b>354,262</b>	<b>3,190,023</b>	
Other	10,800	-	-	2013-14 Recycling bins for extended collection area
<b>TOTAL ACTIVITY</b>	<b>160,800</b>	<b>354,262</b>	<b>3,190,023</b>	

**Local Government Act (2012 Amendment)**

The Solid Waste Management activity falls within the definition of S10(1)(b) of the Act as local infrastructure and public service, S11A(c) "Solid Waste Collection and Disposal" in the Waste Minimisation Act 2008. The majority of this activity is competitively tendered.

**RECOMMENDED**

**That Council receive this report.**



## Activity: Environmental Policy

Operating costs of this activity represents approximately 1.6% of total activity expenditure.

Manager: Pere Hawes

### Emerging Issues and Expected Changes

The Council has committed to a rebuild of its resource management framework. This work will be a significant undertaking for Council and the Marlborough community. As part of this review process, the Council has decided to take the opportunity provided by Section 80 of the RMA to combine the objectives, policies and methods of the two operative resource management plans with the RPS to provide a single strategic direction for the integrated management of Marlborough's natural and physical resources.

The rules contained in the two existing resource management plans will be recast into one integrated plan for the District. This combined plan will provide the regulatory framework to be applied to the subdivision, use and development of land, air, coastal resources and water resources. This framework will utilise fewer rule categories than is currently the case and will provide clear triggers for the need for resource consent. This simplified and streamlined structure will be easier to use and will provide greater certainty to resource users and the wider community.

A draft combined Regional Policy Statement (RPS) and Resource Management Plan (RMP) is to be completed in 2013. On notification of the RPS and RMP, the main task for the Environmental Policy Team will be processing and supporting the hearing of submissions on the notified provisions. Decisions on submissions will be made by an appointed hearings panel.

In order to achieve the objectives set in the RPS it is important that the regulatory and non-regulatory methods included in the RPS are implemented. It is anticipated that the Environmental Policy Team will play a key role in this regard by preparing and managing implementation plans for the methods once the RPS and RMP provisions become operative. The plans will prioritise the application of the methods according to need, clearly identify the key tasks and their timeframes, ensure adequate resources are allocated to the tasks and co-ordinate the Council staff involved in implementation.

Government initiatives (such as legislative change or the introduction of national policy statements or national environmental standards) can influence the nature, scope and timing of the environmental policy work programme. Plan change requests, which cannot be anticipated, have a similar effect. There are currently two plan change requests that are subject to appeals and a further two plan change requests are being processed.

### Levels of Service: Environmental Policy

Refer to LTP.

### Expenditure by Significant Type

Environmental Policy	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Personnel costs	487	448	458	467
Consultancy	389	240	246	251
Contracts	100	100	102	105
Legal	80	200	205	210
Overhead Allocation	220	227	236	242
Departmental Management	39	40	41	42
Section Management	59	59	62	63
Internal Contracts and Recharges	25	0	0	0
Other	29	28	29	29
<b>Operating expenditures</b>	<b>1,429</b>	<b>1,343</b>	<b>1,379</b>	<b>1,410</b>

As the RPS and RMP proceed through the First Schedule process, the expenditure on consultancy will progressively reduce as the technical input to support the new resource management framework declines. At the same time, expenditure on legal services is likely to increase to support Council decisions on

submissions subject to appeal. This is reflected in the allocation of the budget, as shown in the table above.

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

Shown in the "Projects > \$20,000" section below.

**Projects > \$20,000\***

\*(Includes Professional Advice, Contracts and Contributions)

2013/14	Description	Y/N	Comment
\$100,000	Ongoing external assistance with the drafting of RPS and RMP provisions		Contract planning services are used to supplement staff resources on an ongoing basis. From time to time, technical support for the drafting of RPS/RMP provisions is also required.
\$60,000	Development of water reallocation policy and mechanisms		The mechanisms are required to efficiently and effectively deal with a state of full allocation of Marlborough's water resources. Note that this project is supported by the MPI on a dollar for dollar basis.
\$30,000	Iwi Working Group (and other focus groups)		To complete the statutory requirement to identify issues of significance to Marlborough's iwi and to get informal feedback on other draft provisions.
\$20,000	Technical advice to support landowner liaison on significant landscapes and wetlands to be included in the RMP		To confirm landscapes and wetlands for inclusion in the RMP taking into account feedback from affected landowners.
\$15,000	Review of airport protection measures		To confirm appropriate noise exposure overlays and height restrictions to protect the operation of Marlborough's airports
\$40,000	Notification of RPS and RMP		Costs of notifying the resource management framework in accordance with the RMA.
\$30,000	Notification of plan changes and Section 42A reporting for Council initiated plan changes.		Three plan changes are currently being processed or prepared in accordance with decisions made by the Plan Review Sub-committee.

The objective is to complete the drafting of the RPS and RMP in the 2013/14 financial year. A decision on the timing of notifying the proposed RPS and RMP will be made by the Plan Review Sub-committee.

The significant project costs associated with getting the review process to this point are identified in the table above. The main project immediately following notification is completing the First Schedule process of the RMA (public submissions, submission summaries, Section 42A reports, hearings and decision making).

As identified in the emerging issues and expected changes section, on completion of the First Schedule process the environmental policy team will prepare implementation plans for the delivery of regulatory and non-regulatory methods contained in the RPS.

There are many variables that affect the nature, scope and timing of this environmental policy work programme. In the short term, this will depend on the nature and number of submissions received on the

proposed RPS and RMP. The greater the number and complexity of submissions, the more resource required to process the submissions. The content of submissions will also influence whether further external assistance is required. The submissions are also likely to influence the final nature of regulatory and non-regulatory methods in the medium to long term. It is therefore on completion of the First Schedule process that the process of developing implementation plans can commence with any certainty.

Another uncertainty involves the costs of defending Council decisions in Environment Court proceedings. The costs depend on the number of appeals; the substance of those appeals and the process the Court adopts to hear the appeals.

There are also costs associated with the preparation of evidence and legal costs associated with defending Council decisions on Council initiated plan changes and plan change requests. These costs depend on the nature of the appeal and the evidence called by the appellant. In terms of the two plan change requests subject to appeal, the Council is yet to receive the appellant's evidence.

A proportion of the budget is to be used to support Council initiated plan changes. There are three current Council initiated plan changes either in preparation or being processed in accordance with the First Schedule of the RMA.

Given the uncertainties inherent within the First Schedule process, it is difficult to provide a breakdown of project costs beyond the 2013/14 financial year. What is certain is that the budget will be used to secure external advice and legal support to make the second generation resource management framework operative, maintain the accuracy and currency of the planning documents thereafter, and oversee the implementation of regulatory and non-regulatory methods contained within the planning documents.

### **Project and Other Operating Expenditure Reduction Possibilities**

It is possible not to undertake the projects listed above but this will have significant implications in terms of Council not fulfilling its statutory duties (in terms of the RPS and RMP, including particular subject matter or in terms of the requirement to consult).

Much of the project work involves securing technical expertise that does not exist within Council to assist with RPS and/or RMP preparation. In this situation, the Council often does not have the option of internalising these costs. Where this option does exist, undertaking the task internally would divert staff resource from the task of RPS and/or RMP preparation.

### **Local Government Act (2012 Amendment)**

The Resource Management framework provided under the Environment Policy activity is one of the functions contained in S30 and S31 of the Resource Management Act 1991.

### **RECOMMENDED**

**That Council receive this report.**

## Activity: Environmental Science and Monitoring

Operating costs of this activity represents approximately 3.4% of total activity expenditure.

Manager: Alan Johnson

### Emerging Issues and Expected Changes

The Regional Policy Statement and Resource Management Plans, which are currently under review, will provide the strategic direction for future levels of service for resource monitoring, science investigations and non regulatory methods to mitigate various environmental effects. It is also anticipated that central government may propose new national environmental standards and regulations under the RMA which will further impact on services. A number of resource issues place could further impacts on services and increase levels of monitoring, the main issues are summarised below;

Diffuse pollution remains as the biggest threat to fresh water quality in the District. Monitoring programmes will need to evolve to meet changes in the environment and expectations of local and central government legislation. In terms of strategies to help improve degraded water bodies a non regulatory approach to encourage best land use practice in conjunction with a compliance regime is expected to be promoted.

The overall condition of our coastal environment from effects from land use, sewage disposal, vessel waste, siltation and marine farming is not that well understood. While some progress is being made towards investigations into what to monitor, and how to structure a monitoring programme additional resourcing will be necessary over future years. A monitoring programme will provide the community with a baseline of environmental conditions and provide better technical information to measure environmental change and enable potential; economic growth in occur on a more balanced and strategic basis.

### Levels of Service: Environmental Science and Monitoring

#### New Measure

Level of Service	Indicator	2013-14	2014-15	2015-16
Effective coastal marine environment monitoring is undertaken.	An additional technical monitoring report card on the coastal environment completed.  (note; indicator to be incorporated with existing level of service target)	1	1	1

### Revenue and Expenditure by Significant Type

Environmental Science and Monitoring	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Monitoring charges	5	5	5	5
<b>Total External Revenues</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personnel costs	1,177	1,227	1,256	1,281
External Support	357	357	365	374
Contracts	100	100	102	105
Greenscape contracts	100	100	102	105
Laboratory Charges	130	130	133	137
Monitoring Expense	60	103	0	0
Projects	70	70	102	73
Depreciation	74	78	82	80
Overhead Allocation	419	440	457	469
Departmental Management	75	78	80	81
Section Management	38	38	39	40
Internal Contracts and Recharges	(62)	(62)	(62)	(62)
Other	175	146	152	155
<b>Operating expenditures</b>	<b>2,713</b>	<b>2,805</b>	<b>2,808</b>	<b>2,838</b>

**Comment**

Monitoring expenses have increased to reflect the phased in additional fresh water use monitoring approved in the LTP.

The increase in personnel costs represents the full year employment of personnel.

**Projects > \$20,000 (the figures on the table below are not inflated)**

**\*2015/16-2022 - Routine project provisions roll over for subsequent years**

Description	2012/13	2013/14	2014/15	2015/16*	Comment (13/14)
<b>Fresh Water Resource</b>					
Ground water quantity & quality monitoring	\$22,000	\$22,000	\$22,000		SOE Monitoring
Ground water resource investigations		\$40,000	\$40,000		Wairau recharge studies and aquifer investigations
Significant wetland surveys	\$30,000	\$20,000	\$20,000		Identification of a schedule of regionally significant wetlands
Recreational bathing water quality	\$26,000	\$23,000	\$23,000		Lab costs and collection of samples
Surface water quality monitoring	\$60,000	\$60,000	\$60,000		SOE monitoring programme (Lab costs)
Surface water quality investigations	\$50,000		\$40,000		Effects and source tracking
Surface water quantity investigations			\$20,000		SFR reviews and monitoring
Coastal spring recharge investigations	\$40,500				Age dating, and determining quantity limit setting
<b>Biodiversity</b>					
Significance Nature Area assistance programme	\$120,000	\$120,000	\$120,000		Programme for private land, protection, advice, surveys, and seed eco sourcing, tui to town
<b>Land Resource</b>					
Marlborough Landscape Group	\$100,000	\$100,000	\$100,000		Group facilitation and planting programmes (Greenscape contracts)
Monitoring of Soil quality	\$20,000	\$20,000	\$20,000		Lab costs
Land investigations and measure soil properties	\$45,000	\$30,000	\$30,000		Soil characterisation, erosion, land use etc
Contaminated land investigations (HAIL sites)	\$40,000	\$50,000	\$50,000		Investigations as issues arise
Diffuse pollution farm plans.	\$27,000	\$27,000	\$30,000		Programme to encourage best land use practice through environmental farm planning, fencing streams and riparian planting in the Pelorus catchment.
<b>Coastal Resource</b>					
Biological monitoring of benthic communities		\$28,000	\$28,000		Biological monitoring of impacts on the benthic communities from inter-island ferry operations

Hydrographic Models for Queen Charlotte Sound	\$108,300				Investigations to set a baseline for Water Quality and programme development.
Hydrographic Models for Pelorus Sound		\$114,000			Investigations to set baseline Water Quality Programme.
Ship wake monitoring			\$16,000		
<b>Air Resource</b>					
Air Quality Monitoring	\$35,000	\$22,000	\$22,000		Pm10 monitoring
Investigations			\$15,000		
<b>General</b>					
SOE reporting		\$35,000	\$35,000		5 yearly consolidated report
<b>Sub Total</b>	<b>\$723,800</b>	<b>\$711,000</b>	<b>\$691,000</b>		

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

Contract	\$ per annum	\$ Total	Finishes	Comment
Hills Laboratory	\$130,000	\$360,000	30/6/2015	Fresh water and soil lab costs, (costs vary depending upon extend of monitoring)
NIWA	\$114,000	\$222,300	30/06/14	Coastal hydrographic and ecological model development

**Capital Expenditure Projects > \$20,000**

Enviro Science and Monitoring	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Additions: Telemetry field equipment	69,000	50,214	51,476	52,877	Maintenance of Network 85 sites

**Project and Other Operating Expenditure Reduction Possibilities**

Description	\$Values	Impact/Consequence/Risks on LOS
SNA Programme	\$20,000	Reduction in landowner assistance, loss of service
SOE Reporting	\$35,000	Deferment of 5 yearly State of the environment report. Would need to review performance indicator in LTP
Marlborough Landscape Group	\$20,000	Reduction in level of service, political risk

**Local Government Act (2012 Amendment)**

The Environmental Science and Monitoring activity undertakes functions listed in S30 and S31 of the Resource Management Act 1991.

**RECOMMENDED**

**That Council receive this report.**

## Activity: Resource Consents

Operating costs of this activity represents approximately 2.7% of total activity expenditure.

Manager: Anna Eatherley

### Emerging Issues and Expected Changes

The challenges for this activity are centred on the need to adequately respond to legislative and other changes whilst meeting statutory timeframes for the processing of consents and providing a fair, cost effective and consistent service to the community. Council as a large unitary is faced with processing a constantly fluctuating work flow including a number of applications of a complicated nature, particularly those involving the allocation of water and coastal space. Council constantly reviews its processes and procedures to ensure adherence to current best practices.

### Levels of Service: Resource Consents

Refer to the LTP.

### Expenditure by Significant Type

Resource Consents (all)	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Coastal Applications	148	198	203	208
Consents	165	157	161	165
Discharge Applications	125	140	143	147
Landuse Applications	279	437	448	459
Subdivision Applications	315	165	169	173
Water Applications	182	124	127	130
Other	36	4	4	5
<b>Total External Revenues</b>	<b>1,250</b>	<b>1,225</b>	<b>1,255</b>	<b>1,287</b>
Personnel costs	1,022	1,002	1,026	1,046
Advertising	7	7	7	7
Allowances - Meeting Attendance	80	80	82	84
Commissioners	119	119	122	124
External Support	25	25	26	26
Legal	235	235	241	247
Overhead Allocation	567	586	609	625
Departmental Management	102	104	107	108
Other	86	71	86	90
<b>Operating expenditures</b>	<b>2,243</b>	<b>2,229</b>	<b>2,306</b>	<b>2,357</b>

### Projects > \$20,000

N/A

Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.

N/A

### Project and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risks on LOS
Nil	\$Nil	No capacity to trim any further and still fulfil Council's statutory responsibilities ie; processing resource consents within statutory time frames.

### Capital Expenditure Projects > \$20,000

N/A

**Local Government Act (2012 Amendment)**

The Resource Consent activity is a Regulatory function in terms of S10(2) of the Act and is also undertaken as a function conferred on Council by S30 and S31 of the Resource Management Act.

The processes and resource levels for this activity have been reviewed to ensure a cost effective service is provided to ratepayers.

**RECOMMENDED**

**That Council receive this report.**



## Activity: Environmental Protection

Operating costs of this activity represent approximately 1.4% of total activity expenditure.

Manager: Garth Congdon

### Emerging Issues and Expected Changes

The following are the emerging issues and expected changes within this Activity:

- Discharge of waste water and grape marc from wineries.
- Monitoring of NZ King Salmon's resource consents.
- Monitoring of Land Disturbance consents associated with the Forestry Industry.
- The continuing increase in complaints.

### Levels of Service: Environmental Protection

Refer to the LTP.

### Revenue and Expenditure by Significant Type

Environmental Protection (all)	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Infringement ( non Court)	2	2	2	2
Infringement (ex Court)	6	6	6	6
Monitoring - staff costs charged	45	45	46	47
Other	13	13	14	14
<b>Total External Revenues</b>	<b>66</b>	<b>66</b>	<b>68</b>	<b>69</b>
Personnel costs	556	582	596	608
External Support	15	30	31	31
Legal	100	100	102	105
Overhead Allocation	302	312	324	333
Departmental Management	54	56	57	58
Other	49	52	57	58
<b>Operating expenditures</b>	<b>1,076</b>	<b>1,132</b>	<b>1,167</b>	<b>1,193</b>

### Project and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risks on LOS
Nil		Majority of costs relate to personnel, therefore reductions could lead to fewer investigatory officers and a lower level of service.

### Local Government Act (2012 Amendment)

The Environmental Protection activity is a Regulatory function in terms of S10(2) of the Act and is also undertaken as a function conferred on Council by S30 and S31 of the Resource Management Act.

The processes and resource levels for this activity have been reviewed to ensure a cost effective service is provided to ratepayers.

### RECOMMENDED

That Council receive this report.

## Activity: Biosecurity (Pest Management)

Operating costs of this activity represents 1.5% of total activity expenditure.

Manager: Alan Johnson

### Emerging Issues and Expected Changes

Over the next few years our focus is centred on the need to adequately respond to;

- The statutory requirement to review the Regional pest management plan to ensure that the plan remains in compliance with the Biosecurity Amendment Act and subsequent national policy directions.
- The need to review existing pest programmes, emerging pest issues and policies to ensure the levels of intervention remain current and remain fit with community expectations
- The ongoing risk of Chilean needle grass spread continues. Effective control intervention and management of pathway risks is under review and will require additional resources and an adaptive management approach in the future.
- The need to review policies to manage biodiversity pest threats on sites that are identified as Significant Nature Areas (SNA). In particular an impact assessment is required for SNA in south Marlborough where the Animal Health Board possum control programme is planned to withdraw.

### Levels of Service: Biosecurity (Pest Management)

Refer to LTP.

### Revenue and Expenditure by Significant Type

<b>Biosecurity (Pest Management)</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Miscellaneous Revenue	20	20	20	21
<b>Total External Revenues</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>21</b>
Personnel costs	361	374	383	391
External Support	22	36	15	5
Contracts	249	240	256	262
Contributions	245	248	318	273
Lease - Admin vehicles	29	0	0	0
Overhead Allocation	199	206	214	220
Departmental Management	36	37	37	38
Section Management	18	18	18	19
Internal Contracts and Recharges	12	9	9	9
Other	41	50	84	84
<b>Operating expenditures</b>	<b>1,212</b>	<b>1,218</b>	<b>1,334</b>	<b>1,301</b>

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

Contract	\$ per annum/total	Finishes	Comment
AHB Regional Contribution	\$208,480	30 June	Vector programme share costs

**Projects > \$20,000\***

\*(The figures on the table below are non inflated)

Description	2013/14	2014/15	2015/16	Comment
Spartina Grass	\$22,000	\$22,000	\$22,000	Contribution to DOC
Wilding Contorta		\$30,000	\$30,000	Wye Reserve and adjacent properties
Pest plant Compliance Inspections	\$25,000	\$25,000	\$25,000	Compliance regime (contract staff)
Marine partnership	\$20,000	\$20,000	\$20,000	Contribution for Top of South
Biological Control Plants	\$27,200	\$27,200	\$27,200	Landcare/Regional Contribution and release of new agents
Marlborough Sounds Restoration Trust	\$20,000	\$20,000	\$20,000	Annual contribution to control Wildings
Pest Research	\$38,000	\$38,000	\$38,000	Implementation and regulatory approvals, best practice control methods
RPMS Planning	\$36,000	\$15,000	\$5,000	RPMS Review consultants and printing
Ant Management	\$25,000	\$25,000	\$25,000	Control and monitoring
Rabbit monitoring	\$16,000	\$10,000	\$10,000	Monitoring populations and RHD
Chilean needle grass management	\$50,000	\$50,000	\$50,000	Inspections, incentive programmes, education
AHB Regional Contribution	\$208,480	\$270,000	\$220,000	AHB Funding share for TB programme
<b>Sub Total</b>	<b>\$420,747</b>	<b>\$552,200</b>	<b>\$492,200</b>	

**Project and Other Operating Expenditure Reduction Possibilities**

Description	\$Values	Impact/Consequence/Risks on LOS
Ant Programme	\$25,000	Argentine Ants will spread at a greater rate, Currently there is no statutory requirement to manage the species under the existing RPMP.
Community pest programmes	\$8,000	Little uptake on the funding, no impact.
AHB Programme (Council contribution to cease)	\$208,480	Political and community concerns. AHB would need to levy costs on local beneficiaries and exacerbators.

**Local Government Act (2012 Amendment)**

The Biosecurity activity is undertaken as a Regulatory function in terms of S10(1)(b) of the Act to meet the requirements of the Biosecurity Act 1993.

**RECOMMENDED**

**That Council receive this report.**

## Activity: Building Control

Operating costs of this activity represents approximately 3.0% of total activity expenditure.

Manager: Bill East

### Activity Levels

The activity level of the Group varies from year to year. The following table lists the numbers of Building Consents handled during the past few years.

	2009	2010	2011	2012
Total Building Consents	1,837	1,459	1,162	1,177
Total New Dwellings	263	215	152	173
Value of all Building work	\$188,246,598	\$129,953,249	\$97,785,805	\$140,571,542

The information provided above is for a calendar year from January to December.

### Emerging Issues and Expected Changes

#### Building Consent Authority Regulation 18 requirements:

##### Reg18 - Requiring technical qualifications

- (1) This regulation applies to a building consent authority's employees and contractors who perform the authority's building control functions by doing a technical job.
- (2) The building consent authority must have a system for ensuring that every employee and contractor—
  - (a) has an appropriate New Zealand qualification; or
  - (b) is working towards having an appropriate New Zealand qualification within a reasonable time; or
  - (c) has an appropriate foreign qualification recognised in New Zealand.

This regulation requires all BCO's in the group to achieve these qualifications. BCO's must be registered for this requirement by November 2013. The cost per BCO will be \$6,000.00 to \$8,000.00 depending on the amount of up skilling required. This does not include any training required to meet additional needs. The overall cost for this provision was not included in the budget prepared as the requirements to meet Regulation 18 had not been finalised by MBIE (DBH) at the time of the Budget preparation. It is expected that MBIE will finalise the requirements during the year.

### BCA and TA Role splitting

The increasing demand being placed on the TA by Central Government makes it necessary to now split the two roles carried out by the Building Control Group. It is clear from a recent Technical review (yet to be finalised and presented) carried out by MBIE that additional resources are required to enable all activities to be carried out as per MBIE's requirements. At present many of these tasks are not self funding. Some additional changes have been identified in the proposed flat fee report.

Additional activities foreseen are:

- Monitoring of Earth Quake prone structures
- Increased activities required for Building Warrant of Fitness audits
- Increased activities required for Compliance Schedule items within commercial buildings including site audits.

### Levels of Service: Building Control

Refer to LTP.

**Revenue and Expenditure by Significant Type**

<b>Consents: Building Control</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Code Compliance Certificates	50	0	0	0
Consents - Building	985	1,860	1,906	1,954
Inspections	550	0	0	0
LIM fees	0	0	0	0
Project Information Memoranda	145	6	6	7
Travel Charges	110	0	0	0
Other	90	61	63	64
<b>Total External Revenues</b>	<b>1,930</b>	<b>1,927</b>	<b>1,975</b>	<b>2,025</b>
Personnel costs	1,145	1,180	1,209	1,233
Audit Fees	50	40	41	42
Consultancy	55	55	56	58
Lease - Admin vehicles	54	42	43	44
Training Conferences & Seminars	25	25	26	26
Travel and Accommodation	40	40	41	42
Overhead Allocation	667	689	716	735
Departmental Management	120	123	125	128
Internal Contracts and Recharges	6	2	6	6
Other	149	142	146	150
<b>Operating expenditures</b>	<b>2,311</b>	<b>2,339</b>	<b>2,409</b>	<b>2,463</b>

<b>Consents: PIM and LIM section</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
LIM fees	125	187	191	196
<b>Total External Revenues</b>	<b>125</b>	<b>187</b>	<b>191</b>	<b>196</b>
Personnel costs	105	107	110	112
Overhead Allocation	51	53	55	56
Internal Contracts and Recharges	10	4	10	10
Other	7	6	6	6
<b>Operating expenditures</b>	<b>173</b>	<b>169</b>	<b>181</b>	<b>184</b>

**Projects > \$20,000\***

\*(The figures on the table below are inflated)

<b>Description</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Comment</b>
Accreditation charges from accrediting agency IANZ. DBH audits here each second year.	\$50,000	\$40,000	\$41,000	\$42,000	Chargeable every two years per agency

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

<b>Contract</b>	<b>\$ per annum/total</b>	<b>Finishes</b>	<b>Comment</b>
Allowance for demolition of earthquake prone buildings	\$50,000	2015/16	Required for three years

**Project and Other Operating Expenditure Reduction Possibilities**

None identified.

**Local Government Act (2012 Amendment)**

The Building Control activity is undertaken as a Regulatory function in terms of S10(1)(b) of the Act to meet the requirements of the Building Control Act 2004.

Processes and resourcing levels are regularly reviewed to provide a cost effective service that still meets accreditation requirements.

**RECOMMENDED**

**That Council receive this report.**

## Activity: Environmental Health

Operating costs of this activity represent approximately 0.5% of total activity expenditure.

Manager: Garth Congdon

### Emerging Issues and Expected Changes

The following are the emerging issues and expected changes within this Activity:

The issues and changes facing Environmental Health are:

- Introduction on 19 December 2012 of Sale and Supply of Alcohol Act 2012 will place an additional administrative burden on Council
- Expected changes to the Food Act that may place an additional administrative burden on Councils who will be enforcing the Act
- Continuing use of frost fans
- Continuing increase in complaints to Council, especially in terms of noise

### Levels of Service: Environmental Health

As a result of the introduction of new legislation changes to Council's liquor licensing regime will be required, which will place an additional administrative burden on Council.

Recent testing carried out of frost fans showed that the majority of frost fans installed do not comply with District Plan permitted activity rules. Enforcement action will be required to ensure compliance which will place an additional administrative burden on Council.

### Revenue and Expenditure by Significant Type

<b>Consents: Environmental Health</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Food Premises	82	82	84	86
Liquor Licences	108	123	126	129
Other Licences	15	15	15	16
Other	8	13	14	14
<b>Total External Revenues</b>	<b>213</b>	<b>233</b>	<b>239</b>	<b>245</b>
Personnel costs	173	180	184	188
Contracts	52	68	70	71
Lease - Admin vehicles	8	5	5	5
Legal	9	6	6	6
Depreciation	5		3	3
Overhead Allocation	117	121	126	129
Other	48	51	48	49
<b>Operating expenditures</b>	<b>412</b>	<b>431</b>	<b>442</b>	<b>452</b>

Noise control contract has been retendered.

### Projects > \$20,000\*

N/A

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

<b>Contract</b>	<b>\$ per annum/total</b>	<b>Finishes</b>	<b>Comment</b>
Noise and Smoke Control (2012/22)	\$52,000	30/06/2016	This contract at the end of December is operating at variance of approximately - \$50,000. It is predicted that the price for delivering this function for 2012-13 is likely to be \$68,000.

**Project and Other Operating Expenditure Reduction Possibilities**

Description	\$Values	Impact/Consequence/Risks on LOS
Nil		The majority of resources are focused on service delivery (ie. personnel and contract costs). Any reduction means that Council may not be able to meet its statutory obligations.

**Local Government Act (2012 Amendment)**

The Environmental Health activity is a Regulatory function in accordance with S10(1)(b) of the Act to meet the requirements of the Supply of Liquor Act 2012, Food Act 1981 and the Resource Management Act 1983. This is a small cost effective unit.

**RECOMMENDED**

**That Council receive this report.**



## Activity: Animal Control

Operating costs of this activity represents approximately 0.7% of total activity expenditure.

Manager: Garth Congdon

### Emerging Issues and Expected Changes

The following are the emerging issues and expected changes within this Activity:

- The cost of maintaining the levels of service.
  - In the current economic climate some owners are not prioritising the registration of their dogs over other expenditure.
  - Number of dogs that haven't been microchipped.
  - Increasing numbers of callouts for wandering stock.
  - There is an element of public good associated with the function of Animal Control – Council to determine what proportion of the activity should be rate funded.

### Levels of Service: Animal Control

Refer to the LTP.

### Expenditure by Significant Type

Animal Control	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Disbursement recoveries	8	8	8	8
Dog Registration	510	520	533	546
Impounding	14	15	15	16
Infringement ( non Court)	7	7	7	8
Infringement (ex Court)	10	15	15	16
Other	4	4	6	4
<b>Total External Revenues</b>	<b>553</b>	<b>569</b>	<b>584</b>	<b>598</b>
Personnel costs	27	32	33	34
Advertising	10	10	10	11
Contracts	440	454	465	476
Depreciation	5	6	6	6
Overhead Allocation	41	48	50	51
Departmental Management	7	9	9	9
Other	37	42	43	44
<b>Operating expenditures</b>	<b>567</b>	<b>601</b>	<b>616</b>	<b>631</b>

### Projects > \$20,000\*

\*(Includes Professional Advice, Contracts and Contributions)

N/A

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

Contract	\$ per annum/total	Finishes	Comment
Animal Control Services	435,000.00	21 March 2013	Contract reviewed 2012

### Project and Other Operating Expenditure Reduction Possibilities

Description	\$Values	Impact/Consequence/Risks on LOS
Nil		The contract was reviewed in 2012 which resulted in a status quo.

**Local Government Act (2012 Amendment)**

The Animal Control activity is undertaken as a Regulatory function in terms of S10(1)(b) of the Act to meet the requirements of the Dog Control Act 1986.

The majority of this function is delivered by a cost effective competitive tendered contract.

**RECOMMENDED**

**That Council receive this report.**

## Activity: Harbours

Operating costs of this activity represents approximately 1.2% of all the activity expenditure

Manager: Alex van Wijngaarden

### Emerging Issues and Expected Changes

The following are the emerging issues and expected changes within this Activity:

Over the course of the last decade, commercial vessel movements have increased significantly, particularly in the log and passenger vessel calls being recorded. Additionally, the increase in recreational craft has seen the potential for conflict between the various water users increase.

With the increase in timber exports, more vessels are expected to call at Picton and the overlap between vessel arrivals requires a more pro-active vessel movement management regime to be established. How this will be delivered will be formulated in line with international practices.

Two new vessels are required to enable the harbour service to function effectively. Subject to receiving additional third party funding, an additional vessel is planned for 2015-16 and with replacement of the existing vessel scheduled for 2020-21.

### Issues emerging within the Activity are:

- ongoing development and review of the Safety Management System required by Maritime New Zealand.
- impact of oil exploration within New Zealand in relation to Admiralty Bay and the additional pressures this places on the Harbour Department's resources.
- potential for log exports from Port Underwood has been raised on a number of occasions and will require careful consideration prior to this taking place.
- the need to review the levels of service as water use changes
- ongoing review of the Harbour Risk Assessment with a complete review every 3 years
- keeping the adequacy of the Aids to Navigation (AtoN) network under review to ensure that changes in waterway use are incorporated in establishment of additional AtoNs

### Levels of Service : Harbours

Refer to the LTP

**Expenditure by Significant Type**

<b>Harbours</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Contributions - Miscellaneous	0	0	0	0
Fees	0	0	0	0
Navigation Levies	130	134	138	143
Other	38	39	40	41
<b>Total External Revenues</b>	<b>168</b>	<b>173</b>	<b>179</b>	<b>185</b>
Personnel costs	260	266	272	279
Consultancy	40	41	42	43
Contracts	190	194	199	204
Insurance	54	56	58	60
Legal	10	10	11	11
Rent	40	41	42	43
Repairs & Maintenance	17	17	18	19
Training Conferences & Seminars	19	20	21	21
Travel and Accommodation	14	14	15	15
Depreciation	99	116	129	144
Overhead Allocation	92	97	100	102
Departmental Management	17	17	17	18
Other	93	97	101	105
<b>Operating expenditures</b>	<b>944</b>	<b>987</b>	<b>1,024</b>	<b>1,063</b>

**Projects > \$20,000\***

\*(the figures on the table below are not inflated)

<b>Description</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Comment</b>
Aids to Navigation (AtoN) Contract	\$78,336	\$78,336	\$78,336	Contractor failed to renew Contract. Request for Quotation closes end February with options to be considered.
Wave Rider Buoy Contract – NIWA	\$54,000	\$54,000	\$54,000	

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

<b>Contract</b>	<b>\$ per annum/total</b>	<b>Finishes</b>	<b>Comment</b>
Aids to Navigation (AtoN) Contract	\$78,336	Rolled over	
Wave Rider Buoy Contract – NIWA	\$54,000	Rolled over	

**Project and Other Operating Expenditure Reduction Possibilities**

<b>Description</b>	<b>\$Values</b>	<b>Impact/Consequence/Risks on LOS</b>
Nil		Ideally more funding is required; however it is desirable that these are obtained through 3 <sup>rd</sup> party operators.

**Capital Expenditure Projects > \$20,000**

Total Harbour Control	2012/13	2013/14	2014/15	2015/16	Impact Consequence of reducing/ deferring
Additions: Computers	25,000	69,149	-	-	Upgrade VTS software & computers required to maintain effectiveness.
Additions: Boats	60,000	-	-	352,302	2012-13 Patrol Engine replacement (already deferred) 2015-16 Patrol Vessel & towing vehicle (Nissan flat deck truck) replacement & \$50k Radar Picton Shakespeare Bay 2017-18 & 2020-21 Patrol engine replacement
Additions: Instrumentation	17,000	-	106,509	-	2014-15 & 2017-18 WLAN upgrade 2020-21 Weather instrumentation Admiralty Bay (new installation) Each year capital spent also replacement environmental instrumentation to update technology, and Radar Tory channel
Additions: Navigational aids	7,000	7,225	7,456	7,707	
Additions: Sundry plant	-	-	-	-	2020/21 Wave rider buoy
Additions: Navigational aids	23,000	56,764	24,497	25,322	Every 3rd year from 2013-14 Upgrade of VTS computers & software, every year \$23k (plus inflation) instrumentation replacement
<b>Total Additions</b>	<b>132,000</b>	<b>133,138</b>	<b>138,462</b>	<b>385,331</b>	

**Local Government Act (2012 Amendment)**

Harbours activity is a Regulatory function within the meaning of S10(1)(b) of the Act undertaken in accordance with the Maritime Transport Act 1974 and Maritime Rules.

**RECOMMENDED**

**That Council receive this report.**

## Activity: Regional Development

Operating costs of this activity represents approximately 5.6% of total activity expenditure.

**Manager: Parking (Dean Heiford), Regional Development (Neil Henry), Water: Southern Valleys (Stephen Rooney)**

### Emerging Issues and Expected Changes

The following are the emerging issues and expected changes within this Activity:

- The role of the Council in supporting economic growth is under review via the Smart and Connected vision and framework. Options are presented for consideration for funding in 2013/14 and subsequent years.
- The government has refocused its funding of local economic interventions from a regional allocation to a national bidding model. Marlborough is therefore focusing on what can be achieved with local partnerships and by being part of bids by other organisations bidding nationally.
- The decision by government whether to invest in port facilities at Clifford Bay, near Ward, could have a significant impact for that area and for Picton where major port facilities are currently located.
- Balancing economic growth with our special natural environment. Access to good quality water for irrigation and production is a particular issue for our land-based economy.
- A Regional Events strategy is being developed in partnership with Grow Marlborough to maximise the value of events to the region.
- The current global economic situation has had an impact on the number of visitors to New Zealand as travel is frequently seen as discretionary expenditure.
- International airline capacity, low cost airlines and new routes will create a change in the international market mix to Marlborough. There are shifts in the market mix with higher growth in Asian market arrivals than the traditional markets of UK, Europe, USA and Canada.
- Changing traveller booking patterns with much shorter lead times.
- Tourism New Zealand's new target market strategy for international promotion is more closely aligned with the Marlborough visitor experience and provides good future promotional opportunities to feature more within the context of the international marketing effort.
- Parking strategies for Picton and Blenheim (due for Picton and 2012, and Blenheim in 2013) will guide future decisions about provision, pricing and other parking related issues.

### Levels of Service: Regional Development

Refer to LTP.

**Expenditure by Significant Type**

<b>Parking - Blenheim and Picton</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Legal Fees Recovered Revenue	80	70	72	74
Infringement ( non Court)	315	315	323	331
Infringement (ex Court)	250	250	256	263
Parking Collections	836	786	857	878
Parking Leases	203	186	190	195
Other	6	5	5	5
<b>Total External Revenues</b>	<b>1,690</b>	<b>1,612</b>	<b>1,703</b>	<b>1,746</b>
Contracts	297	252	258	264
Insurance	21	27	28	28
Legal	130	110	113	116
Levy payment	50	50	50	50
Rates payable	174	169	173	177
Repairs & Maintenance	123	123	125	128
Repairs & Maintenance - Buildings	50	23	27	26
Depreciation	243	275	246	264
Interest payments	275	716	694	679
Departmental Management	14	13	14	14
Section Management	35	28	34	36
Corporate allocations & recoveries	176	164	175	180
Other	128	156	154	156
<b>Operating expenditures</b>	<b>1,716</b>	<b>2,106</b>	<b>2,091</b>	<b>2,118</b>

- Revenues, Parking Collections 2013/14 – variance due to economic downturn.
- Expenditure: Interest payments 2013/14 onwards – increase due to loan repayments for car parking building.

<b>Regional Development: Marketing and Tourism</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Grants	80	100	102	104
Levy payment	186	185	189	193
Interest payments	117	114	110	106
Overhead Allocation	27	28	29	30
Other	712	731	717	723
<b>Operating expenditures</b>	<b>856</b>	<b>873</b>	<b>856</b>	<b>859</b>

- Grants 2013/14 relates to the full year for the Events Co-ordination position. When the budget was prepared, it had not been decided whether the position would be internally resourced or provided by a third party.

<b>Regional Development: Research Centre</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Grants	132	132	132	132
Overhead Allocation	4	4	4	5
<b>Operating expenditures</b>	<b>136</b>	<b>136</b>	<b>136</b>	<b>136</b>

<b>Regional development sub-activity - Projects</b>	<b>2012/13 \$000's</b>	<b>2013/14 \$000's</b>	<b>2014/15 \$000's</b>	<b>2015/16 \$000's</b>
General Expenses	100	100	102	105
Grants	0	0	0	1,964
Overhead Allocation	7	15	16	16
Other	0	61	62	63
<b>Operating expenditures</b>	<b>107</b>	<b>176</b>	<b>180</b>	<b>2,148</b>

Note: Grants 2015-16 - If the conditions are met there is expected to be a forgiveness of the \$1.4 million loan, plus capitalized interest, to the Aviation Heritage Centre in 2015-16.

<b>Water: Southern Valleys</b>	<b>2012/13 \$000's</b>	<b>2013/14 \$000's</b>	<b>2014/15 \$000's</b>	<b>2015/16 \$000's</b>
General Expenses	8	8	8	8
Insurance	48	60	61	63
Services infrastructure costs	300	300	311	333
Depreciation	309	324	339	355
Interest payments	656	628	598	565
Overhead Allocation	48	50	52	53
Departmental Management	7	8	8	8
Planning and Development charges	18	17	17	17
Internal Contracts and Recharges	8	7	8	8
<b>Operating expenditures</b>	<b>1,406</b>	<b>1,407</b>	<b>1,406</b>	<b>1,416</b>

## Grants

<b>Description</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Comment</b>
Destination Marlborough	\$652,000	\$668,000	\$663,000	\$679,000	
Research Centre	\$132,000	\$132,000	\$132,000	\$132,000	
Aviation Heritage Museum				\$1,964,000	Loan forgiveness to the NZ Aviation Museum Trust in assumption that all 2011 loan conditions are met.

## Projects > \$20,000\*

N/A



**Services Infrastructure Costs (Irrigation only)**

Major Expenditure Type	\$Values	Opportunities for \$ reduction and associated Impact/Consequence/Risks on LOS
<b>Southern Valleys</b>		
Pump Stations	\$270,000	Includes power charges of \$230,000
Reticulation Maintenance	\$30,000	

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

Contract	\$ per annum/total	Finishes	Comment
Parking Enforcement (Armourguard Security)	\$163,000	1 July 2014	Contract started 1 July 2011.
Parking Collection (Gary Ching Ltd)	\$39,000		
Property Management (APL Ltd)	\$18,000		Parking leases etc.
Tree & Plot Maintenance (Nelmac)	\$32,000	30/11/2013	Part of total street tree and plot maintenance contract.

**Project and Other Operating Expenditure Reduction Possibilities**

Description	\$Values	Impact/Consequence/Risks on LOS
Economic development	\$0	The major initiatives in this activity is the implementation of the Smart and Connected vision and Regional Events Strategy. These initiatives are in their formative stages and a reduction is not recommended
Parking - maintenance	\$0	A reduction is possible but this could potentially have an impact on Levels of Service. Parking is self-funding so any reduction would not have an impact on rates.

**Capital Expenditure Projects > \$20,000**

Parking - Blenheim	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Additions: Car Parks.	70,000	72,318	85,446	88,464	Car park renewals as per RAMP
Additions: Parking meters	5,000	5,124	262,631	269,781	2015-18 Replace kerbside parking meters
Additions: Parking ticket machines	10,000	10,248	10,505	10,791	2018-19 Replace ticket machines
Additions: Sundry plant	18,000	6,149	6,303	19,424	2013-14 Replace parking handhelds and associated software
<b>Total Additions</b>	<b>103,000</b>	<b>93,839</b>	<b>364,885</b>	<b>388,460</b>	

**Local Government Act (2012 Amendment)**

This activity covers a number of sub-activities. Each will be commented on in turn.

## Parking

Parking falls within the definition of local infrastructure as per S10(1)(b) of the Act and is an integral part of the network infrastructure provided by Roads. The main components of this activity are competitively tendered.

## Regional Development: Marketing and Tourism

The activity of Marketing the district to tourists is a local public service in accordance with S10(1)(b) of the Act provided to tourism operators that not only benefits operators but potentially all the residents in the district because of the higher standard of activities that can be sustained.

The ability to access operator contributions and leverage off Government and Wellington tourism funding results in a very cost effective means of achieving Council's objectives in this area.

## Regional Development: Research Centre

Undertaking research to improve the productivity of ratepayer property falls within "local Public Services" as per S10(1)(b) of the Act. Providing the grant to the Research Centre is a very cost effective means of delivery as it can leverage off the wider funding and capability of the Centre itself.

## Regional Development Projects

The facility Regional Development is a local Public Service within the meaning of S10(1)(b) of the Act. Much of the work in Regional Development projects will involve facilitating wider industry groups to achieve "Smart and Connected" outcomes. Accessing the resources of the wider industry in this way is a very cost effective means of achieving Council's desired outcome in this area.

## Water: Southern Valleys

The supply of water meets the requirements of S10(1)(b) "local infrastructure" and S11A(a) "network infrastructure". This activity is financially self supporting.

## **RECOMMENDED**

**That Council receive this report.**

## Support Services

**Manager: Dean Heiford**

The efficient operation of Council requires efficient supply of buildings, vehicles and related services. Supply contracts and maintenance contracts are tendered on a regular basis to ensure Council is receiving the best price possible. Asset maintenance is constant to ensure that buildings are fit for purpose.

### What is this Activity About?

This activity involves:

- Providing services to Marlborough Citizens via the Customer Service Centre (including the call centre) in Blenheim and the combined Customer Service Centre / Library in Picton. The CSC's aim to provide high quality, accurate information on all Council related services
- Ensuring employees, Councillors and Citizens have a comfortable and safe environment to work in at MDC
- Ensuring best practise is used in maintaining and replacing MDC office assets
- Ensuring employment legislation is followed, recruitment processes are robust and staff / Councillors get paid accurately and on time
- Providing Health and Safety, Insurance, Risk Management, Contract Management, Fleet Management, Energy Management, Secretarial Services, In-house Legal Services and Committee Support systems that are efficient and effective for the service levels required.

### Emerging Issues

The following issues emerging within this Activity include the:

- All of Government (AOG) Supply Contracts
- Shared service opportunities with Nelson and Tasman Councils
- Increasing maintenance costs
- Volatility in insurance premiums and costs (increasing value / number of assets)
- Increasing costs of compliance with statutory /regulatory requirements
- Increasing cost of consumables (e.g. electricity)

### How is this Activity Delivered?

These activities are delivered by the following units;

- Legal Services – District Secretary and In-House Solicitor (2 FT staff) + external Law firms as required
- Risk Management / Contract Management – 1 FT staff
- Customer Services – 12.7 FTE staff in Blenheim / 1.5 FTE staff in Picton
- HR / Health & Safety – 1.5 FTE staff
- Office Services / Fleet Management etc. – 2.5 FTE staff
- Committee Support – 2 FT staff
- Secretarial Services – 8.8 FTE staff

Other “on the ground delivery” is undertaken by contractors eg; cleaning services, electrical maintenance, etc.

**Operating Expenditure by Significant Type**

Customer services, Office services, Human resources, General management	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's
Miscellaneous Revenue	1	1	1	1
Photocopying / Typing	5	5	5	5
<b>Total External Revenues</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personnel costs	2,963	3,000	3,070	3,129
Cafeteria	20	17	18	18
Cleaning	99	98	100	103
External support	45	58	59	71
Consumables	10	11	11	11
Contracts	14	15	15	15
Freight and Courier	18	18	19	19
Health and Safety	24	24	25	25
Insurance	288	322	331	341
Lease - Admin vehicles	25	20	20	21
Legal	104	130	123	137
Photocopying (external)	205	205	210	215
Postage	118	118	120	123
Power	112	113	118	122
Printing & Office Supplies	64	52	54	55
Rates payable	33	34	34	35
Repairs & Maintenance	156	148	157	160
Telephone Tolls Faxes and Pagers	25	24	25	25
Training Conferences & Seminars	21	21	22	22
Depreciation	265	290	293	304
Internal Contracts and Recharges	(231)	(220)	(220)	(220)
Other	108	104	107	111
<b>Operating expenditures (recovered as overheads)</b>	<b>4,486</b>	<b>4,602</b>	<b>4,711</b>	<b>4,842</b>

**Major Contracts - > 5% of Operating and Servicing Costs or \$100,000 whichever is the lesser.**

Contract	\$ per annum/ total	Finishes	Comment
Office Consumables	\$42,000	2015	Contract
Power	\$84,000		Re-tender process February 2013
Cleaning	\$72,000	2014	Contract
Vehicle Supply	\$207,000	2016	Lease contract
Fuel	\$122,000		Supply Contract – reviewed every 2 years

**Project and Other Operating Expenditure Reduction Possibilities**

Description	\$Value	Impact/Consequences/Risks on LoS
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Building Maintenance 12%	\$20,000	Longer term cost as buildings will deteriorate faster
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**Capital Expenditure projects > \$20,000**

Support Services	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Other buildings & Structures	45,000	102,294	62,868	64,474	ongoing maintenance provision
Office equipment	-	51,239	84,042	86,330	ongoing replacement provision
<b>Total Additions</b>	<b>245,000</b>	<b>153,533</b>	<b>146,910</b>	<b>150,804</b>	

2013/14 - \$145,00 Carpet Renewal / \$100,000 Council Chambers, Committee Room and Meeting Rooms refit.

**RECOMMENDED**

**That the report be received.**

## IT Services

Manager: Stacey Young

### What is the Activity About?

The activity performs the following functions on behalf of Council:

- Information management is the capture of Council data and providing a framework for accurate timely and accessible information, predominantly in electronic form, to staff and the community.
- Information management's strategic direction Vision is "Delivering information and services electronically to the community". This Vision is supported by a strategic direction that is reviewed every two years.
- The strategic direction key areas are:
  - Software – this encompasses all application (software) used within Council to support the business
  - eDelivery (Website services online) – to promote and deliver council services online eg payments online, property files online, ability to lodge applications online and update water take information online
  - GIS (Geographical Information Systems) – improve the usage of geospatial information systems and improve governance and management of the spatial property information to provide a more accurate service to the community
  - Data and Information – to improve the availability, quality of all Council information
  - Infrastructure –the virtual and physical environment (servers, network, computers cabling etc)
  - Information Management Team – the people in the Information Management team
- IT Operations and infrastructure provides:
  - Secure storage and delivery of council's electronic data and information
  - The delivery of Council's core databases, including people, property and rating data and administration
  - The purchase installation and management of all physical and virtual servers and desktop computers, laptops, printers, phones and cell phone and any other peripheral devices
  - The purchase installation and management of all applications and software for all servers and desktop clients
  - The management of the local area network and wide area network, including connectivity to our remote sites via fibre optic and radio frequency connections:
    - District Library
    - Picton Library and Service Centre
    - Harbourmasters office
    - EMOG
    - Hardings Road
    - Maataa Waka (Animal Control)
    - Works and Operations
  - Internet and perimeter security management and maintenance.
  - Disaster Recovery and business continuity is a core component of our infrastructure.

Replication of core Council systems and data at offsite location at EMOC

- Management of Emergency Management network
- 24/7 availability of systems
- Provision of Help Desk support for all of Councils computer systems at all sites, including the installation of hardware, software, application training and fault resolution for all users of Councils IT systems
- Records Management and compliance with the Public Records Act 2005, this includes the management and storage of all paper and electronic files, including the retention and disposal of Council records. This includes the digitisation of all historical property and resource consent records to reduce the risk of paper files and managing dual systems electronic and paper records, reducing ongoing storage costs and to make these more accessible to the public
- Data Quality Analysis focus is to continually improve the quality of data in all core systems, to continue to refine audits, improves processes and capture and analysis of information.
- Manage core property and people information both within Proclaim and within the GIS system and continually provide data audits on the accuracy of the information held within our core systems
- To provide business analyst skills to the organisation when solving business needs and developing systems.
- Provide a robust project methodology for managing all Information management projects
- Website Administration and continual development of the website to engage and transact with the community. To liaise with all sections in Council to reiterate the website and to continually improve the services we provide and the accuracy and accessibility of the information that is available.
- The Land Information Memorandum involves the timely, accurate and complete supply of information Council either holds, or has been statutorily advised of, by means of a LIM. Council is required to hold Land Information Memoranda pursuant to Section 44A of the Local Government Information and Meetings Act 1987.
- Responsible for the provision, management and maintenance of Council's PABX telephone system – for all sites managed by Council and the management and maintenance of mobile phones for MDC staff and cellular data

## Emerging Issues

The following issues are emerging within this Activity:

- Major core system upgrades of the finance budgeting and asset management systems.
- Increasing expectation from the community to access information and transact through the website, and a growing demand for the use of maps and mobile services online.
- Shared Services - identify opportunities that can reduce system purchase costs, licence fees and broadening resilience of staff resources to support major systems.
- Internationally there has been recent activity in the development of public information policies. In general, there is increasing international demand for governments to provide data in readily useable or reusable formats. For example, the OECD recommends that all public sector organisations open up and allow non-exclusive re-use of non-personal public sector information. It is likely that New Zealand will follow this trend. By providing easy public access to property files and other services Council will be in a good position to adhere to future requirements.
- Awareness of Cloud Computing and the opportunities that this could present for Council.
- Aligning with Governments e-Government objectives and Web 2.0 technologies.
- Training and development for staff so that they are kept up to date with the latest technologies and make use of the efficiencies and opportunities that systems and technology investments present.

- Recruiting technical staff is difficult attracting people to Marlborough.
- Staff numbers are stretched with current workloads and project demands to support the business. The risk will be that we hold up development and support for the business areas and hinder efficiencies for the business.

### How is the Activity Delivered?

Within the Information Management Team we have 21 FTE staff.

1.75 FTE – LIMS.

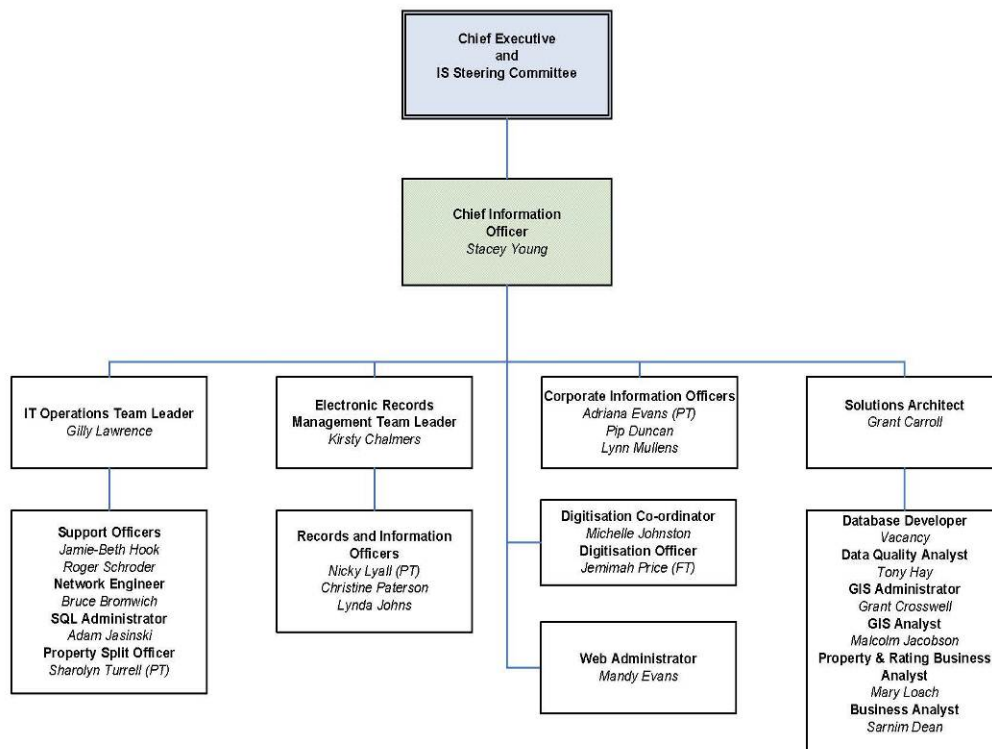
19.25 FTE - Information Management.

Staff numbers are on par with other Councils in the top of the South.

- Tasman District Council 18
- Nelson City Council 24

The team is divided into four teams with key focus areas:

- IT Operations Team – key focus is on IT operations day to day support, system and
- Electronic Records Management Team
- Corporate Information Team (LIMS)
- Business Solutions and Development Team



SC = Seconded, FT = Fixed Term, PT = Part Time



## Operating Expenditure by Significant Type

	2012/13	2013/14	2014/15	2015/16
Information management services	\$000's	\$000's	\$000's	\$000's
Sales	0	0	0	0
<b>Total External Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personnel costs	1,334	1,424	1,459	1,488
External support	127	120	113	115
Contracts	571	466	257	263
Digital Communications	60	60	61	63
Digital Data	20	20	20	21
Rent	10	13	14	14
Repairs & Maintenance	27	4	4	4
Software	475	545	559	630
Telephone Tolls Faxes and Pagers	26	26	26	27
Training Conferences & Seminars	23	26	26	27
Travel and Accommodation	12	15	15	16
Depreciation	716	768	802	781
Overhead Recovery	(2,841)	(3,062)	(3,157)	(3,351)
Internal Recovery - Information Services	(118)	(43)	(118)	(118)
Other	20	19	20	20
<b>Operating expenditures</b>	<b>462</b>	<b>401</b>	<b>101</b>	<b>0</b>

- The increase in personnel costs is due to an additional position as a Business Analyst to meet the growing demands for system development.
- The decrease in contracts is due to the Aerial Photography contract not being flown in the next year and the reduction in contract costs.
- The increase in software is due to moving the Hydrology software budget to IT/IM budget and the proposed annual maintenance for the new asset management system.

## Projects > \$20,000 (includes Professional Advice, Contracts and Contributions)

Description	2012/13	2013/14	Comment
Digitisation Project	\$360,904	\$300,000	
Asset Management System Replacement	\$250,000	\$200,000	
Online Applications & Payment System	\$150,000		
Sampler System for Hydrology Data	\$35,000		

## Software Licensing > \$20,000

	Description	\$ per annum/total	Comment
2012/13	Technology One	\$130,909	
	Electronic Document Management System	\$38,000	
	VMware Licencing	\$36,600	
	Microsoft Software	\$140,000	
	ESRI Software (GIS)	\$50,000	
	Hilltop Software	\$20,000	

**Major Contracts - > 5% of Operating and Servicing Costs (\$35,000)**

Contract	\$ per annum/total	Finishes	Comment
Gen-I Infrastructure Support	\$34,000	Ongoing	Annual review
Digitisation Contract	\$360,904	December 2013	
Network Tasman Fibre Network	\$37,675	Ongoing	Annual Review
Tahi – Internet and Data	\$37,000	2014	
Tahi – Landline, Tolls and Mobile	\$200,000	2014	

**Project and Other Operating Expenditure Reduction Possibilities**

% Expenditure Reduction	\$ Value	Impact/Consequences/Risks on LoS
LIM Fee Increase		Increase LIM Fees 1.5% similar to CPI the consequences for the customers is Council is charging top of the range fees for the councils at top of the South now.
Commercial	\$8.36	
Residential	\$4.83	

**Capital Expenditure projects > \$20,000**

Total Information Services	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Computers/Laptops/Mobility	165,000	197,271	219,560	213,666	
Network Infrastructure & Servers	165,000	225,453	173,337	237,407	
Asset Management	220,000	-	-	59,352	
Budget System Replacement	220,000	56,363	-	-	
Business Intelligence System	-	383,269	-	-	
Online Services	-	225,453	173,337	198,559	
CRM submission system	-	-	167,559	-	
Telephone replacement	-	-	-	474,814	
<b>Total Additions</b>	<b>770,000</b>	<b>1,087,809</b>	<b>733,792</b>	<b>1,183,798</b>	

Total Information Services	2013/14	2014/15	2015/16	2016/17	Impact Consequence of reducing/ deferring
Computers/Laptops/Mobility	165,000	197,271	219,560	213,666	Inefficient hardware for staff to perform efficiently
Network Infrastructure & Servers	165,000	225,453	173,337	237,407	System degradation if not maintained and updated regularly
Asset Management	220,000	-	-	59,352	The current asset management system version is becoming obsolete and not supported this will cause significant issues for A&S department unless we replace
Budget System Replacement	220,000	56,363	-	-	The current budget system is becoming out of date and a risk to the organisation if not replaced in a timely manner

Business Intelligence System	-	383,269	-	-	The importance and efficiency with reporting and data analysis assist with better decision making and informed staff, if this is not done
Online Services	-	225,453	173,337	198,559	Delay development on the online services and ranking within Local government website, deferring means we will not keep pace with other Councils and meet our customer needs
CRM submission system	-	-	167,559	-	Manage our customer information and online submission, no major issues if deferred
Telephone replacement	-	-	-	474,814	Replace or upgrade telephone hardware at the time a risk assessment will be made to ascertain risk of deferring
Total Additions	770,000	1,087,809	733,792	1,183,798	

**RECOMMENDED**

**That the report be received.**

## Corporate Finance

Manager: Martin Fletcher

### Emerging Issues

The major challenges facing the Corporate Finance team over the next three years include:

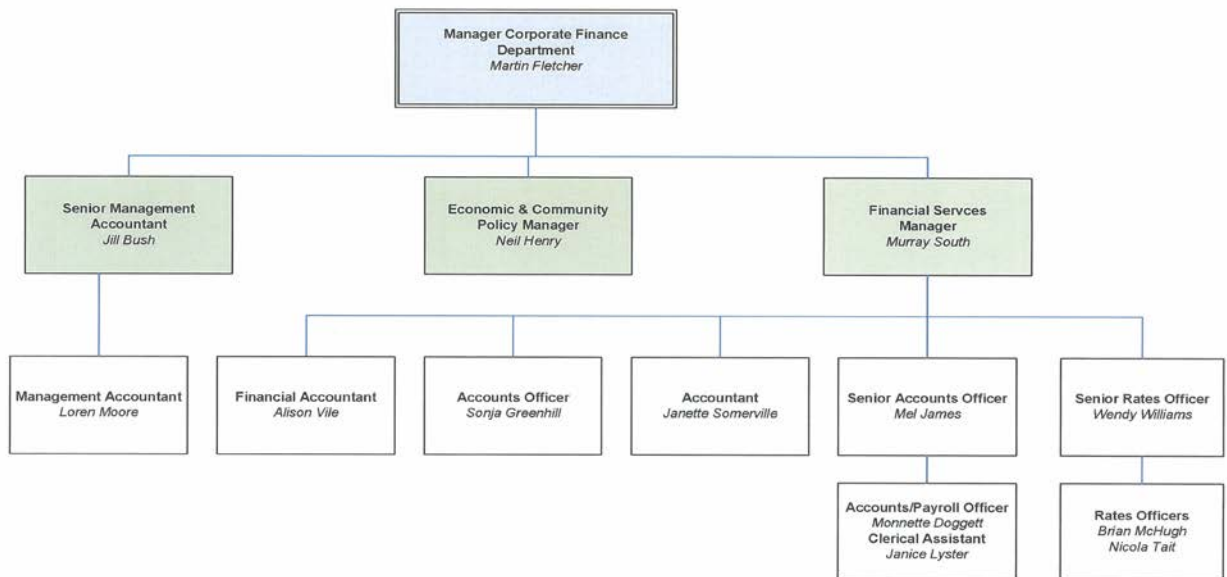
- Developing the systems and reports to enable compliance with the recently enacted amendments to the Local Government Act 2002. One of the more challenging requirements will be meeting the benchmarking requirements for Council's water, sewerage, stormwater, rivers and roading activities as every Council in NZ will probably have variations on what is included within their definitions of each activity. It is also probable that each Council will also cost each activity slightly differently too. The result is that Government may regulate activity definitions and costing methodologies which will result in system changes within Council.
- Preparing the first Pre-Election Report for Council
- Responding to the changes generated by the 2012 Amendment of the Local Government Act 2002, including a totally new purpose statement for local government.
- Responding and submitting as appropriate to future legislative changes that will be generated by the following Government led work streams:
  1. An efficiency taskforce
  2. An expert advisory group on local government infrastructure efficiency
  3. A review of development contributions
  4. A framework to guide the allocation of regulatory roles between local and central government
  5. Investigation of a dual or two-tiered governance model for local government
  6. Development of options for a performance framework for local government
- Preparing the 2015-25 Long Term Plan for Council's consideration and adoption following the receipt of a clear audit opinion: This includes reviewing the Community Outcomes, reviewing Council's Revenue and Financing Policy and Financial Strategy.
- Obtaining and managing external debt on favourable terms to Council as total debt levels increase.
- Reviewing the appropriateness of Council's rating system.
- Reviewing Council's Community Outcomes and the establishment of a strategic direction
- Reviewing the Development Contributions Policy and implementing the result.
- Updating Council's planning and budgeting system.

### How is this Activity Delivered?

Within the Corporate Finance Team there are 14 staff. The team is split into three focus areas:

- (i) Council centric activities including rates, annual planning, other revenue, expenditure, and financial reporting – **Murray South**.
- (ii) Management accounting, MDC Holdings Limited and its subsidiaries and debt management – **Vacant**.
- (iii) Corporate Planning and Performance reporting – **Neil Henry**.

The Department's organisation chart is shown below:



In addition these resources are supplemented by external resources particularly for:

- Taxation, commercial and Local Government related legal advice
- System support
- Investment and debt management advice
- One-off projects.

The staff numbers within Corporate Finance are low in relation to other similar sized local authorities with the breadth of functionality existing in Marlborough. However, because the Department operates as a team on major activities, and external resources are available, the number is adequate, but with little resilience to adverse events.

### Operating Expenditure by Significant Type

<b>Corporate finance</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Legal Fees Recovered Revenue	3	3	3	3
Sales	8	8	8	9
<b>Total External Revenues</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>
Personnel costs	1,166	1,179	1,207	1,231
Audit Fees	117	120	123	126
Bank Charges	32	40	41	42
External support	57	57	79	60
Contracts	68	43	44	45
Debt Collection	48	30	31	32
Printing & Office Supplies	33	38	39	40
Support and Maintenance Agreements	40	42	43	44
Valuation Roll Maintenance	350	307	419	346
Valuations	20	22	23	23
Overhead Recovery	(1,975)	(1,935)	(2,108)	(2,048)
Other	55	68	70	71
<b>Operating expenditures</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>

## Comments on Significant Expenditure Items and Variations (\$000)

### Personnel cost - \$1,179

Currently have just employed one new Management Account and are recruiting for a replacement Senior Management Accountant. We are also recruiting for a Rates Officer following the retirement of the current staff member.

### Valuation roll maintenance - \$307

This is the amount Council has contracted to pay QV to maintain the District's valuation records, answer queries and undertake the three yearly revaluation. Previously the anticipated contract cost were equalised over the three years of the valuation period to avoid a large increase in revaluation years. Following the expiry of the QV contracts on 30 June 2012, a two year contract extension was executed. The fees exclude the triennial revaluation. The reason for the extension was to align expiry dates with the Nelson CC and Tasman DC contracts to enable a future Top of the South joint tender. The 2013/4 budget is the second year of the contract extension. The 2014/15 budget includes the 2014 revaluation. Following the retendering of the contract and the establishment of a longer contract period it is planned to return to an equalised budget basis.

### Audit fees - \$120

This is the amount paid to Audit New Zealand for its audit of Council's financial statements.

### Debt collection - \$30

This is the commission paid to collection agents. We are continually aiming to reduce the number of debts sent to collection agent as evidenced by the number of debtors "paying by arrangement" and Council pursuing outstanding rates debtors in-house. However, achieving this aim continues to be challenging in the current economic climate. This item was originally budgeted at \$78,000 when the 2012/13 budget was first prepared, but through operating more efficiently, this has now dropped to \$30,000.

### External Support - \$57

This expenditure item covers projects such as:

- Implementation of the revised Development Contributions Policy;
- Analysis of potential development projects;
- Legal Advice;
- Investment and Debt Management Advice; and
- Advice on how Council should meet the new requirements of the recently amended Local Government Act 2002 and respond to potential future amendments.

### Contracts - \$43

The above amount has been budgeted to cover:

- The cost of accessing the taxation helpdesk provided by Tax Team (formerly Toovey, Eaton and MacDonald);
- Finance One and Camelot financial and budgeting systems support; and
- The additional financial modelling expected as a result of the Rating reviews.

**Opportunities for Cost Reduction**

Expenditure Type	\$Value	Risks and Potential Consequences
Contracts and External Support	10.0	Reductions and efficiency gains have already been made in this budget. Further reduction risks Council not having the information needed to make fully informed financial decisions and being able to respond appropriately to the impact further Government driven changes to the way Council operates. A reduction in funding would also exacerbate the risks associated with a 100% change in Management Accounting personnel.

**RECOMMENDED**

That the report be received.