

Council Meeting

27 February 2020

Separate Attachment

This attachment relates to Item 4.8
in your Agenda

4.8 Council Activities

Purpose

1. The purpose of this paper is to present for Councillors' information on each of Council's Activities and provide a guide to the structure of each the Activity Statements in the separate Attachment. The intention is that this information will be made available to the public during the consultation process as supporting information.

RECOMMENDATIONS

That Council:

1. **Note the availability of the information contained in the separate Activity Attachment.**
2. **Receive and adopt the information as supporting information.**

Background

2. Previously, Council was required to prepare detailed information on each of its activities as part of its Draft Annual Plan (AP) for public consultation. Changes to the Local Government Act 2002 mean that Councils must produce a more focused Consultation Document instead of a draft AP; consequently the intention is to provide this Activity information as supporting information available on the Council website. The Final 2020-21 AP (to be adopted in June 2020) will include Activity information that reflects decisions made after the consultation process.
3. The presentation of Activity Budget information, at existing levels of service, is in a similar format to that provided in 2019. The information provided is abridged because of the significant amount of information contained in the relatively recently adopted 2018-28 Long Term Plan (LTP).

The following Activities are included in the **separate attachment** with the number being the page number in the LTP:

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6. Emergency Management	- 50
7. Community Facilities	- 54
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9. Flood Protection and Control Works	- 73
10. Sewerage including Treatment and Disposal	- 79
11. Stormwater Drainage	- 85
12. Water Supply	- 92
13. Solid Waste Management	- 99
14. Environmental Policy	-109
15. Environmental Science and Monitoring	-114
16. Resource Consents	-118
17. Environmental Protection	-122
18. Biosecurity (Pest Management)	-130
19. Building Control	-133
20. Environmental Health	-136
21. Animal Control	-140
22. Harbours	-143
23. Regional Development	-148

Also **attached** are similar statements for Council support functions:

1. Customer Services, Office Services, Human Resources, General Management
2. Information Management Services
3. Corporate Finance

Activity Budget Paper Format

1. Activity and Manager Name

2. Emerging issues and expected changes

This section outlines the emerging issues that will affect the Activity and may include upcoming Government initiatives (Legislation/NPSs/Regulation), Community concerns, Compliance issues, changes in means of delivery, resourcing issues etc. For example, in Water Supply the emerging issues section will contain how Government is responding to the Havelock North Inquiry and Building Control the proposed academic standards for staff.

3. Revenue and operating expenditure by significant type

The table comprises six columns of figures:

1. 2019-20 (current year) budget figure as contained in the LTP and is included for comparison purposes only.
2. Budget for 2020-21 as contained in the LTP.
3. The change between what was budgeted for 2020-21 in the LTP and the current draft budget.
4. 2020-21 draft Annual Plan budget.
5. 2021-22 budget as per the draft Annual Plan Budget.
6. 2022-23 budget as per the draft Annual Plan Budget.

Columns 5 & 6 have been included to identify the full impact of expenditure decisions when there is a phased introduction. This happens in particular for major capital projects, where it is only in year 2 and 3 that the full costs of operation, depreciation and debt servicing apply.

Explanations of significant Revenue and Expenditure variations between 2019-20 budget (column 1) and the 2020-21 budget (column 4), 2020-21 budget in LTP (column 2) and the 2020-21 current draft Annual Plan (column 4) are contained below this table.

4. Services infrastructure costs (Water Supply, Stormwater, Sewerage, Solid Waste, Flood Protection, Roads and Footpaths)

This table provides more details on the areas of major expenditure that were detailed in the 'revenue and operating expenditure by significant type' table.

5. Grants (where relevant)

Include the recipient, \$ for projection year and out 3 years and comments.

6. Major Projects > \$20,000

Include project name, budget and comment.

7. Major contracts >5% of operating and servicing costs or \$100,000 whichever is the lesser

This table provides more detail on any major contracts that support the delivery of the Activity as indicated in the 'contracts' line(s) of the 'Revenue and operating expenditure by significant type' table, and in the 'services infrastructure costs' table. This table includes Contract description, \$ per annum, finish date and comment.

8. Capital expenditure projects >\$50,000 for Assets and Services, \$20,000 for other Activities

This table provides details of capital expenditure projects planned over the coming **four** years, because of the long term impact of Capital expenditure. The final column provides more detail about the project and in some cases, the impact/consequence of reducing/deferring capital expenditure.

Council Activities

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Also attached are similar statements for Council support functions:

1. Support Services	73 - 75
2. IT and Digital Services	76 - 79
3. Corporate Finance	80 - 81

Activity: Democratic Process

Operating costs of this activity represent approximately 3.11% of total activity expenditure.

Manager: Mike Porter

Emerging Issues and Expected Changes

Public Communications

A continuing issue within this Activity is the community's on going expectation for more information and a greater level of consultation, which has and will continue to have the potential to increase costs.

In addition, commercial pressure on regional print media means there are fewer newsroom staff than before, with a continuing reduction in published information about Council decisions and news, and less in-depth reporting. Council has partially responded to this by increasing its use of digital channels to share information, notably Facebook and Twitter, and also the use of apps. If there is further media shrinkage, Council may have to consider alternative means of providing public information and communications services. A recent initiative by Government to have regional "Local Democracy Reporters", including the appointment of a local Marlborough Express reporter to one of those positions, has increased the reporting of Council in not only the Marlborough Express but reciprocated in the Marlborough Weekly and Radio New Zealand. However, this has also increased the number of LGOIMA requests.

A biennial survey is conducted to gauge residents' communication channel preferences, and their level of satisfaction with Council communications.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Democratic Process	2019-20	2020-21			2021-22	2022-23
	\$000's	LTP \$000's	change \$000's	AP \$000's	\$000's	\$000's
Contributions - Miscellaneous	2	2	-	2	2	2
Refunds (other than rates)	70	-	-	-	-	73
Total external revenue	72	2	-	2	2	75
Corporate Overhead Allocations	1,386	1,359	122	1,480	1,533	1,537
Councillors Salaries	702	724	15	739	755	772
Personnel costs	455	476	(11)	466	482	490
Advertising	210	209	(8)	201	205	219
Section Management	173	178	(12)	166	165	169
Audit Fees	-	92	28	120	-	-
Subscriptions	113	116	(3)	113	116	118
General Expenses	29	48	(16)	32	32	35
IWI Liaison	30	31	(1)	30	31	31
Travel and Accommodation	33	29	(1)	28	29	29
Catering	21	19	2	21	21	22
Allowances - Mileage	20	21	(1)	20	20	21
Contracts	155	10	10	20	36	162
Other operating costs	140	144	(33)	111	112	148
Total operating costs	3,467	3,456	91	3,547	3,537	3,754

Projects > \$20,000

Description	2020-21	2021-22	2022-23	2023-24	Comment
2022 and 2025 Elections	N/A	\$26,400	\$191,000	N/A	

Major Contracts (at least \$100,000 or 5% of the Activity's Expenditure) - Nil

Capital Expenditure Projects > \$20,000 – N/A

Activity: Culture and Heritage

Operating costs of this activity represent approximately 1.11% of total activity expenditure.

Manager: Lyne Reeves

Emerging Issues and Expected Changes

Funding

The Heritage and Arts sectors continue to be 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. Expansion and maintenance of museum facilities is an ongoing challenge.

Council recognises the importance of heritage and the arts to Marlborough and will assist organisations in accessing support beyond the current levels from other funding agencies. Support is being provided to protect current collections, particularly from fire.

New art gallery in Blenheim as part of the library development.

Levels of Service

Refer to LTP.

Operating Expenditure by Significant Type

Arts	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Grants	613	613	-	613	613	613
Section Management	70	36	36	72	74	75
Corporate Overhead Allocations	33	18	18	36	37	37
Internal contracts & recharges	38	40	(27)	13	13	14
Other operating costs	-	68	(68)	-	-	57
Total operating costs	755	774	(40)	734	737	796

Heritage	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Grants	533	449	9	458	458	458
Section Management	39	29	11	40	41	42
Corporate Overhead Allocations	19	14	6	20	21	21
Other operating costs	14	17	(2)	15	16	16
Total operating costs	606	510	24	533	535	536

Explanation of Revenue and Expenditure Variations

19-20 had one-off grant of \$60K for Cook 250th. Also please see the grants table below for details.

Grants

Grants	2019.20	2020.21	2021.22	2022.23	Purpose
Millenium Art Gallery Rent Relief	42,500	42,500	42,500	42,500	Annual operating
Millennium Art Gallery - CEO	51,000	51,000	51,000	51,000	Annual operating
Millenium Art Gallery	93,000	93,000	93,000	93,000	Annual operating
Millennium Art Gallery - insurance	16,500	16,500	16,500	16,500	Annual operating
Total Art Gallery	203,000	203,000	203,000	203,000	
Marlb. District Brass Band	20,000	20,000	20,000	20,000	Annual operating
ASB Civic Theatre	390,000	390,000	390,000	390,000	Annual operating

Grants	2019.20	2020.21	2021.22	2022.23	Purpose
Total Arts Other	410,000	410,000	410,000	410,000	
Marlborough Heritage Trust - Collection mgmnt	50,000	-	-	-	Annual operating
Marlborough Heritage Trust - museum	151,000	-	-	-	Annual operating
Marlborough Heritage Trust - insurance	16,700	16,700	16,700	16,700	Annual operating (since 2013/14)
Marlborough Heritage Trust - archives position	20,400	-	-	-	Annual operating (since 2010/11)
Marlborough Heritage Trust - Annual insurance	21,000	21,000	21,000	21,000	Annual operating (since 2018-19)
Marlborough Heritage Trust - \$ for \$	50,000	-	-	-	Annual operating (since 2009/10)
Marlborough Heritage Trust – consolidation of grant	8,600	280,000	280,000	280,000	Joined all above grants into one Annual Operating Grant of \$280,000 (excluding insurance and including increase of \$8,600 from 2019/20).
Total Heritage Trust	317,700	317,700	317,700	317,700	
Totaranui 250 Trust	60,000	-	-	-	Completed 31 March 2020
Picton Historical Society	30,000	30,000	30,000	30,000	Annual operating (since 2010/11)
Regional Marketing	10,000	10,000	10,000	10,000	Annual operating
Edwin Fox Museum	7,500	7,500	7,500	7,500	Annual operating
Edwin Fox Museum - security cameras, lighting and weather protection	15,231				One-off grant
Havelock Museum	7,500	7,500	7,500	7,500	Annual operating
Renwick Museum	7,500	7,500	7,500	7,500	Annual operating
Flaxbourne Museum	7,500	7,500	7,500	7,500	Annual operating
Marlborough Heritage Trust	20,000	20,000	20,000	20,000	Annual operating
Heritage Strategy Impl. - past perfect database	30,000	30,000	30,000	30,000	Annual operating

Grants	2019.20	2020.21	2021.22	2022.23	Purpose
Heritage Strategy Review – Smart & Connected	20,000	20,000	20,000	20,000	Annual operating (since 2018/19)
Total Heritage Other	215,231	140,000	140,000	140,000	
Total Activity	1,145,931	1,070,700	1,070,700	1,070,700	

“Heritage Other” carry overs of \$432,700 are not included in the above figures.

Capital Expenditure Projects > \$20,000

Culture and Heritage	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Arts: Art Gallery Grants	-	-	2,086	-	Risk of project not going ahead
Total additions	-	-	2,086	-	

Activity: Housing for Seniors

Operating costs of this activity represents approximately 1.35% of total activity expenditure.

Manager: Jamie Lyall

Emerging Issues and Expected Changes

Financial sustainability

Emerging issues within this Activity are:

- the age of the units and their increasing maintenance costs;
- the increasing proportion of older people in Marlborough;
- the fixed incomes of many tenants;
- an increase in demand for the current units; and
- an increase in the use of mobility scooters and the need for secure storage of them — this will be considered if developing new complexes.

An ongoing programme of refurbishments is required to maintain the quality of the units.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Housing for Seniors	2019-20 \$000's	2020-21 LTP \$000's	change \$000's	AP \$000's	2021-22 \$000's	2022-23 \$000's
Property rentals	1,406	1,584	(71)	1,513	1,543	1,575
Disbursement Recoveries	28	-	28	28	29	30
Total external revenue	1,435	1,584	(43)	1,541	1,572	1,605
R&M Housing for Seniors	500	665	(122)	544	560	584
Depreciation	330	330	9	339	349	358
Rates	305	293	9	302	309	316
Insurance	98	91	32	123	126	129
Property Management charges	121	119	3	121	124	127
Corporate Overhead Allocations	45	36	13	48	50	50
Departmental Management Allocations	18	21	(3)	18	19	19
Other operating costs	37	40	(1)	40	41	40
Total operating costs	1,455	1,595	(60)	1,535	1,576	1,623

Explanation of Revenue and Expenditure Variations

Disposal of four units in Picton has reduced revenue.

Capital Expenditure Projects > \$20,000

Housing for Seniors	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Permanent material buildings	160	-	167	-	Acquisition of privately owned units as they become available for purchase. Deferring would mean less housing stock available for tenanting, and an overall impact on LoS.
Other buildings + Structures	117	60	-	-	
Total additions	277	60	167	-	

Activity: Community Support

Operating costs of this activity represent approximately 2.62% of total activity expenditure.

Manager: Lyne Reeves, David Craig and Chris Lake

Emerging Issues and Expected Changes

Changing demographics

The changing age structure of the Marlborough community will pose some challenges for future infrastructure provision and the delivery of services such as health and education services, along with housing, transport (including passenger transport and mobility) and recreation. That is because in the coming years our community is going to be "older" — 2018 population projections by Statistics NZ indicate 23% of the population is over 65 and this is projected to increase to 34% by 2043.

Another change is a significant increase in the ethnic diversity of the Marlborough community. It is already apparent that the population is becoming more ethnic and culturally diverse and this trend is expected to continue. This along with Marlborough being selected as a new centre for Refugee Resettlement commencing 2020 will impact on local services. However, it will also add a welcome richness of diversity.

Energy efficiency

Council promotes warmer, healthier homes by offering an upfront residential funding service for retrofit insulation, clean heating, solar water heating and solar power. Solar power was introduced in April 2019 and 52 installations have been approved in the first 8 months. In 2019 Council contracted Ackama to write a loan package and the loan book was transferred to it in July 2019. Processing time of new loans and repayments has significantly reduced as a result. Over twelve hundred funding applications have been received with 866 currently funded. 2020-2021 is the 10th year of funding with the first year's funding to be completely repaid on 30 June 2020.

Events management

The main challenges are to keep events relevant and interesting in times of changing population demographics, and to access external funding and sponsorships.

Community safety

Safer Communities Marlborough has always operated in an environment of potential change due to its reliance on central government for the majority of its funding. The current service provided by Council will transfer to a new operating model on 01 July 2020.

Smart and Connected communities

Additional staff resources have been provided to support the current groups (Picton, Renwick, Havelock and Seddon/Awatere). This is expected to enhance these groups' ability to plan, to deliver projects for their communities, and to work more effectively with Council and other partners.

Passenger transport and total mobility scheme

Public transport services give people access to economic and social opportunities. Council currently

operates an urban bus service in Blenheim and a district-wide mobility scheme. These activities are part funded by the NZ Transport Agency. In addition, Bayleys Marlborough provides sponsorship funding for the bus service.

Options to expand bus services to Picton and Renwick as well as a commuter service for Blenheim have been approved for an 18 month trial period. The Picton service commenced in August 2019 and the Renwick and Blenheim commuter services are expected to get underway in February 2020. If the trials are successful, an expanded scope of services could eventually become permanent.

Levels of Service

Refer to LTP

Operating Expenditure by Significant Type

Grants and Donations	2019-20	2020-21		2021-22	2022-23
	LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel costs	56	92	(33)	59	61
Grants	562	490	26	516	516
Grants - Youth	60	60	-	60	60
Grants for Waiver	30	31	(1)	30	31
Grants - Positive Ageing	15	15	-	15	15
Internal contracts & recharges	138	144	14	158	161
Section Management	25	24	-	24	25
Corporate Overhead Allocations	39	38	3	41	43
Total operating costs	870	802	42	844	851

Events Management	2019-20	2020-21		2021-22	2022-23
	LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel costs	10	10	1	11	11
Contracts	187	191	(1)	190	194
Grants	10	10	-	10	10
Corporate Overhead Allocations	7	7	1	8	8
Section Management	5	4	-	4	5
Advertising	-	32	(32)	-	-
Total operating costs	219	255	(31)	223	228

Energy Efficiency	2019-20	2020-21		2021-22	2022-23
	LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's
Contributions - Lump Sum (Rating Powers)	100	52	98	150	153
Fees	-	-	4	4	4
Total external revenue	100	52	101	154	157
Internal contracts & recharges	10	8	146	154	157
Energy Efficiency Services	350	300	450	750	750
Total operating costs	360	308	596	904	907

	2019-20	2020-21		2021-22	2022-23
Recreation		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel costs	4	-	5	5	5
Section Management	2	-	2	2	2
Contracts	50	50	-	50	52
Corporate Overhead Allocations	3	-	3	3	3
Departmental Management Allocations	1	-	1	1	1
Total operating costs	60	50	11	61	64

	2019-20	2020-21		2021-22	2022-23
Passenger Transport		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Roading Subsidies	307	205	85	291	204
Sales	33	18	18	36	12
Sponsorship	24	21	3	24	24
Subsidies - Capex Projects	10	11	-	10	10
Total external revenue	374	255	106	361	271
Minor Improvements (Safety)	200	-	185	185	5
Contracts	180	187	(7)	180	184
Materials	125	130	(5)	125	128
Subsidies	35	36	(1)	35	36
Corporate Overhead Allocations	26	19	8	27	28
Repairs & maintenance	10	11	-	11	12
Other operating costs	70	41	(3)	38	38
Total operating costs	646	426	175	601	465

	2019-20	2020-21		2021-22	2022-23
Community Safety		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Donations and Grants GST Liable	126	144	(144)	-	-
Interest - Special Funds	1	1	(1)	-	-
Total external revenue	128	145	(145)	-	-
Lease - Equipment	106	110	(4)	106	108
Contracts	58	64	(64)	-	-
Repairs & maintenance	23	24	(4)	20	20
Corporate Overhead Allocations	9	8	(3)	5	5
Personnel costs	40	46	(46)	-	-
Section Management	3	2	(2)	-	-
Other operating costs	22	24	(23)	1	-
Total operating costs	261	278	(146)	132	137

NB: stopped tendering for Restorative Justice Services from 2020-21.

Smart and Connected Communities	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel costs	82	81	3	84	85	87
Professional Fees	28	42	(2)	40	41	42
Corporate Overhead Allocations	30	34	(2)	32	34	34
General Expenses	10	10	-	10	10	10
Total operating costs	150	168	(2)	166	170	173

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	2019-20	2020-21	2021-22	2022-23	Purpose
Blenheim Urban Bus Services	180,000	180,000	180,000	180,000	Bus service provision (existing services only). The trial services are being funded under line item "Minor Improvements (Safety)"
Community Events (Festival & Events & Go Marlborough - NYE)	184,719	184,719	184,719	184,719	Contract is CPI adjusted each year

Grants

Grants	2019-20	2020-21	2021-22	2022-23	Purpose
Awatere Community Trust (Info Office)	7,500	7,500	7,500	7,500	Annual operating
Awatere Community Trust (Rent)	7,500	7,500	7,500	7,500	Rent
Blenheim Community Patrol - vehicle costs	4,000	4,000	4,000	-	Annual operating (from 2019/20)
Citizens Advice Bureau	7,100	7,100	7,100	7,100	Annual operating
Community Grants	300,000	300,000	300,000	300,000	Approved in accordance with set criteria
Festive Lights	22,500	22,500	22,500	22,500	Reserves administrator
Graeme Dingle Foundation	12,000	12,000	12,000	12,000	Annual Operating (from 2019/20)
Havelock Community Association	33,100	33,100	33,100	33,100	Increased by 5k p.a from 2018/19 onwards
Havelock Community Association	3,000	3,000	3,000	3,000	
Life Flight Trust	10,000	10,000	10,000	10,000	Annual operating
Lions Science Fair	2,000	2,000	2,000	2,000	Annual operating
Marlborough Migrant Centre	15,000	15,000	15,000	15,000	Annual operating
Marlborough Youth Trust	40,000	20,000	20,000	20,000	40K grant was reduced for lease rentals by -10k for 2018/19 and -20k p.a. from 2019/20. However, it was held at 40k for 2019/20 as an one-off.
Ministers Assoc - Xmas in the Park	2,000	2,000	2,000	2,000	Annual operating
Nelson Rescue Helicopter Trust	10,000	10,000	10,000	10,000	Annual operating
Picton Little Theatre	26,000	-	-	-	One-off
Picton Resource Centre	8,000	8,000	8,000	8,000	Annual operating

Grants	2019-20	2020-21	2021-22	2022-23	Purpose
Rarangi Surf Life Saving	10,000	10,000	10,000	10,000	Annual operating
Riding for the Disabled	10,000	10,000	10,000	10,000	Annual Operating (from 2019/20)
Safer Communities	7,500	7,500	7,500	7,500	Contract finishes 30 June 2020
Sport Tasman	25,000	25,000	25,000	25,000	Annual operating Increased by 5k p.a from 2019/20 onwards
Subtotal	562,200	516,200	516,200	512,200	
Grants - Youth	60,000	60,000	60,000	60,000	Annual operating & projects
Grants - Positive Ageing	15,000	15,000	15,000	15,000	Policy implementation, Events and contracts
Grants for Waiver					
Building Control	15,000	15,000	15,000	15,000	Approved in accordance with set criteria
Resource Consent Grants	13,000	13,000	13,000	13,000	Approved in accordance with set criteria
Transfer Station Grants	2,000	2,000	2,000	2,000	
Grants for Waiver total	30,000	30,000	30,000	30,000	
Picton Maritime Festival	30,000	10,000	10,000	10,000	20k one-off approved for 2019-20
Total grants	697,200	631,200	627,200	627,200	

Carryovers of \$162,204 are not included in the above figures.

Activity: Library Services

Operating costs of this activity represents approximately 2.55% of total activity expenditure.

Manager: Glenn Webster

Emerging Issues and Expected Changes

Library facilities

Planning is underway by Council to build a new combined District Library and Art Gallery facility to replace the present two inadequate buildings. This project will be partially funded from the Forest Park Reserve and the sale of the old library and civic theatre buildings. The Picton Library and Service Centre Waitohi Whare Mātauranga celebrated its second year in its new facility validated by increases in issues and visitors to the facility.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Library Services	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Non-property rentals	65	68	(8)	60	61	63
Photocopying / Typing	20	21	(2)	19	19	20
Fines	20	21	(4)	17	17	18
Lost Books	5	5	1	6	6	6
Contributions - For Capex	-	-	-	-	2,348	730
Other external revenue	17	17	(6)	12	11	11
Total external revenue	127	132	(18)	114	2,464	848
Personnel costs	1,221	1,188	64	1,252	1,277	1,304
Corporate Overhead Allocations	612	616	37	653	676	678
Depreciation	490	489	(56)	433	396	629
Interest - Internal Loans	100	250	(108)	142	278	468
Contracts	96	99	(4)	96	109	111
Cleaning	71	62	11	73	73	75
Insurance	52	35	25	60	62	63
Power	47	44	4	47	48	49
Repairs & maintenance	33	34	-	34	36	37
National Library Charges	34	26	8	34	35	35
Other operating costs	65	108	(27)	81	83	86
Total operating costs	2,820	2,952	(46)	2,906	3,072	3,537

Major Projects > \$20,000

New combined District Library and Art Gallery facility to be built in High Street with occupancy anticipated in 2022.

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

N/A

Capital Expenditure Projects > \$20,000

Library Services	2020-21	2021-22	2022-23	2023-24	Impact on LoS of reducing/deferring
	\$000's	\$000's	\$000's	\$000's	
Permanent material buildings	4,000	8,169	5,424	-	Budget inadequate to build and complete facility
Office equipment	10	10	21	21	Equipment unable to be replaced
Computers	21	10	2	51	Outdated equipment
Computer systems	-	102	-	-	Outdated software
Library - non-books	27	29	31	33	Collection not meeting public demand
Library books	262	274	286	299	Collection not meeting public demand
Total additions	4,320	8,593	5,764	404	

Activity: Emergency Management

Operating costs of this activity represent approximately 0.56% of total activity expenditure.

Manager: Brian Paton

Emerging Issues and Expected Changes

National Emergency Management Agency (NEMA)

In December 2019 Ministry of Civil Defence Emergency Management staff were transferred into the new NEMA with a new Director. During 2020 the NEMA organisational strategy, design and operating model will be developed and implemented as phase 2 of the establishment of the new government department. Once the new legislation is enacted NEMA will be more operationally focussed and will develop regulations to ensure that Groups retain or develop high levels of training and have the necessary capability to deliver consistent levels of service across NZ. This will be challenging for smaller Groups and Unitary Authorities such as Gisborne and Marlborough.

Training

In response to the national changes Marlborough Emergency Management (EM) plans to invest significantly in training senior Incident Management Team members particularly in the Controller, Response Manager, Lifelines Coordinator and Recovery Manager roles. This will be funded through the NEMA training fund. MDC staff who could be available during an emergency have also been identified and will receive basic training to assist with the operation of the Emergency Operations Centre. New electronic information gathering and management tools have been developed and these will also require an investment in training to get the best from them.

Director's guidelines

NEMA continues to develop new Director's Guidelines (DGL) for Groups to abide by. Recently released DGL's include guidance around natural hazard risk management, recovery preparedness and damage (structures and buildings) assessments. We are still looking to identify the best way to address this shortfall and will look to make a budget bid in the 2021-31 LTP.

Maori Involvement in emergency management

Marlborough EM expects to work more closely with Te Taihira iwi and marae in 2020, particularly as Te Puni Kōkiri now have a staff member in Marlborough. Stronger relationships with Marae and Māori Wardens will be developed and training opportunities will be provided at no cost. There is significant benefit for the entire community in marae being far more resilient when disaster strikes.

AF8

The Alpine Fault project will no longer be financially supported by NEMA. South Island Groups will contribute \$100,000 per annum to retain a coordinator of which \$5,000 will come from MDC. In 2020-21 Groups will look to focus on response and recovery planning, community engagement and risk communication across the South Island. NEMA has begun work on a national earthquake response plan and this will need to dovetail into the existing S.I. plans. A Tier 4 national exercise is planned for 2020 which will build on the Tier 3 S.I. exercise held in 2019 and will include the participation of all 16 Groups.

Fire and Emergency restructuring

Nelson/Marlborough during 2020. The District Manager will be based in Nelson and it appears likely that the current Marlborough permanent staff (particularly rural) roles will be reduced in number and skills required. What that means for the current close working relationships in Marlborough between FENZ and Marlborough EM are yet to become clear.

Levels of Service

Refer to LTP

Revenue and Operating Expenditure by Significant Type

Emergency Management	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Property rentals	18	8	10	18	18	18
Contributions - For Capex	275	-	-	-	-	-
Other external revenue	11	12	(10)	1	1	1
Total external revenue	304	20	-	19	19	19
Personnel costs	269	249	52	301	308	315
Corporate Overhead Allocations	107	123	(8)	115	119	119
Depreciation	30	32	1	33	29	27
Equipment	20	16	1	17	18	18
Departmental Management Allocations	16	20	(5)	15	15	15
Telephone Tolls Faxes and Pagers	14	15	(1)	14	14	15
Travel and Accommodation	14	7	7	14	14	15
Power	13	14	(1)	13	13	14
Lease - Admin vehicles	12	15	(2)	13	14	14
Printing & office supplies	11	11	-	11	11	11
Cleaning	4	4	6	10	10	10
Repairs & maintenance	10	10	-	10	10	10
Training Conferences + Seminars	10	7	3	10	10	10
Other operating costs	68	69	(4)	65	66	68
Total operating costs	598	593	48	640	651	661

Explanation of Revenue and Expenditure Variations

Salary increase includes an additional 5 hours/week for the Welfare Manager role to enable it to include a component of recovery. Increase of \$11,000 per annum. This brings the role up to 40 hours/week.

Major Projects > \$20,000 - N/A

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs) – N/A

Capital Expenditure Projects > \$20,000 – N/A

Activity: Community Facilities

Operating costs of this activity represent approximately 10.83% of total activity expenditure.

Manager: Jane Tito

Emerging Issues and Expected Changes

Building Work

Ongoing work is being carried out on community facilities that require seismic strengthening or demolition as a consequence of earthquake activity or to meet national building codes. The strengthening work of Stadium 2000 is complete. The A & P Park Grandstand has been demolished and a replacement pavilion building has been budgeted for in the 2020-21 period. Strengthening and redevelopment of the Awatere Community Hall has been completed, the earthquake damaged Hub building has been removed and repair work on the Awatere Pavilion is underway. Funding for strengthening the Ward Hall has been budgeted for in the 2020-21 year. The future of the Ward Museum is still being decided and funding for this is not yet budgeted for.

Tree Management

The more robust data capture and monitoring system introduced for managing trees continues to result in an improved understanding of our tree portfolio. Along with the development of a tree policy this refined approach supports a more rigorous aspect to management of our trees. This year has seen a higher number of trees removed (or pruned) from our parks and streets in response to significant weather events (drought and wind) and because a number of larger trees are nearing the end of their life. A tree planting programme is in place to replace the trees needing to be removed as well as on streets and in parks to further enhance these environments.

Cemeteries

Master plans are complete and provide guidance for future development, management and operational requirements across Council-run cemeteries. The plans have an implementation programme, with prioritised projects to be reflected in budget allocations.

Marlborough, like other areas around the country, is experiencing an increase in cremations compared to burials. Consequently there is a need to consider the most appropriate options for ashes interments at each of the cemeteries. There is also a trend for self-funerals where the use of funeral directors does not occur. This may see greater staff resources needed to assist the public through the process.

Memorials

A district-wide master plan is being prepared for memorials. Similar to the cemetery master plans, this will guide future development, management, budget and operational requirements relating to memorials.

Public Conveniences

Public conveniences asset renewals have continued through the 2019-20 year. Renewals of facilities at Havelock Township, Collins Reserve, Anakiwa, Okiwi Bay, High Street (Picton), Horton Park, Hodder Bridge, London Quay and Oliver Park are either planned or works are underway over the next 12-month period. Capital funding assistance has been received for several of these projects through application to the Ministry of Business Innovation and Employment's *Tourism Infrastructure Fund*.

Further, improvements are planned for existing facilities at Seymour Square and Taylor Dam in the 2020-21 to 2021-22 period and new facilities are planned at Ward and Grovetown Lagoon. Some of these projects will be eligible for *Tourism Infrastructure Funding*. In response to increased use of tracks and trails new public conveniences are being considered at Essons Valley and Wedge Point (both near Picton) and at Wither Road Extension (Blenheim).

Responsible Camping

Responsible camping numbers continue to grow significantly in Marlborough, given the presence of the inter-island ferry terminals and our location along State Highway 1. Central government funding was received for increased monitoring at freedom camping sites and to respond to complaints for the 2019-20 summer season.

Central government is actively looking at the impacts of freedom camping on local communities and we are continuing to closely monitor this activity to determine whether changes in our approach may be needed. Funding from central government was also received for half the costs of a feasibility study of the impact of responsible camping in Marlborough ahead of a bylaw review in 2020. The results of the study and the bylaw review may have budgetary considerations.

Climate Change and Hazard Events

Weather events, which are combined with king tides and storm surges have the potential to damage coastal reserves and Council infrastructure. The implications of these events will need to be considered, along with the impacts of anticipated sea level rise. There may be costs associated with managing these impacts, and issues to resolve regarding how the public expects the Council to respond to these events.

In particular, weather events are having an effect on the parks and open spaces environment with a noticeable damage and loss of assets, including structures, walkways and tracks. Greater losses of trees are being experienced which may see a need for different responses to species being planted and/or a need for irrigation. There is also an increase in the range and number of pest infestations in Marlborough that will result in greater control or maintenance requirements.

Walking and Cycling

There is an increasing demand for the development of more paths and tracks for walking and cycling communities, including locals and visitors. The Walking and Cycling Strategy for Marlborough outlines areas where cycling and walking are to be enhanced and/or new connections made to the network. This is certainly a positive in terms of health, social well-being and the possible economic impact that may occur, however ongoing funding to develop and to maintain these facilities will need to be considered in the longer-term. There is increased use in particular of tracks close to Picton from cruise ship visitors.

New Reserves

New reserves have been obtained by Council as a result of subdivision development. These include Rose Manor, Grovetown, Omaka Landing and Oyster Bay. With the exception of the reserve at Oyster Bay, there will be budgetary implications for these new neighbourhood parks related to the maintenance and provision of playground equipment. The Oyster Bay reserve will require maintenance of native plantings.

Development on existing Reserves

There will be cost implications for maintaining the new additions on reserves with the planned upgrades to parks and open spaces currently underway including Neil Street Upgrade in Havelock, Taylor River carparks, Seddon Pump Track, Waterfall Track (Havelock) and widening of the shared path along the Taylor River.

Several upgrades to district playgrounds are planned or currently underway, which include: Renwick Village Green, Omaka Landing, Blackmore Place, Ballinger Park and Victoria Domain.

Small Townships Programme

There will be significant budgetary implications for the new projects identified through the Small Townships Programme. These projects have an impact on maintenance costs and subsequent increase in levels of service. Examples have included proposed development of a picnic area at Spring Creek and the Village Green at Renwick. With a growing number of projects identified over the next 10-year period, there will need to be funding provided to ensure these new projects are maintained at a level which meets community expectations.

Some of those projects include the Ward Hall landscaping project, Rai Valley Village Green, Renwick cycle lanes and tree planting in Renwick, Spring Creek planter boxes, Rarangi – outdoor gym, and an upgrade to the area at Bluegums Corner.

Lansdowne Park Redevelopment

The development of a “Sportsville” facility at Lansdowne will provide for all the potential sport codes that make use of the park. There is an opportunity to further develop the facility to provide for some commercial operations which will help to subsidise the operating expenses. Concept design options and costings are being developed within the 2019-20 year. It is expected the Sportsville facility will cost \$5M.

Outdoor Sports Facilities Plan

The redevelopment of Lansdowne Park has come about as a consequence of opportunities set out in the Council's Outdoor Sports Facilities Plan. This plan was prepared in 2010, and has achieved a number of other outcomes for sporting facilities in Marlborough. It is important that this plan stays current, and a review is currently underway with the assistance of a consultant.

Contracts and Tenders

A number of our larger key maintenance contracts have been renewed in the last two years. These contracts had been in place for about 8-10 years and all contracts went through an open market tender process. The market review resulted in increases to all contracts with costs rising by more than the anticipated 5% to between 20-40% increases on each contract. One further contract renewal will go to the open market in the FY 20/21 and is also likely to increase within the same range of 10-30%. These increases result in part from development of new open

spaces and parks, pressure on current Council facilities, greater expectations for levels of service and increased visitor numbers.

The review of the contracts has allowed the new areas not previously covered by a contract to be included in the maintenance contract. These areas had previously been charged under Council's repairs and maintenance budgets or as a variation. This review has provided Council with a much more accurate assessment of overall costs in order to maintain our open spaces.

In some cases, the response work was as much as 30% of the addition to the original contract price.

Reserve Management Plans

Parks and Open Spaces have several working documents underway that will assist Council and the community to address planning and budgeting in our parks and open spaces. The Victoria Domain plan is being written in conjunction with Te Ātiawa and the Seddon and Waikawa parks are in the early stages of preparing for public discussion. The Wither Hills Farm Park plan is also in the early stages with some planning and consultation underway.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Cemeteries	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Interment - Conventional	84	72	27	98	116	135
Plot Purchases - Conventional	54	46	17	63	74	87
Plot Purchases - Cremated	18	15	6	21	25	29
Interment - Cremation	12	10	4	14	17	20
Grants - Private Plot Maintenance	11	11	-	11	11	11
Other external revenue	6	5	2	7	8	9
Total external revenue	185	159	55	214	250	290
Contracts	226	237	(11)	226	231	236
Burials	76	79	(3)	76	77	79
Interest - Internal Loans	66	80	(17)	63	65	65
Personnel costs	32	34	-	34	34	35
Repairs & maintenance	40	40	(7)	33	35	43
Depreciation	27	30	1	31	32	33
Corporate Overhead Allocations	28	27	3	30	31	31
Section Management	25	26	5	30	31	31
Other operating costs	28	34	(1)	33	38	48
Total operating costs	548	586	(30)	556	574	601

Memorials	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Depreciation	31	32	(1)	31	32	33
Contracts	21	18	3	21	21	22
Repairs & maintenance	23	24	(5)	19	37	32
Power	15	15	(1)	15	15	15
Insurance	11	10	2	12	13	13
Personnel costs	8	9	-	9	9	9
Corporate Overhead Allocations	7	7	1	8	8	8
Section Management	6	7	1	8	8	8
Other operating costs	6	9	1	10	9	12
Total operating costs	129	131	1	132	152	152

	2019-20	2020-21		2021-22	2022-23
Street berms, trees and plots		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Contracts	365	419	(28)	391	398
Repairs & maintenance	140	145	12	157	160
Personnel costs	29	27	4	31	31
Corporate Overhead Allocations	26	22	6	28	29
Section Management	23	21	7	28	28
Departmental Management Allocations	10	13	(3)	10	11
Other operating costs	11	14	6	20	22
Total operating costs	604	660	4	665	678
					694

	2019-20	2020-21		2021-22	2022-23
Halls		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Donations and Grants GST Liab	200	-	-	-	-
Contributions - For Capex	151	-	-	-	154
Insurance refunds and claims	60	-	-	-	-
Property rentals	1	1	-	1	1
Total external revenue	411	1		1	155
					1
Depreciation	111	113	(23)	90	94
Interest - Internal Loans	75	83	-	84	81
Insurance	63	56	19	75	77
Contributions	36	37	8	45	46
Repairs & maintenance	39	38	-	38	39
Personnel costs	35	37	(1)	36	37
Section Management	28	28	4	33	34
Corporate Overhead Allocations	31	30	3	33	34
Grants	27	27	-	27	27
Other operating costs	32	34	(4)	30	31
Total operating costs	476	484	6	491	499

	2019-20	2020-21		2021-22	2022-23
Public Toilets		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Donations and Grants GST Liab	648	-	375	375	-
Total external revenue	648	-	375	375	-
Contracts	552	591	(39)	552	564
Depreciation	132	135	21	156	165
Interest - Internal Loans	111	188	(65)	123	130
Repairs & maintenance	47	48	8	56	55
Personnel costs	52	56	(1)	55	56
Corporate Overhead Allocations	46	45	4	49	51
Section Management	41	43	7	49	51
Insurance	14	15	7	21	22
Departmental Management Allocations	18	27	(9)	18	19
Vandalism	15	16	(1)	15	15
Other operating costs	68	67	-	67	68
Total operating costs	1,097	1,231	(69)	1,162	1,194
					1,218

Reserves	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Reserve Fund Contributions - Cash	955	984	-	984	1,013	1,044
Development Contributions	322	332	-	332	342	352
Other external revenue	20	21	(1)	20	20	21
Total external revenue	1,297	1,337	(1)	1,336	1,376	1,417
Contracts	1,589	1,520	185	1,705	1,751	1,789
Depreciation	1,126	1,120	100	1,220	1,258	1,282
Personnel costs	1,070	997	57	1,054	1,077	1,099
Repairs & maintenance	1,001	1,044	(76)	968	1,057	1,004
Grants	787	551	-	551	551	551
Interest - Internal Loans	533	525	(84)	442	524	537
Section Management	366	349	89	438	448	454
Corporate Overhead Allocations	407	368	67	435	450	451
Departmental Management Allocations	161	225	(62)	164	168	171
Insurance	118	93	40	133	136	139
Contributions	126	131	(5)	126	129	131
Power	88	92	(4)	88	90	92
Materials	62	66	(3)	64	67	66
Plants seeds and Shrubs	52	57	(5)	52	53	54
Other operating costs	221	221	(91)	130	238	253
Total operating costs	7,709	7,361	209	7,570	7,996	8,074

Swimming Pools	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Disbursement Recoveries	12	13	(1)	12	12	13
Total external revenue	12	13	(1)	12	12	13
Contracts	800	833	(33)	800	817	834
Depreciation	516	527	(11)	516	528	540
Interest - Internal Loans	164	159	(34)	125	116	106
Contributions	116	121	(5)	116	119	122
Personnel costs	49	52	(1)	51	52	53
Corporate Overhead Allocations	43	42	4	46	48	48
Section Management	39	40	6	46	47	48
Repairs & maintenance	-	-	20	20	-	-
Other operating costs	47	48	-	48	49	50
Total operating costs	1,774	1,824	(54)	1,769	1,776	1,802

Explanation of Revenue and Expenditure Variations

Parks and Open Spaces have experienced several variations in the last FY most notably with increases to maintenance contracts and work done under repairs and maintenance. With the new contracts now in force, there may be a corresponding reduction in repairs and maintenance costs. The Grants budget represents the funding approved for the Marlborough to Kaikoura Trail, with \$500,000 allocated for the next 3 FYs.

Operating Costs

Major Expenditure Type	\$ value	Impact on LOS of reducing/deferring
Contracts	3,708,689	Specifications are costed into existing contracts and the cost reduction is shows the recent tendering of several contracts.
Repairs & Maintenance	1,274,440	<p>The impact of reducing these budgets would result in a lowering of Levels of Services and an increase in Contracts to cover the unexpected issues that arise in Parks and facilities.</p> <p>A new risk-centric tree maintenance process has increased the amount of repairs and maintenance by \$70,951.</p>
Contributions	304,076	Contributions represent amounts given to various community groups to deliver services to their respective communities and it is often matched with either alternative funding sources or volunteer hours. Therefore a reduction would have a major impact for community organisations that may not be able to sustain the service, resulting in Council either losing that service or paying more for a commercial contractor to provide.
Grants	578,268	<p>Grants represent amounts provided to community groups to deliver on services to their respective communities.</p> <p>Any consideration of a reduction would pose a major impact in the service delivery and expectations of those communities.</p> <p>The increase in this line item is reflective of the four years funding approved through the LTP (\$500,000 each FY) towards the construction and ongoing maintenance of the Marlborough to Kaikoura Trail.</p> <p>There were three grants provided to local school's for new playground equipment (Tuamarina School, Whitney Street School, Rai Valley School).</p>

Grants (uninflated)

Description	2019-20	2020-21	2021-22	2022-23	Comment
Dillions Point Community Centre	1,240	1,240	1,240	1,240	Bright Centre Society
Rapaura Reserve	15,000	15,000	15,000	15,000	Tennis (maintenance)
Renwick Sports Centre	30,000	30,000	30,000	30,000	Administration
Havelock Hall	15,000	15,000	15,000	15,000	Hall maintenance
Linkwater Hall	10,384	10,384	10,384	10,384	651 ratepayers
Horton/Oliver Park Cricket	5,000	5,000	5,000	5,000	Cricket Block
Other Halls	1,500	1,500	1,500	1,500	Annual Grant
Link Pathway	120,000	-	-	-	Development Grant
Marlborough Trail to Kaikoura	500,000	500,000	500,000	500,000	Annual grant approved in the LTP 2018/19 (4 years from 2019-20 to 2022-23)
Playgrounds	116,125	-	-	-	Grants provided in AP 2019/20 (Rai Valley, Whitney Street, Tuamarina)
Total	814,249	500,000	500,000	500,000	

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Blenheim Open Space Maintenance	1,224,109	31/10/2021	New contract from 1 Nov 2018. Excludes day works.
Marlborough Cemeteries & Renwick Open Space Maintenance	298,044	31/10/2020	Contract renewal from 1 Nov 2020. Excludes day works.
Picton Cemeteries & Open Space Maintenance	374,741	30/06/2020	Contract to be tendered on open market FY 2020/21. Excludes day works.
Maintenance of Street/Carpark Plots & Trees	251,410	30/11/2020	Contract renewal from 1 Nov 2020. Excludes day works.
Marlborough Public Convenience Services	559,834	30/06/2021	New contract from 1 July 2018. Excludes day works.
Havelock and Sounds Open Space Maintenance Services	113,898	30/10/2020	Renewed contract from 1 Nov 2020. Excludes day works.

Capital Expenditure Projects > \$20,000

Community Facilities	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Cemeteries	105	99	65	59	Linkwater Hall Some central govt funding conditions
Halls	267	328	21	21	
Memorials	8	233	17	9	
Public Conveniences	1,169	325	221	241	
Reserves	5,383	3,064	1,516	2,953	Continuous growth
Street Plots & Trees	38	39	40	41	Major loss to community
Swimming Pools: Seddon (Awatere)	100	-	-	-	
Total additions	7,070	4,087	1,879	3,323	

Activity: Roads and Footpaths

Operating costs of this activity represent approximately 19.33% of total activity expenditure.

Manager: Marlborough Roads

Emerging Issues and Expected Changes

Deterioration of bridges and culverts

Council has more than 360 bridges on its transport network. Currently 30 bridges are posted for not meeting Class 1 criteria. All but one of these bridges is posted for restricted speeds and six are posted for restricted weights.

As many bridges as funding permits will be replaced during this LTP period (2018–2028).

Deterioration of unsealed roads and dust control

Unsealed roads require frequent maintenance as they deteriorate rapidly when exposed to increased traffic, such as logging trucks. This rapid deterioration is exacerbated with wet weather.

Council also receives requests for dust control. Dust suppressants will be applied where this is necessary.

Urban growth effects

Proposed new zone developments need to follow planned roading layouts and services plans to ensure good community outcomes and equitable cost sharing. Capital costs are expected to be met by developers, with road costs included in Council zone levies.

High impact natural events

Over recent years storm events and earthquakes have had a large effect on Council's Roding Budgets and the frequency of these storm events is likely to increase as a result of climate change.

Conflicting road network use

The increase in viticulture, forestry, tourism and an ageing demographic is resulting in the transport network being used for many different purposes.

A key challenge is to provide a safe transport network that affordably meets the needs of all road users.

Network outcomes contract (NOC)

A 7 year contract beginning on 1 April 2020 was awarded to a joint venture of Fulton Hogan/HEB for the regional roading network (State Highways and Regional Roads combined). This contract has higher levels of service in a number of areas, and also includes Operational Performances Measures (OPM's) where up to 10% of the monthly lump sum payment can be deducted until audited works are rectified. OPM's in the new NOC are set at a much higher level than the previous contract, so an increase in contract compliance is expected.

Levels of Service

Refer to LTP

Revenue and Operating Expenditure by Significant Type

	2019-20	2020-21			2021-22	2022-23
Roading		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Subsidies - Capex Projects	4,925	4,285	383	4,669	4,772	4,935
Roding Subsidies	4,430	4,547	(75)	4,472	4,617	4,794
Development Contributions	1,034	510	223	732	746	761
Contributions - Vested Assets	624	652	(28)	624	639	654
Development Impact Levies	160	167	(67)	100	102	105
Contributions - Subdivisional Works	196	220	(170)	50	51	52
Other external revenue	101	153	(74)	79	81	82
Total external revenue	11,469	10,533	193	10,726	11,008	11,385

Repairs & maintenance	85	115	(25)	90	97	105
Materials	64	86	(16)	70	71	73
Contracts	36	2	34	36	37	37
Insurance	13	12	3	15	15	15
Other operating costs	41	27	(14)	12	13	13
Operating costs	238	241	(18)	222	233	244
Emergency reinstatement	2,000	2,088	(88)	2,000	2,048	2,098
Traffic services maintenance	1,132	1,212	(51)	1,161	1,219	1,279
Sealed pavement maintenance	1,130	1,158	(12)	1,146	1,190	1,237
Environmental Maintenance	1,081	1,140	(48)	1,091	1,129	1,168
Network and Asset Management	885	895	(27)	868	920	996
Unsealed pavement maintenance	640	668	(28)	640	655	671
Street cleaning	549	470	79	549	562	576
Minor Events	500	522	(22)	500	512	524
Routine Drainage Maintenance	455	479	(20)	459	475	491
Structure Maintenance	331	353	(15)	338	354	371
Concrete footpaths maintenance	118	123	45	168	172	176
Cyclepath maintenance	148	143	5	148	153	157
Road Safety Programmes	97	103	(24)	79	81	83
Asset Management Planning	30	63	(3)	60	31	31
Operational Traffic Management	60	63	(3)	60	61	63
Sealed footpaths maintenance	54	56	(2)	54	55	57
Regional Land Transport Planning	52	54	(2)	52	53	55
Other infrastructure costs	180	209	(9)	201	186	212
Infrastructure costs	9,440	9,802	(227)	9,575	9,857	10,245
Depreciation	10,390	10,257	648	10,906	11,290	11,698
Corporate Overhead Allocations	1,197	1,194	85	1,279	1,324	1,328
Departmental Management Allocations	173	183	(18)	165	169	173
Interest - Internal Loans	550	722	(318)	404	484	593
Personnel costs	131	92	133	225	230	236
Section Management	(8)	(2)	(5)	(7)	(6)	(6)
Internal contracts & recharges	25	26	(753)	(727)	2	2
Other operating costs	12,457	12,472	(227)	12,245	13,495	14,024
Total operating costs	22,135	22,515	(472)	22,043	23,584	24,514

Services Infrastructure Costs

Major Expenditure Type	\$000's	Impact on LOS of reducing/deferring
Emergency Reinstatement	\$2,000	Budget reflects average annual expenditure incurred over the past 10 years. Any unspent surplus is funded to Emergency Events Reserve. Excess expenditure is drawn from the same Reserve.
Road Maintenance	\$6,947	Maintenance budgets provide for the on-going day to day work required to keep assets operating at required service levels, to preserve the integrity of the road asset and maintain safety for road users. LOS is determined through the Roding Asset Management Plan.
Street cleaning	\$549	Activity provides for CBD and car park cleaning, emptying of litter bins and glass removal from roads and footpaths. Reducing LOS would likely cause increased customer complaints.

Major Contracts (at least \$100,000 or 5% of Operating and Servicing)

Contract	\$ value	Finishes	Comment
Network Outcomes Contract (Road Maintenance and Renewals)	\$12.7M PA	June 2027	A single road maintenance contract is in place across both the State Highway and Local Roads Networks, The council component of the contract is around \$12.7m per annum. This is a new contract that commences 1 April 2020.
Street Light Maintenance	\$310,000 PA	June 2025	This is a new negotiated contract that commences 1 March 2020

Capital Expenditure Projects > \$50,000

Roads and Footpaths	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferri ng
Additions: Other buildings + Structures	775	794	393	403	No improvement
Additions: Vested assets - MDC	583	-	-	-	No improvement
Additions: Vested assets - external	624	639	654	671	No improvement
Additions: Pipelines	786	190	195	200	No improvement
Additions: Sealed pavement	341	349	358	366	No improvement
Additions: Wharves.	107	110	112	115	No improvement
Additions: Paved/Cobbled areas	500	512	2,098	1,075	No improvement
Additions: Cycle Facilities	522	597	611	561	No improvement
Additions: Footpaths (concrete)	93	95	98	100	No improvement
Additions: Kerb and channel	90	92	94	97	No improvement
Renewals: Minor Improvements	2,583	2,547	2,622	2,149	No improvement
Renewals: Sealed Road Resurfacing	2,782	2,891	3,005	3,126	Reduced LoS
Renewals: Structures Component Replacement	330	338	346	355	Reduced LoS
Renewals: Pavement Rehabilitation	1,220	1,268	1,318	1,371	Reduced LoS
Renewals: Traffic Services	329	344	363	382	Reduced LoS
Renewals: Unsealed Road Metalling	800	819	839	860	Reduced LoS
Renewals: Drainage	655	678	701	725	Reduced LoS
Renewals: Footpaths (sealed)	455	471	482	494	Reduced LoS
Renewals: Kerb and Channel	50	51	52	54	Reduced LoS
Renewals: Vehicle crossings	81	83	85	87	Reduced LoS
Other Additions & Renewals	160	164	168	172	Reduced LoS
Total additions	13,866	13,032	14,596	13,362	

Activity: Flood Protection and Control Works

Operating costs of this activity represents approximately 4.70% of total activity expenditure.

Manager: Geoff Dick

Emerging Issues and Expected Changes

Maintaining the Wairau River alignment and stopbank security

The Wairau River from the Waihopai confluence downstream to SH1 has very powerful and erosive river flows. Bank protection in the form of rock rip-rap armouring, tree planting and wide river berms are required to protect the stopbanks from erosion, especially during larger flood events. Regular asset inspections have confirmed the need for continued investment in new works and regular maintenance of existing works to ensure a robust flood protection system remains in place.

A series of moderate flood events in December 2019 damaged existing protection works in a number of places. This damage will require additional expenditure (from reserves) to repair and for Council to consider bringing forward planned capital upgrade alignment protection works.

The main change for this plan is that new edge protection works rock have been identified as being required at Wratts Road and Conders Bend in addition to the already planned upgrades along the south bank for 3.5km below the Waihopai confluence.

Downstream of SH1 edge protection is also important but the current priority is to upgrade some remaining sections of stopbank on the lower Wairau channel to ensure security during a very large flood event. This work was delayed by repairs required after the November 2016 Kaikoura earthquake. Construction of the next section of stopbank upgrade is expected to resume in summer 2020/21 now that earthquake repairs are complete.

Lower Tuamarina River upgrade

The lower Tuamarina River (downstream of the Kaituna-Tuamarina Road bridge just off SH1) runs very close to a section of stopbank that protects the housing and farm land north of the Wairau River. Work is required to halt bank erosion adjacent to the stopbank by creating a wider maintenance berm and rock lining as appropriate. Design work completed before the Kaikoura earthquake is being reviewed and amended as necessary and access discussions with adjacent landowners are underway. Construction is planned for summer 2020/21.

Blenheim stormwater outfall upgrades

Ongoing development of Blenheim including infill housing and expansion into the recently rezoned areas to the north and west requires upgrade of the stormwater system, including the outfall channels and pump stations. Budget provision has been included for new/upgraded pump stations and channel upgrades.

Work continues on the design and construction of upgrades for the Redwood Street catchment (Muller Road link, Town Branch drain enlargement, new Snowdens outfall and pump station). Construction of the second and final stage of the Caseys Creek upgrade is underway to provide the necessary additional stormwater outfall capacity for the Blenheim north rezone area. The necessary resource consent application to cover stormwater discharge to the Murphy's Creek and the new Middle Renwick Road stormwater main is being prepared in accordance with the preferred option selected by community consultation.

Pukaka Quarry extension

The Council owned Pukaka Quarry is a key source of rock rip-rap for river protection works on the Wairau River and tributaries. The quarry also supplies a variety of aggregates to the contracting market as a by-product of the rock production.

The rock resource within the existing land boundary is now limited and further land will be required if the quarry is going to continue for a further 50 years. Discussions with the adjacent landowner are continuing.

Pukaka Quarry is self-funding and capital requirements for any extension are proposed to be serviced from operating revenue.

Planning input

Ongoing staff resource will continue to be made available to provide appropriate input into resource consent and building applications near waterways or where a possible flood hazard exists, and to ensure that adequate technical expertise is available to assess and facilitate areas of growth in the District.

Levels of Service

Refer to LTP

Revenue and Operating Expenditure by Significant Type

River Leases	2019-20	2020-21		2021-22	2022-23
		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Property rentals	2,711	2,840	(180)	2,660	2,823
Disbursement Recoveries	168	134	48	182	182
Total external revenue	2,879	2,974	(132)	2,842	3,005
Rates	177	155	28	183	183
Property Management charges	112	109	2	112	114
Corporate Overhead Allocations	9	9	1	10	10
Valuations	5	11	(5)	7	7
Legal	12	12	(7)	5	5
Departmental Management Allocations	1	1	-	1	1
Total operating costs	316	298	19	317	329

Rivers Outside Wairau Floodplain	2019-20	2020-21		2021-22	2022-23
		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Greenscape contracts	91	95	(10)	85	87
Minor Works contracts	41	43	10	53	54
Personnel costs	24	41	(15)	26	28
Section Management	20	34	(9)	25	25
Interest - Internal Loans	29	28	(5)	22	21
Corporate Overhead Allocations	11	13	(1)	12	12
Contracts	11	12	(7)	5	5
Departmental Management Allocations	2	2	(1)	2	2
Total operating costs	230	267	(38)	230	233

Wairau Floodplain Drainage	2019-20	2020-21		2021-22	2022-23
		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Repairs & maintenance	168	99	79	178	182
Personnel costs	160	145	25	170	181
Depreciation	162	162	6	168	170
Section Management	132	119	43	162	160
Drain spraying contracts	106	111	(5)	106	109
Minor Works contracts	80	84	(4)	80	82
Corporate Overhead Allocations	73	45	33	78	81
Power	72	75	(3)	72	74
Greenscape contracts	70	151	(91)	60	61
Interest - Internal Loans	59	138	(92)	45	95
External support	18	19	(1)	18	18
Contracts	16	17	(1)	16	16
Departmental Management Allocations	11	7	3	10	10
Total operating costs	1,128	1,172	(8)	1,164	1,241

Wairau Floodplain Rivers	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Gravel Extraction	380	398	(18)	380	389	398
Sales	239	215	59	274	280	287
Other external revenue	-	2	(2)	-	-	-
Total external revenue	619	615	39	654	670	686
Minor Works contracts	1,185	1,231	49	1,280	1,311	1,342
Personnel costs	451	569	(87)	481	513	523
Section Management	374	469	(11)	458	453	460
Contracts	422	474	(97)	377	386	395
Greenscape contracts	410	409	(54)	355	363	372
Flood Damage	250	262	(12)	250	256	262
Corporate Overhead Allocations	207	178	44	221	229	230
Repairs & maintenance	20	21	84	105	108	110
External support	88	92	(4)	88	90	92
Other operating costs	169	197	(165)	33	56	83
Total operating costs	3,577	3,901	(253)	3,648	3,765	3,871

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Heavy Plant	\$1,100,000	October 2020	Core maintenance contract plus minor capital upgrade works not tendered. Contract has up to two additional years renewal by agreement.
Strategic Labour	\$550,000	December 2020	Core maintenance contract. Contract has up to two additional years renewal by agreement.

Capital Expenditure Projects > \$20,000

Flood Protection and Control Works	2020-21	2021-22	2022-23	2023-24	Impact on LoS of reducing/defer ring
	\$000's	\$000's	\$000's	\$000's	
Rivers WV: Lower Wairau	914	410	734	-	
Rivers WV: Wairau Tuamarina	900	256	-	537	
Rivers WV: Tuamarina below Rail Bridge	750	-	-	-	
Drains: Blenheim Minor Rivers	600	1,689	2,622	2,149	
Rivers WV: W/Hills Soil Conservation	290	41	42	43	
Rivers WV: Ruakanakana (Gibson) Creek	283	-	-	860	
Rivers WV: Rivers Land Purchases	200	205	210	215	
Rivers - Quarries: Pukaka Quarry	100	154	-	-	
Rivers WV: Taylor below Burleigh	40	51	42	-	
Rivers WV: Lower Opaoa	30	184	199	21	
Drainage Pump Stations: Rural	30	31	31	32	
Rivers ex WV: Pic/ Waikawa Minor Streams	20	20	21	21	
Rivers WV: Riverlands and Witherhills St	20	-	-	21	
Drainage Pump Stations: Blenheim	-	72	105	-	

Rivers WV: Taylor above Burleigh	-	51	-	54
Rivers WV: Opaoa Loop	-	41	-	43
Drains: Rural Zone A	-	41	-	43
Rivers WV: Wairau Diversion	-	-	210	107
Rivers WV: Omaka River below Hawkesbury	-	-	105	430
Rivers WV: Waihopai below SH 63 Bridge	-	-	52	-
Rivers WV: Opaoa above SH1	-	-	42	-
Total additions	4,177	3,246	4,415	4,577

Activity: Sewerage

Operating costs of this activity represents approximately 10.56% of total activity expenditure.

Manager: Stephen Rooney

Emerging Issues and Expected Changes

Reasons for the upcoming projects

- Completion of the Picton trunk main upgrade has reduced and is controlling overflows.
- Gaining renewal of resource consents at Seddon and Havelock wastewater treatment plants has and will result in revised consent conditions. These may include a requirement to recycle effluent or discharge it to land.
- The Main Outfall Pump Station (MOPS) at Riverlands will require major upgrade works to improve its earthquake resistance. Council decided it would be more economical to rebuild the pump station in 2022 to 2024.
- Increasing treatment capacity at the Blenheim Sewage Treatment Plant (BSTP) is necessary to meet continuing growth in trade waste. Associated with this is the review of trade waste charges.
- Infrastructure renewal is necessary across networks due to damage caused by the 2016 earthquakes and as pipelines near the end of their useful life. Rehabilitation works in response to earthquake damage utilising trenchless technologies commenced in November 2018.

Ongoing issues

- The management and control of rainfall derived inflow and groundwater infiltration into the wastewater reticulation.
- Failure of on-site wastewater treatment systems in townships and rural residential areas without municipal sewerage systems.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Combined Sewerage	2019-20	2020-21		2021-22	2022-23
		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Development Contributions	570	570	-	570	570
Trade Waste - Operating Charges	246	258	(12)	246	258
Contributions - Vested Assets	120	126	(6)	120	126
Trade Waste - Capital Charges	75	75	-	75	75
Connection charges	62	65	(3)	62	65
Total external revenue	1,073	1,094	(21)	1,073	1,094
Insurance	130	127	51	178	187
Rates	57	61	3	64	67
Fees + Charges	10	10	-	10	10
Other operating costs	32	34	(20)	14	14
Operating costs	229	232	34	266	279
Treatment costs	434	789	(36)	753	907
Pump stations - other	297	337	(15)	322	351
Pump Stations - power	278	312	(14)	298	304
Reticulation - mains maintenance	224	235	(11)	224	235
Reticulation - infiltration/leaks	150	157	(7)	150	157
Treatment - monitoring/testing	116	121	(6)	116	121

Treatment - Power	110	115	(5)	110	113	115
Reticulation - connection maintenance	70	73	(3)	70	71	73
Treatment - Oxidation pond maintenance	53	62	(3)	59	60	74
Grinder Pumps - Electrical	30	21	29	50	51	52
Pump stations - electrical	39	41	(2)	39	40	41
Pump stations - mechanical	36	38	(2)	36	37	38
Pump stations - buildings/civil	30	31	(1)	30	31	31
Pump stations - telemetry	21	22	(1)	21	21	22
Grinder Pumps - Mechanical	15	10	10	20	20	21
Reticulation - manholes maintenance	19	19	(1)	19	19	19
Infrastructure costs	1,922	2,385	(69)	2,316	2,445	2,564
Depreciation	3,311	3,900	(687)	3,212	3,637	3,935
Interest - Internal Loans	1,988	1,813	(156)	1,656	1,862	1,981
Personnel costs	867	1,003	(186)	817	864	891
Corporate Overhead Allocations	646	580	141	721	740	750
Section Management	392	399	120	519	511	507
Works Depot costs	267	287	(9)	278	334	339
Planning and Development charges	168	224	(84)	140	142	144
Departmental Management Allocations	93	95	(2)	93	96	97
Internal contracts & recharges	46	48	(505)	(457)	60	62
Other operating costs	4,422	4,401	(176)	4,225	4,548	4,710
Total operating costs	9,929	10,966	(1,403)	9,562	10,963	11,550

Riverlands Sewerage	2019-20	2020-21		2021-22	2022-23
		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Trade Waste - Operating Charges	1,734	1,854	(85)	1,769	1,847
Trade Waste - Capital Charges	900	900	-	900	900
Total external revenue	2,634	2,754	(85)	2,669	2,747
Insurance	30	28	7	34	35
Rates	1	1	-	1	1
Operating costs	31	28	7	35	36
Treatment - Power	700	681	19	700	717
Treatment costs	139	250	(11)	239	245
Treatment - monitoring/testing	66	69	(3)	66	68
Pump stations - mechanical	25	26	(1)	25	26
Pump Stations - power	20	21	(1)	20	20
Other infrastructure costs	30	31	(1)	30	31
Infrastructure costs	980	1,080	1	1,080	1,106
Interest - Internal Loans	456	551	(139)	412	492
Depreciation	319	389	(29)	360	407
Personnel costs	207	81	105	186	197
Corporate Overhead Allocations	154	53	111	165	171
Section Management	94	37	82	118	117
Works Depot costs	66	27	39	66	79
Planning and Development charges	40	21	11	32	32
Departmental Management Allocations	22	9	13	21	22
Other operating costs	583	228	361	589	617
Total operating costs	2,369	2,275	200	2,476	2,658

Services Infrastructure Costs

Major Expenditure Type	\$ value	Impact on LOS of reducing/deferring
Pump Stations	\$827,529	This funds the operation and maintenance of pump stations including electrical, mechanical, buildings, telemetry and power charges
Reticulation maintenance	\$467,500	This funds the maintenance of pipelines including connections, manholes, and infiltration
Treatment	\$1,600,920	This funds the operation and maintenance of treatment facilities, including oxidation ponds, monitoring & testing and power charges

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Picton Water, Sewerage and Stormwater Operation and Maintenance Contract, 2014/15	\$455,315 (GST excl)	31 October 2021	There are two rights of renewal during this contract term, each of two years
Earthquake Damage - Sewer Mains Relining Phase 2	\$2,830,860 (GST excl)	22 January 2021	This will complete 5.4 km of 20 km pipe to be rehabilitated (phase 1 & 2 contracts)
Third Lane sewer and services renewal	\$233,510 (GST excl)	31 March 2020	Renewing services damaged by earthquakes

Capital Expenditure Projects

Sewerage	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Sewer: Blenheim	8,475	8,265	5,420	10,085	Completion of pipe upgrades in Blenheim is necessary to enable development to the north and west; delays will hinder this growth.
Sewer: Picton	5,103	2,927	1,503	4,446	
Sewer: Riverlands Industrial	2,360	1,798	9,413	9,792	
Sewer: Seddon	1,048	1,601	927	6	
Sewer: Havelock	362	4,332	2,732	6	
Sewer: Renwick	153	-	-	-	Treatment plant upgrades are required at Seddon and Havelock are required to meet resource consent discharge requirements
Sewer: Grovetown	21	-	23	-	
Sewer: Spring Creek	3	87	3	3	
Sewer: St Andrews	-	32	944	-	
Total additions	17,525	19,043	20,964	24,338	

Activity: Stormwater

Operating costs of this activity represents approximately 1.76% of total activity expenditure.

Manager: Stephen Rooney

Emerging Issues and Expected Changes

Stormwater strategy

Blenheim's flat topography and sensitive receiving environments provide challenging conditions for stormwater management. In 2012 Council approved a stormwater strategy which provides clear direction and an integrated, catchment based approach for managing Blenheim's stormwater future. This strategy sets out a plan of activity and provides a comprehensive framework to manage both the quality and quantity of stormwater. It identifies 11 distinct stormwater management areas across Blenheim for which Stormwater Management Area Plans or SMAPs will be produced. Through the SMAPs the resource consenting requirements for SMA's are being reviewed and will likely result in a consolidation of existing stormwater discharge consents in line with a catchment based approach.

To be effective the strategy requires clear lines of responsibility, improved integration, rigorous monitoring and a more modern approach to regulation. It will also result in the establishment of SMAPs across Blenheim.

Ongoing investment in the objectives of the strategy will result in functional infrastructure, improved customer experience and minimal impact on the natural receiving environments.

The strategy's goals and approach will be extended to other townships over time.

A resource consent application has been lodged for discharges of stormwater from the Springlands Stormwater Management Area in North West Blenheim. A SMAP for Springlands has been prepared after extensive consultation with the community. This SMAP was filed in support of the Resource Consent application.

Urban growth strategy

Stormwater management is a significant element in planning new urban development pockets as part of the Growing Marlborough Urban Growth Strategy. Early involvement with developers from the outset of the planning process allows structures to manage stormwater quantity and quality to be incorporated into the design of new subdivisions.

Urban growth in Blenheim is largely to the north and west of the town — and it will be important to ensure downstream upgrades are provided in a timely manner. Evaluation and installation of effective stormwater quality control techniques for new subdivisions and retrofit of existing reticulation will also occur.

Climate change

The impact of climate change is likely to become increasingly important in future planning. The current indications are that extreme weather events will become more frequent and more intense. Sea level rise will have implications for the effectiveness of discharge to the sea and from the outfalls of the drainage network. Additional contingencies are being built into new designs but existing infrastructure will be severely tested by changing weather patterns.

The following activities are underway within the Activity:

- implementation of the Blenheim Stormwater Strategy and extension of strategic goals to other townships;
- establishment of effective Stormwater Management Area Plans in Blenheim and other areas;
- review and consolidation of existing stormwater discharge consents;
- urban growth in Blenheim is largely to the north and west of the town – requiring downstream upgrades are provided in a timely manner;
- ensuring good stormwater design is incorporated into the design of new subdivisions;
- evaluate and install effective stormwater quality control techniques for new subdivisions and retro-fit to existing reticulation where required;
- adaption to climate change.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

	2019-20	2020-21			2021-22	2022-23
Blenheim Stormwater		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Contributions - Vested Assets	200	210	(10)	200	205	210
Connection charges	40	42	(2)	40	41	42
Development Contributions	25	25	-	25	25	478
Total external revenue	265	277	(12)	265	271	729
Investigations	30	31	(1)	30	-	-
Monitoring Expense	30	31	(1)	30	31	31
Other operating costs	11	11	(9)	2	2	2
Operating costs	71	74	(12)	62	33	34
Reticulation - mains maintenance	60	63	(3)	60	61	63
Reticulation - connection maintenance	18	19	(1)	18	18	19
Reticulation - berm sump maintenance	15	16	(1)	15	15	16
Pump Stations - power	6	6	-	6	6	6
Other infrastructure costs	12	13	(1)	12	12	13
Infrastructure costs	111	116	(5)	111	114	116
Depreciation	1,074	1,086	99	1,185	1,220	1,254
Personnel costs	117	198	(92)	105	111	115
Corporate Overhead Allocations	87	104	(11)	93	96	97
Section Management	53	71	(4)	67	66	65
Works Depot costs	37	52	(15)	37	45	45
Departmental Management Allocations	13	17	(5)	12	12	13
Internal contracts & recharges	-	-	(356)	(356)	10	10
Other operating costs	1,381	1,528	(384)	1,144	1,560	1,598
Total operating costs	1,563	1,718	(401)	1,317	1,707	1,748

	2019-20	2020-21			2021-22	2022-23
Other Stormwater Schemes		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Connection charges	11	12	(1)	11	11	12
Total external revenue	11	12	(1)	11	11	12
Rates	6	5	1	6	6	7
Monitoring Expense	3	3	-	3	3	3
Insurance	1	1	-	1	1	1
Operating costs	9	9	1	10	10	10
Reticulation - mains maintenance	43	45	12	57	44	45
Reticulation - open drains maintenance	33	35	(2)	33	34	35
Reticulation - manholes maintenance	5	5	-	5	5	5
Other infrastructure costs	28	8	-	8	8	19
Infrastructure costs	109	93	10	103	91	104
Depreciation	479	473	48	521	532	544
Personnel costs	19	20	(3)	17	18	19
Section Management	9	9	2	11	11	11
Corporate Overhead Allocations	14	13	2	15	16	16

Other operating costs	18	17	(3)	14	13	12
Other operating costs	538	533	45	578	589	600
Total operating costs	656	635	56	691	691	715

Services Infrastructure Costs

Major Expenditure Type	\$ value	Impact on LOS of reducing/deferring
Pump Stations	\$33,400	This funds the operation and maintenance of pump stations including electrical, mechanical, buildings, telemetry and power charges
Reticulation maintenance	\$180,500	This funds the maintenance of pipelines and open drains including connections, manholes and sumps

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Picton Water, Sewerage and Stormwater Operation and Maintenance Contract, 2014/15	\$455,315 (GST excl)	31 October 2021	There are two rights of renewal during this contract term, each of two years

Capital Expenditure Projects > \$50,000

Stormwater Drainage	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Stormwater: Blenheim	835	1,008	1,615	3,585	Deferral of projects downstream of for growth pockets to the north and west will hinder development
Stormwater: Others	50	51	52	54	
Total additions	885	1,060	1,667	3,638	

Activity: Water Supply

Operating costs of this activity represents approximately 8.19% of total activity expenditure.

Manager: Stephen Rooney

Emerging Issues and Expected Changes

Compliance with the DWSNZ

Compliance with the DWSNZ continues to require significant capital expenditure. The affordability issues for smaller communities (Awatere, Renwick, Wairau Valley, and Havelock) have largely been resolved with the adoption of the Combined Water Schemes Charging Policy in 2017. However, upgrades to treatment plants to meet the DWSNZ have been delayed beyond the target dates in the Health Amendment Act (2007), due to the issues commonly associated with all major capital expenditure projects. The Seddon Water Treatment Plant was completed in 2018.

Treatment plants

Upgrades to treatment plant to provide compliance with drinking water standards are planned as follows:

Renwick	new supply bores; new reservoir; upgraded treatment plant	Completion in 2020/21
Havelock	new treatment plant	Completion 2021/22
Riverlands	new bore and treatment plant	Completion 2021/22
Wairau Valley	new bore and treatment plant	Completion 2022/23

Havelock North Drinking-Water Contamination Inquiry

The recommendations of the Havelock North Drinking-Water Contamination Inquiry will have far reaching consequences for water suppliers. The Government's response to date has been to put forward the Taumata Arowai legislation in the House for its first reading in mid December 2019. The bill will set up a Regulator to establish consistent national drinking water standards. A second bill will be introduced in the near future identifying the entity's role and functions with greater clarity. There are likely to be recommendations to include the revocation of 'secure bore' status (affecting the Riverlands supply), chlorination of all supplies, more training and accreditation of staff and more monitoring of water quality.

A consequence of changes to the Drinking Water Standards will be that community's managing water supplies for themselves may find it increasingly more difficult to meet the compliance criteria. This could result in these communities seeking assistance from Council.

Renewal of infrastructure

Infrastructure renewal is becoming necessary across all networks as pipelines near the end of their useful life, particularly for older networks such as the Awatere. Renewals are underway in many networks in particular Renwick where all asbestos cement pipes are being replaced.

Demand management

Growth in demand for water in Renwick and Havelock has caused supply capacity issues. The residents have agreed to fit meters to all properties to help suppress peak demand and delay the need for investment in new water sources. Other demand management techniques such as pressure zone management and leakage control are being implemented where practicable. This project is due to be completed mid 2020 with metered water charges being implemented from July 2021. Residents will have at least 12 months to assess their water demand before charging commences.

Traditionally many people in New Zealand have regarded water as an unlimited resource and for many it is a commodity 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 firefighting.

Daily water consumption in Blenheim is around 600 litres per person as an average throughout the year, but on peak days during the summer consumption is more than double the average. The demand in 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, which has been actively encouraging water conservation and achieved a daily average domestic consumption in 2010–11 of 140 litres/person).

Many of the costs associated with water supply are 'fixed' and are 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. However, savings can be achieved by delaying the need for major capital upgrades to meet increased demand for water. A particularly relevant example of this is the current position of the Havelock water supply. Elevated levels of chloride can be detected in the supply bores during periods of peak demand which coincide with low aquifer and river flows. This is an indication the demand is outstripping the supply capacity of the bores. The nearest reliable source of water is in the Pelorus Valley. A pipeline from the new source would cost an estimated \$4.5M.

In the past the Council has adopted a 'passive' leak detection policy. Leaks were not actively identified, but service crews would respond to leaks reported by customers and those detected by the reticulation monitoring systems. More recently the Council has also instigated an 'active' leakage programme in Renwick, Seddon, Picton and Havelock. Specialist contractors are employed to search for and locate leaks in underground pipes that are not obvious from the surface. These projects have helped to reduce the volume of unaccounted for water but are relatively costly because of the specialist equipment and skills required. Crews attend to all reported and detected leaks within a given timeframe, depending on an assessment of how serious the leak is. We aim to attend major leaks in 30 minutes, serious leaks within 60 minutes and respond to all reported leaks within three working days, with a median response time of 13 hours.

Considerable care is required to ensure active leak detection projects return good value for money. It is likely these techniques will be used more in future along with other demand management techniques such as pressure control, district leakage management, public education and voluntary restraint measures. Water demand management is a particularly important technique in areas where the water sources are limited in times of high demand.

Firefighting capacity in some industrial/commercial areas is lower than the capacity sought by the New Zealand Fire Service (NZFS). Upgrades to the reticulation have been programmed over the next 10 years.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Combined Water	2019-20	2020-21		2021-22	2022-23
		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Development Contributions	269	269	-	269	269
Contributions - Vested Assets	195	204	(9)	195	204
Connection charges	77	80	(4)	77	80
Backflow Prevention Charges	49	51	(2)	49	51
Total external revenue	589	605	(15)	589	605
Insurance	200	170	66	236	247
Rates	31	28	4	32	33
Grants for remission	16	17	2	19	20
Other operating costs	34	35	(20)	15	15
Operating costs	280	250	51	302	316
Treatment costs	370	547	(90)	458	625
Treatment - Power	365	383	2	385	404
Pump Stations - power	327	357	(16)	340	357
Reticulation - mains maintenance	306	258	53	311	326
Reticulation - connection maintenance	261	274	(3)	271	284
Backflow prevention	49	51	73	124	120
Reticulation - toby maintenance	115	121	(6)	115	121
Treatment - monitoring/testing	79	83	1	84	99
Pump stations - electrical	49	52	(2)	49	66

Pump stations - mechanical	49	51	(2)	49	50	51
Reticulation - valves maintenance	42	44	3	47	48	49
Pump stations - other	35	37	(2)	35	36	37
Reticulation - hydrant maintenance	27	28	1	29	30	30
Meter maintenance	17	18	2	20	21	21
Meter reading	16	16	2	19	24	35
Pump stations - telemetry	16	17	(1)	16	17	17
Pump stations - buildings/civil	13	14	(1)	13	13	14
Reticulation - infiltration/leaks	11	11	(1)	11	11	11
Infrastructure costs	2,147	2,361	15	2,376	2,569	2,667
Depreciation	2,984	3,224	(70)	3,153	3,272	3,500
Interest - Internal Loans	1,125	1,227	(376)	851	868	925
Personnel costs	538	739	(215)	524	554	572
Corporate Overhead Allocations	401	361	101	463	476	481
Section Management	244	248	85	333	327	325
Works Depot costs	128	138	4	141	170	172
Planning and Development charges	104	140	(50)	90	91	92
Departmental Management Allocations	58	59	1	60	61	62
Internal contracts & recharges	130	137	(431)	(294)	78	79
Other operating costs	5,582	6,135	(521)	5,614	5,820	6,130
Total operating costs	8,139	8,883	(885)	7,998	8,775	9,193

Awatere Water	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Development Contributions	16	16	-	16	16	16
Connection charges	7	7	-	7	7	7
Total external revenue	23	23	-	23	23	23
Grants for remission	17	24	(11)	13	14	14
Insurance	5	4	1	5	5	6
Other operating costs	1	1	-	1	1	1
Operating costs	23	30	(10)	20	21	21
Reticulation - mains maintenance	95	100	(5)	95	97	100
Meter maintenance	50	52	(2)	50	51	52
Reticulation - connection maintenance	30	31	(1)	30	31	31
Treatment costs	25	131	(101)	30	31	31
Backflow prevention	-	-	20	20	-	-
Pump stations - buildings/civil	16	17	(1)	16	17	17
Treatment - monitoring/testing	15	16	(1)	15	15	16
Reticulation - valves maintenance	14	14	(1)	14	14	14
Pump Stations - power	11	12	(1)	12	12	12
Meter reading	11	12	(1)	11	11	12
Other infrastructure costs	18	19	(1)	18	19	19
Infrastructure costs	286	404	(94)	311	298	305
Depreciation	384	395	49	444	450	474
Personnel costs	44	42	(2)	40	42	44
Section Management	20	19	7	25	25	25
Corporate Overhead Allocations	33	27	8	35	37	37
Interest - Internal Loans	5	33	(21)	12	27	46
Planning and Development charges	9	11	(4)	7	7	7
Departmental Management Allocations	5	4	-	5	5	5

Internal contracts & recharges	(73)	(77)	73	(5)	(5)	(5)
Other operating costs	501	531	37	568	593	637
Total operating costs	737	888	7	895	906	958

Riverlands Water	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sales	31	32	(1)	31	31	32
Total external revenue	31	32	(1)	31	31	32
Insurance	10	9	2	11	12	12
Rates	1	1	-	1	1	1
Operating costs	11	10	2	13	13	13
Treatment - monitoring/testing	15	55	(3)	52	92	121
Pump Stations - power	40	42	(2)	40	41	42
Reticulation - toby maintenance	20	21	(1)	20	20	21
Meter maintenance	5	5	-	5	5	5
Pump stations - other	4	4	-	4	4	4
Pump stations - buildings/civil	4	4	-	4	4	4
Pump stations - electrical	4	4	-	4	4	4
Pump stations - mechanical	4	4	-	4	4	4
Reticulation - mains maintenance	4	4	-	4	4	4
Other infrastructure costs	3	3	-	3	3	3
Infrastructure costs	103	147	(7)	140	182	213
Depreciation	124	204	(28)	176	229	285
Interest - Internal Loans	58	252	(158)	94	248	364
Internal contracts & recharges	10	10	(1)	9	10	10
Other operating costs	12	34	(21)	12	13	13
Other operating costs	204	500	(208)	292	500	672
Total operating costs	318	658	(213)	445	695	898

Services Infrastructure Costs

Major Expenditure Type	\$ value	Impact on LOS of reducing/deferring
Pump Stations	\$598,293	This funds the operation and maintenance of pump stations including electrical, mechanical, buildings, telemetry and power charges
Reticulation maintenance	\$933,750	This funds the maintenance of pipelines including backflow prevention connections, hydrants, meter maintenance & reading, valves, and leak detection
Treatment	\$809,332	Operation and maintenance of treatment facilities, including monitoring & testing and power charges

Major Contracts (at least \$100,000 or 5% of Activity Costs)

Contract	\$ value	Finishes	Comment
Picton Water, Sewerage and Stormwater Operation and Maintenance Contract, 2014/15	\$455,315 (GST excl)	31 October 2021	There are two rights of renewal during this contract term, each of two years

Awatere Water Scheme Operations & Maintenance contract	\$279,476 (GST excl)	31 October 2019	The Contract allows for two possible renewals each for a term of two years. We are in the middle of negotiations for the rollover of this contract, the value is likely to increase by about 4.5%.
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Capital Expenditure Projects

Water Supply	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Combined Water	2,126	8,763	10,441	3,367	Compliance with the Health Act & Drinking Water Standards for NZ will continue to not be met if water treatment plant upgrades are deferred.
Water: Awatere Rural (POE)	503	1,036	794	725	
Water: Riverlands	1,382	5,763	1	1	
Total additions	4,011	15,562	11,235	4,093	

Activity: Solid Waste Management

Operating costs of this activity represent approximately 10.10% of total activity expenditure.

Manager: Alec McNeil

Emerging Issues and Expected Changes

Product Stewardship

The introduction of Product Stewardship schemes could have a significant impact on the cost of managing waste and recycling. Product Stewardship is an environmental management strategy that means whoever designs, produces, sells, or uses a product takes responsibility for minimising the product's environmental impact throughout all stages of the product's life cycle, including end of life management. There are two types of product stewardship schemes, voluntary and mandatory. To date the approach has focused on voluntary schemes set up by interested parties. In future the focus is likely to be on mandatory schemes through the Government's declaration of 'priority products'. Council supports the costs associated with managing waste products being redistributed to the producer/consumer and away from the ratepayer. We will continue to participate in policy discussions and development of product stewardship at a national level as a means of achieving this.

Waste sorting centre fire

A fire occurred at the wastes sorting centre in January 2019. The facility reinstatement costs will be covered by insurance with the exception of a \$10k excess. The facility is scheduled to re-open by March 2020.

Waste to energy

Council continue to maintain an interest in the potential for waste to energy solutions derived from bio-fuels and/or municipal solid waste. Waste to energy facilities would form part of an overall waste management strategy that provided an alternative to landfill as a means of managing waste. Council would see a waste to energy option coming after all resource recovery activities had reused, recovered or recycled materials that have a value.

Recycling markets

Recycling markets continue to deteriorate. This has caused councils and central government to have a fundamental rethink on how we manage our recycling. The main concern is the containment of materials within a secure waste management system i.e. no leakage into the surrounding environment. This may involve some processing capacity being established within New Zealand as opposed to exporting recycling offshore.

Waste disposal levy

The waste disposal levy is currently charged at \$10 per tonne excluding GST on landfill waste. The levy rate is set by central government. The revenue generated from the levy is distributed back into the waste sector to improve resource efficiency and reduce the harm to the surrounding environment from waste. Council receives back up to 33% of the collected levy which it uses to part fund the Resource Recovery Centre. The remainder of the levy is used by central government to support infrastructure and service development via the Waste Minimisation Fund.

The waste disposal levy is reviewed every three years by central government through the Ministry for the Environment. In December 2019 the government released a consultation document entitled *Reducing waste: a more effective landfill levy*. In summary this document proposes to expand the levy to all landfills and increase the size for the levy by steps over a three year period from the current \$10 amount to \$60. The additional funding raised will then be used in support of resource recovery infrastructure and service provision. Council will provide a submission generally in support of this approach.

Bluegums landfill

Council operate one active landfill site in the region known as Bluegums. This site acquired additional land in 2018 to act as a buffer between the operational landfill site and the housing sub-division development in the Taylor Pass area of Blenheim. The site now comprises some 97ha with approximately 18ha designated for actual landfilling of waste. The remainder of the land is a mixture of hill blocks used for grazing, forestry and vineyards.

The landfill is divided into 13 stages and is currently developed up to stage 7. Design work for stage 8 is

currently underway and construction will commence from July 2020 onwards. Stage 8 will commence filling operations by October 2021.

Renwick recycling

Council are reviewing the long term options for recycling service provision to Renwick in the absence of any private sector alternative. This may see the option of kerbside recycling being offered to the community for consideration through the 2020-21 Annual Plan process.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Landfills	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Dump Fees	5,570	5,135	965	6,100	6,246	6,397
Non-property rentals	-	152	(4)	148	155	159
Property rentals	175	32	(5)	27	27	29
Disbursement Recoveries	-	-	11	11	11	11
Sales	-	94	(94)	-	-	-
Total external revenue	5,745	5,414	872	6,286	6,438	6,596
Contracts	1,586	1,662	(62)	1,600	1,638	1,678
Depreciation	505	565	277	841	369	2,029
Levy Payment	560	485	125	610	621	631
Landfill ETS obligation	501	525	(24)	501	513	525
Personnel costs	272	235	46	282	298	307
Corporate Overhead Allocations	203	155	94	249	254	259
Section Management	123	106	73	179	176	175
External support	159	141	17	159	163	167
Interest - Internal Loans	188	130	5	135	116	101
Professional Fees	70	-	105	105	108	110
Laboratory Charges	47	53	(5)	47	48	50
Planning and Development charges	51	57	(10)	47	47	48
Repairs & maintenance	45	29	15	44	70	40
Departmental Management Allocations	29	25	7	32	33	34
Insurance	24	23	4	27	28	28
Materials	20	21	(1)	20	20	21
Other operating costs	42	48	6	54	55	56
Total operating costs	4,425	4,260	672	4,932	4,557	6,260

Explanation of Revenue and Expenditure Variations

Revenue increases reflect additional tonnage inputs to the Bluegums landfill site, particularly from the Aquaculture sector, and lease income from the council owned vineyard blocks. Expense increases reflect additional waste disposal levy costs related to increased tonnage, and professional fees related to waste audits.

Refuse Collections	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sales	180	189	(9)	180	184	189
Miscellaneous Revenue	2	2	-	2	2	2
Total external revenue	182	190	(9)	182	186	190
Contracts	948	941	7	948	971	994

Fees + Charges	300	314	(14)	300	307	315
Refuse Bags	142	138	4	142	145	149
Personnel costs	99	110	(21)	89	94	97
Corporate Overhead Allocations	74	72	7	79	81	82
Section Management	45	50	7	57	56	55
Minor Works contracts	40	42	(2)	40	41	42
Internal contracts & recharges	11	10	5	15	15	16
Other operating costs	60	77	(36)	41	38	38
Total operating costs	1,720	1,754	(44)	1,711	1,748	1,788

Explanation of Revenue and Expenditure Variations

Revenues and expenses for the kerbside collection continue to operate within budget expectations. Small variances are attributable to the coverage area of the routes expanding as new sub-divisions around Blenheim come on stream and start receiving this service.

Transfer Stations	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Dump Fees	1,694	1,681	202	1,882	1,927	1,974
Sales	25	31	(6)	25	26	26
Total external revenue	1,719	1,712	195	1,908	1,953	2,000
Contracts	2,491	2,419	47	2,466	2,525	2,586
Personnel costs	144	110	21	130	138	142
Depreciation	101	110	8	117	117	118
Corporate Overhead Allocations	108	72	43	115	119	119
Interest - Internal Loans	122	118	(22)	96	92	88
Repairs & maintenance	52	97	(4)	93	53	54
Section Management	65	49	33	83	81	81
Insurance	8	1	21	23	23	24
Freight and Courier	21	-	21	21	22	22
Power	20	31	(10)	20	21	21
Other operating costs	41	46	(5)	41	42	43
Total operating costs	3,173	3,053	152	3,205	3,232	3,297

Explanation of Revenue and Expenditure Variations

Revenues for the transfer stations through dump fees remain within budget expectations. Expenses through contracts have increased. The contract has a cost escalation mechanism which tracks business indices related to labour and transportation costs. This is reviewed annually and any increase applied. Small percentage changes in these indices can result in noticeable dollar increases due to the contract value.

Waste Minimisation	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Donations and Grants GST Liable	345	154	308	462	179	184
Sales	246	258	(12)	246	252	258
Dump Fees	40	42	(2)	40	41	42
Other external revenue	6	6	-	6	6	6
Total external revenue	637	460	294	754	478	490
Contracts	856	851	210	1,060	810	830
Depreciation	120	116	58	174	175	161
Freight and Courier	95	81	4	85	87	89
Personnel costs	66	66	(7)	59	62	64
Interest - Internal Loans	78	73	(17)	57	51	45

Corporate Overhead Allocations	49	43	9	52	54	54
Section Management	30	30	8	37	37	36
Repairs & maintenance	37	39	(2)	37	38	39
General Expenses	29	30	(1)	29	30	30
Fees + Charges	48	19	(1)	18	18	19
Other operating costs	60	117	(59)	58	59	61
Total operating costs	1,468	1,464	202	1,665	1,421	1,427

Explanation of Revenue and Expenditure Variations

Revenue increases are linked to increased contribution from the waste disposal levy. Expenses have been reduced by transferring the professional fees associated with waste audits to the landfill account. This shifts this expense from the ratepayer to the users of the landfill. The audits are related to the landfill and cover waste composition and the efficiency of the landfill gas flare.

Services Infrastructure Costs

Major Expenditure Type	\$ value	Impact on LOS of reducing/deferring
Waste Sorting Centre reinstatement	Estimated \$1.5 million	This expenditure is covered through insurance and will be incurred in response to the fire at the facility on 14 January 2019. The level of service to the community will be decreased in relation to diversion of waste from landfill. A temporary transfer station facility for the community will be established during the reinstatement phase. This temporary facility will likely cover the period up to March 2020. The WSC works are on track and on budget. We are awaiting the fitment of the equipment across February/March 2020.

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Waste Management and Minimisation	\$3.6 million	Nov 2023	Includes 2 year extension as a result of the Waste Sorting Centre.
Hazardous Waste Contract	\$250k	Jun 2023	Includes a three year extension
Landfill Contract	\$1.2 million	Jun 2022	Includes a 3 year extension

Capital Expenditure Projects > \$50,000

Solid Waste Management	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Waste Landfill: Regional	4,287	1,575	3,306	3,419	Stage development at the landfill is in response to waste filling rates. Deferring is not possible without an alternative landfill.
Recycling Collection: Urban	-	-	-	197	This funding is for recycling crate replacement. Deferring would not have a major impact as recycling crates are replaced on an ongoing rather than wholesale basis. It may be the case that this funding is utilized in support of other kerbside changes in level of service yet to be approved.
Total additions	4,287	1,575	3,306	3,616	

Activity: Environmental Policy

Operating costs of this activity represents approximately 1.30% of total activity expenditure.

Manager: Pere Hawes

Emerging Issues and Expected Changes

Proposed Marlborough Environment Plan (MEP)

The MEP is progressing through the First Schedule process of the RMA. The hearing of submissions commenced in November 2017 and concluded in April 2019. One thousand three hundred and twenty two submissions and over 17,000 submission points have been considered by the Hearings Panel. Decisions on MEP were publicly notified on 20 February 2020.

Any submitter to the proposed MEP can appeal Council's decision to the Environmental Court. Resolving the appeals, through either Environment Court mediation or hearing, will be a significant priority for the Environmental Policy Activity for the 2020-21 year (and potentially subsequent years). The amount of work involved will depend upon the number and nature of the appeals.

Once appeals are resolved, the MEP can be made operative. This means that the current operative framework consisting of the Marlborough Regional Policy Statement, the Marlborough Sounds Resource Management Plan and the Wairau/Awatere Resource Management Plan will cease to have effect. This will, in turn, simplify the task of other activities, particularly Resource Consents and Environmental Protection.

Review of aquaculture provisions

In notifying the proposed MEP, Council decided not to notify marine farming provisions, opting instead to continue the review process. This review commenced in March 2017 and Council was assisted by an Aquaculture Review Working Group consisting of industry members, members of the local community and central government agencies. The recommendations of the Group were reported to the Planning, Finance and Community Committee in July 2019 and have been adopted for the purposes of community consultation. A variation to the MEP will follow this consultation and it is likely that the variation will be progressed through the First Schedule process in the 2020/21 year.

Central government initiatives

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 Activity work programme. In particular, Council is required to give effect to the provisions of national policy statements, while the provisions of Council's resource management framework cannot duplicate or conflict with national environmental standards.

There are currently five national policy statements and six national environmental standards. In most cases these were given effect to through the review of the resource management framework.

During the 2019/20 year, central government consulted on three new national policy statements covering highly productive land, urban development and indigenous biodiversity. There was also consultation on a package of freshwater reform called "Essential Freshwater". This involved a new national policy statement on freshwater management and multiple national environmental standards. The implication of each of the proposed changes has been reported to the Planning, Finance and Community Committee previously. The proposals are expected to be confirmed at some point in 2020. The implications for the Environmental Policy Activity could be significant and would involve variations to the MEP to give effect to the national policy statements and align to the national environmental standards. However, until the proposals are confirmed, it is not possible to anticipate future planning commitments, and therefore budget implications, to give effect to the new national direction. The new national policy statements will be reported to the Planning, Finance and Community Committee once they are confirmed.

National Policy Statement for Freshwater Management

In the case of the National Policy Statement for Freshwater Management 2014, Council has adopted a staged implementation programme to establish a minimum aquifer level for the Wairau Aquifer in 2019 and to establish freshwater quality limits through to 2024. These programmes set out the various actions that will be taken by Council to establish those limits, including technical investigations, community consultation and planning. Budget provision is included in the Environmental Policy and Environmental Science and Monitoring budget to establish a minimum aquifer level for the Wairau Aquifer.

National Policy Statement on Urban Development Capacity

In the case of the National Policy Statement on Urban Development Capacity 2016, Council is required to monitor a range of indicators for housing and business development capacity in Blenheim on a quarterly basis. A housing and business development capacity assessment is also likely in the 2020-21 year.

Transitioning to the Marlborough Environment Plan

Until the MEP is made operative itself, the operative resource management framework still has legal status and therefore requires maintenance.

Plan change requests to the operative resource management framework made by members of the public, which cannot be anticipated, have a similar effect on the environmental policy work programme as central government initiatives. Any new plan change request has to be processed in accordance with statutory processes and timeframes. The costs of plan change requests are borne by the person who has made the request (unless Council adopts the plan change as its own). Two plan change requests were being processed at the time of preparing this annual plan.

Following notification of decisions on the MEP, and subject to appeals on the relevant plan provisions, the Environmental Policy Activity will commence coordinating the implementation of the non-regulatory methods and monitoring of anticipated environmental results contained in the MEP. This will influence the work programme and budgets of other activities. This will be reflected in subsequent annual plan processes.

Levels of Service

Refer to LTP.

Operating Expenditure by Significant Type

Environmental Policy	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel costs	544	525	(40)	486	642	707
External support	340	356	(16)	340	348	357
Corporate Overhead Allocations	238	249	5	254	263	263
Contracts	100	105	(5)	100	102	105
Legal	200	105	(5)	100	102	105
Departmental Management Allocations	76	36	39	75	77	79
Other operating costs	35	36	(4)	33	33	34
Total operating costs	1,533	1,413	(26)	1,387	1,568	1,650

Explanation of Significant Revenue and Expenditure Variations

There is a decrease in the Environmental Policy Budget from the 2019-20 year to the 2020-21 year. This reflects the one-off costs of the MEP hearings process drawing to a conclusion. However, as indicated above, the reduction in expenditure may be offset to an extent by increased legal costs associated with defending Council decisions on appeal.

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs) –N/A

Major Projects > \$20,000

On appeal, Council is required to defend any decision made with respect to the MEP. External planning, technical and legal assistance will be required to resolve appeals. As appeals were yet to be lodged at the time of preparing the annual plan, the extent of external assistance cannot be confirmed at this point in the process. It is probable that the advice required will involve professional services that individually exceed \$20,000.

As highlighted above, it is possible that central government will confirm direction with respect to four new national policy statements before or during the 2020-21 year. Individually and collectively, this national direction could have significant implications for Council's current resource management plans. Any variation to give effect to the national policy statement may require of external assistance that exceeds \$20,000. As the implications are not known at this point in time, any budget implications involved will be reported to the Planning, Finance and Community Committee.

There are projects associated with Council's staged implementation programme to establish freshwater quantity limits for the Wairau Aquifer and freshwater quality limits. These were subject to a budget paper for the 2016-17 Annual Plan. The subsequent allocation of funds is currently administered through the Environmental Science and Monitoring budget.

Activity: Environmental Science and Monitoring

Operating costs of this activity represents approximately 4.36% of total activity expenditure.

Manager: Alan Johnson

Emerging Issues and Expected Changes

Additional investment

The Marlborough Environment Plan will set the future direction and resourcing for State of Environment (SoE) monitoring, resource investigations and programs in the District.

Additionally, the Government is increasingly directing Council level of services through legislative change consisting of a number of National Policy Statements and National Environmental standards. For example, the National Policy Statement (NPS) for Freshwater Management is expected to impact on the levels of service for setting of catchment based limits, monitoring and the requirement for contaminant accounting systems. While the NPS for Indigenous Biodiversity will impact on our level of service managing the restoration and protection of significant habitats.

The Council is investing in the following key areas or projects in 2020/21:

- There will be progressive increases in the funding for Council's environmental science and monitoring activities from 2019/20 to implement the MEP as well as the range of National Environmental Policy Standards and Regulations. In particular, additional resources have been allocated for environmental monitoring, coastal monitoring, biodiversity, riparian management, Taylor River enhancement, implementation of the National Environmental Standard for Assessing and Managing Contaminants in Soil, monitoring of air pollutants and implementation of the National Policy Statement for Freshwater Management.
- A multi-beam survey of the entire seabed of Pelorus Sound/Te Hoiere is being carried out as part of a co-funded partnership with Land Information New Zealand. This investment in understanding the different habitats and their values will enable Council to improve management of marine ecosystems in this extensive area. The data collection of this project is anticipated to be complete by 30 June 2020. A business case for additional funding for interpretation of science data will need to be developed.
- Council will be capturing LIDAR data using a remote sensing method to measure the land surface area across the entire District. This project is in partnership with Land Information New Zealand. The data is to be collected by Aerial Survey Ltd and is anticipated to take until 2023 to complete.

Environmental information

There is also an increasing expectation from Government, the community and the regional sector that resource information will be readily available for national environmental reporting and the community in an open digital format.

Water quantity and quality

Diffuse pollution, sediment runoff and discharges to land as a consequence of intensive urban and rural land use will remain as the main human induced threat to water quality in the District. Monitoring programmes focused on determining the effects of diffuse pollution and sediment runoff are immediate options to help us better understand and mitigate these effects.

A national research project over the next five years is intended to investigate the connection between the Wairau River and the main aquifer on the plains. The research will help us better understand the drivers that determine the long-term decline in aquifer water levels, potential impacts from sea level rise and climate variability on river processes.

Land resources

The implementation of catchment based enhancement plans will involve collaborative action to help mitigate diffuse pollution and sediment runoff. Catchment enhancement plans developed with stakeholders are intended to be solution focused to manage diffuse pollution and sedimentation in catchments that are defined as degraded or at risk.

Council has funding up until 2023 under the Ministry of Primary Industries Hill Country Erosion Fund to help target investment and build capacity in the region focusing on working closely with landowners to support mitigations to reduce sediment loss in at risk catchments. The hill country erosion programme is closely aligned to the Council Catchment Care programme which is targeted at improving water quality in degraded catchments.

Council has an obligation to ensure the most up to date information exists on sites that are potentially contaminated, and these sites recorded as HAIL. A focused program systemically surveying sites and reviewing the level of risk is being carried out.

Air quality

Agriculture spray drift and the effects on air quality in the district are little known. Advice for a monitoring programme to address cumulative effects is currently being drafted. A program to determine air quality risks in Picton is also underway.

Biodiversity

The MEP terrestrial biodiversity programme has an objective to halt the decline in biodiversity values. Additional resourcing has been allocated to address the protection of high value significant sites. The community also expects more investment in broad scale biodiversity interventions such as pest control, and this will be achieved through implementation of a Biodiversity Strategy and the Regional Pest Management Plan. Opportunities also exist to develop a contestable environmental fund to help support and encourage community participation.

Council under the umbrella of Kotahitanga Mo Te Taiao Alliance in partnership with the Department of Conservation and Ngāti Kuia are co-designing a restoration project for the Te Hoiere/Pelorus catchment. A strategic business case is likely to be completed in 2020/21 and submitted to Government for funding of this project.

Coastal

Council continues to increase our knowledge of the complex nature of our marine environment. Opportunities exist for additional resourcing including collaborative approaches with stakeholders. An integrated approach with agencies and iwi working together to help shape research priorities and management interventions is progressing including options for co-designing a programme with the assistance of the National Science Challenge.

An improved understanding of our coastal water quality and the effects from human induced effects and natural processes can be measured more efficiently and effectively by investments in real time monitoring instruments. Opportunities to measure change in the environment with better technology off-setting existing manual sampling regimes requires a review which could potentially be funded through mechanisms such as coastal occupancy charging.

Climate change

The longer term consequences of climate variability will need to be better understood, including establishing measures and coordinated responses across Council and resourcing has been allocated for this work.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Environmental Science & Monitoring	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Monitoring charges	5	5	-	5	5	5
Donations and Grants GST Liable	-	42	(42)	-	26	26
Total external revenue	5	47	(42)	5	31	31
Personnel costs	1,496	1,903	(77)	1,825	2,047	2,112
Corporate Overhead Allocations	692	686	94	780	796	812

External support	666	771	(130)	642	658	672
Depreciation	279	260	37	296	603	612
Laboratory Charges	275	288	(13)	275	282	288
Departmental Management Allocations	221	99	133	232	238	242
Monitoring Expense	92	228	(60)	168	170	176
Pest and Weed Control	70	73	77	150	184	220
Contributions	105	110	(5)	105	108	110
Greenscape contracts	100	105	(5)	100	102	105
Section Management	50	49	8	57	58	59
Projects	52	54	(2)	52	53	22
Plants seeds and Shrubs	-	52	(2)	50	67	79
Repairs & maintenance	36	36	5	41	41	42
Lease - Admin vehicles	38	45	(7)	38	44	44
Digital Data	23	24	(1)	23	24	24
Travel and Accommodation	17	18	(1)	17	18	18
Other operating costs	91	95	(20)	75	80	75
Total operating costs	4,303	4,897	30	4,926	5,573	5,714

Major Projects > \$20,000 (uninflated)

Description	2019-20	2020-21	2021-22	Comment
Ground water SoE monitoring (quality and quantity)	33,000	30,000	30,000	
Wairau aquifer recharge modelling and research	96,000	100,000	75,000	Inclusive of National gravel bed research project contributions
Coastal SNA monitoring	35,000	35,000	35,000	
Coastal water quality (Totaranui /QCS)	50,000	50,000	50,000	
Coastal water quality (Pelorus)	59,000	59,000	59,000	
Estuarine Monitoring	60,000	60,000	60,000	
Coastal investigations	72,000	50,000	50,000	
NPS for Freshwater	40,000	40,000	40,000	
Freshwater SoE monitoring	130,000	132,000	132,000	
Taylor River Enhancement project	52,000	52,000	52,000	Mfe Partnership funding revenue not included
Riparian programme	-	50,000	65,000	
SNA biodiversity monitoring	60,000	60,000	60,000	
SNA assistance program	100,000	180,000	180,000	
Marlborough Landscape Group (Restoration funding)	100,000	100,000	100,000	
Soil quality monitoring,	25,000	25,000	25,000	
Soil mapping	-	50,000	50,000	
Hill Country erosion programme	109,500	97,500	110,000	MPI partnership funding not included

Catchment Coordinator	40,000	30,000	30,000	Te Hoiere project
HAIL project	90,000	90,000	130,000	
Air quality monitoring	37,000	37,000	37,000	

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Hills Laboratory Ltd	\$275,000	30 Nov 2020	Environmental data analysis

Capital Expenditure Projects > \$20,000

Environmental Science and Monitoring	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Telemetry field equipment	150	189	157	161	A reduction in capital spending would have an impact on the ongoing upgrade and maintenance of Council real time monitoring network.
Total additions	150	189	157	161	

NB: Multi-beam seabed mapping (data collection) Pelorus Sound project is to be finished by the end of 19-20 financial year.

Activity: Resource Consents

Operating costs of this activity represents approximately 2.63% 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. As a large unitary authority, Council is responsible for 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.

Over the last three years the number of resource consent applications received has remained constant but due to the complexity of operating under multiple planning documents including two Operative Plans and the Proposed Marlborough Environment Plan, the number and complexity of public enquiries has increased considerably. To meet this demand, Council has expanded the duty planner service by dedicating two planners to this task and providing a fortnightly service in the Picton office. Despite this increase of service the activity is at times not meeting customer expectations. To improve efficiency and service delivery it is proposed to review duty planning processes. Duty Planner resource must at times be diverted when required to meet Council statutory duties of processing resource consents. The provision of a duty planner service is not a statutory obligation but seen as a public service to our community. In 2019 the Resource Consent Team produced a quarterly newsletter to improve information to our customers on updates with policy and process changes, frequently asked questions and advise them of current consenting issues.

Retention and recruitment of a qualified and skilled planning staff is an on-going challenge reflecting national trends in the planning profession. Council is committed to the enhancement of individual capability through education, mentoring and training to ensure resources are appropriate to meet Council's desired level of service.

Quality Management System

The Regulatory Department is continuing to experience increased demands from statutory functions. To ensure the section fulfils these functions, the department operates under a Quality Management System (QMS). Control and suitability of the QMS is reliant on Regulatory Department managers and staff resourcing. However, increasing resource demands limit the Department's ability to maintain and continually improve the QMS.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

	2019-20	2020-21			2021-22	2022-23
Resource Consents		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Landuse Applications	760	688	87	775	792	810
Coastal Applications	293	305	(7)	299	305	312
Consents	267	148	122	270	276	282
Subdivision Applications	200	172	32	204	208	213
Water Applications	170	129	44	173	177	181
Discharge Applications	125	130	(3)	128	130	133
Certificates	4	4	-	4	4	4
Fees	-	174	(174)	-	-	-
Total external revenue	1,819	1,751	102	1,853	1,894	1,936
Personnel costs	1,450	1,404	179	1,583	1,618	1,655
Corporate Overhead Allocations	686	726	7	733	759	761
Legal	235	245	(10)	235	240	246
Departmental Management Allocations	97	104	1	105	107	109
Depreciation	84	1	84	84	84	84
Allowances - Meeting Attendance	80	83	(3)	80	82	84

Commissioners	80	83	(3)	80	82	84
Other operating costs	99	130	(32)	98	101	103
Total operating costs	2,812	2,776	222	2,998	3,073	3,125

Personnel Cost – Variation is due to the result of the collective contract negotiations, grade re-valuations for selected positions and accelerated movement for some staff who were appointed in their roles at below the mid-point for the job description.

Major Projects > \$20,000 – N/A

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs) – N/A

Capital Expenditure Projects > \$20,000 – N/A

Activity: Environmental Protection

Operating costs of this activity represent approximately 1.52% of total activity expenditure.

Manager: Jamie Clark

Emerging Issues and Expected Changes

Resource consent numbers

A significant challenge facing the section is the sheer volume of resource consents, as there are more than 35,000 current resource consents. A number of annual monitoring programmes are undertaken of activities which have been identified as a monitoring priority. The number of monitoring programmes which can be delivered is restricted by the team's resources.

As noted previously in this Group Activity, the Council is increasing its investment in funding for environmental protection.

Proposed Marlborough Environment Plan

As a result of the notification of the Proposed Marlborough Environment Plan (MEP) the status and rules relating to many activities have changed — and the team's monitoring programmes are under continual review to reflect these changes as and when they have legal effect.

Water

Water is a valuable commodity in Marlborough, both environmentally and economically. Increasing water takes are putting pressure on Marlborough's aquifers and waterways. The introduction and transition of water takes to the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010 has placed increased functions and responsibilities on both Council and the holders of water permits. Active monitoring of water takes is critical to the sustainability of Marlborough's aquifers and waterways.

Enforcement

Identification of breaches of the RMA and escalated enforcement due to their significance can have a substantial effect on the Environmental Protection team's work programme by diverting staff and other activities into enforcement proceedings.

Managing complaints

Council receives over 500 complaints (excluding excessive noise complaints) on an annual basis in regard to alleged breaches of the RMA, all of which require investigation. The follow up involved in resolving a complaint can vary from a relatively simple desktop exercise to a complex investigation and Court action. Prioritising resources is a continual issue for the team to achieve efficient and effective monitoring while meeting customer expectations and achieving environmental outcomes.

National direction

Legislative change or the introduction of national environmental standards can influence the nature, scope and timing of the Environmental Protection team's work programme. Any increased statutory functions and responsibilities places increased demands on the team's resources.

Cost recovery

Budgetary levels restrict the available resources to undertake the team's activities. While some activities are identified as of private benefit (with monitoring charges applied) many activities undertaken by the team are for public benefit and cannot be cost recovered, such as incident investigation and enforcement. Implementation and review of monitoring charges for resource users is ongoing, to ensure as much cost recovery as possible for the team's active monitoring programmes.

Database

Current database functionality impacts on the efficiency of the team's activities and reporting for monitoring and compliance activities. Development plans and a preliminary budget is in place for a replacement system.

Quality Management System

The section is continuing to experience increased demands from statutory requirements. To ensure the

section fulfils these functions the Regulatory Department operates under a Quality Management System (QMS). Control and suitability of the QMS is reliant on Regulatory Department managers and staff resourcing. Increasing resource demands limit the Department's ability to maintain and continually improve the QMS.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Environmental Protection	2019-20	2020-21		2021-22	2022-23
		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Water Permits	320	354	(34)	320	327
Moorings	165	177	(12)	165	169
Monitoring charges	60	42	108	150	61
Monitoring - staff costs charged	45	36	4	40	66
Other external revenue	9	10	-	9	10
Total external revenue	599	620	65	684	633
Personnel costs	837	951	24	975	1,113
Corporate Overhead Allocations	391	408	9	418	432
Legal	100	104	46	150	102
Departmental Management Allocations	55	59	1	60	61
External support	30	31	(1)	30	31
Training Conferences + Seminars	12	9	5	14	9
Other operating costs	65	59	1	60	56
Total operating costs	1,490	1,622	85	1,707	1,805

Major Projects > \$20,000

Description	2019-20	2020-21	2021-22	2022-23	Comment
N/A					

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
N/A			

Capital Expenditure Projects > \$20,000 – N/A

Activity: Biosecurity (Pest Management)

Operating costs of this activity represents 1.64% of total activity expenditure.

Manager: Alan Johnson

Emerging Issues and Expected Changes

The implementation of the Regional Pest Management Plan (RPMP) was made operational in 2018 and has now entered the implementation phase bedding in many new programmes. However with these programmes there are ongoing emerging issues.

The number of vessels being detected carrying the invasive marine pest Mediterranean fanworm has been increasing and commonly linking back to established infestations in northern areas of New Zealand. The response to these detections is both costly and time consuming given the complexities of operating in the marine environment and at times, with larger scale vessels.

The ongoing threat from the invasive pest plants Chilean needle grass and wilding conifers continue to put pressure on the community and agencies. The programme for Chilean needle grass is continuing to deliver an excellent level of control and community understanding. However, new infestations on affected properties and new infested properties continue to be discovered. The majority of these finds are due to historical activities so early detection and reporting is key.

Major progress continues with the approach to managing the wilding conifer threat with Council's role as part the National Wilding Conifer Control Programme. This national collaborative programme continues to demonstrate success but needs to grow substantially to address the ongoing threat in Marlborough. As the programme matures it is expected that Council will need to play a critical role alongside key partners providing regional oversight, facilitation and potential delivery. This will be to ensure both any RPMP programme is implemented successfully and the National Programme investment is directed appropriately to achieve the best possible outcomes.

With the commencement of the D'Urville Island/Rangitoto ki te Tonga community-led stoat eradication project getting underway in 2020/21, Council has committed some resources and will be working in close collaboration with the D'Urville Island Stoat Eradication Charitable Trust and the Department of Conservation.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Biosecurity (Pest Management)	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Fees	12	13	(1)	12	12	13
Miscellaneous Revenue	12	13	(1)	12	12	13
Total external revenue	24	25	(1)	24	25	25
Contracts	500	627	(29)	598	613	627
Personnel costs	494	496	7	503	515	528
Corporate Overhead Allocations	251	239	28	268	277	278
Contributions	92	96	12	108	111	113
Projects	-	-	83	83	85	87
Departmental Management Allocations	80	35	45	80	82	83
Grants	60	60	-	60	60	60
Lease - Admin vehicles	33	39	(4)	35	49	49
Section Management	18	17	2	20	20	20
Aerial Hire	18	19	(1)	18	18	19
Travel and Accommodation	12	13	2	15	15	16
Other operating costs	103	104	(26)	78	78	78
Total operating costs	1,660	1,745	120	1,865	1,924	1,959

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Marine Biosecurity Dive Surveillance	117,000	30 June 2020	Programme requiring these contract works is ongoing, likely to continue.

Major Projects > \$20,000

Description	2019-20	2020-21	2021-22	2022-23	Comment
Chilean Needle Grass Management	138,000	205,000	205,000	205,000	Delivery of works and landholder assistance
Mediterranean fanworm	135,000	135,000	135,000	135,000	Delivery of surveillance/investigation/management programme – contract above a major component.
D'Urville Island/Rangitoto ki te Tonga Stoat Eradication	-	83,000	83,000	83,000	Contribution toward the eradication phase of the project
Wilding conifers	85,000	85,000	85,000	85,000	Toward regional facilitation and or contribution to collaborative projects
Marlborough Sounds Restoration Trust	30,000	30,000	30,000	30,000	Toward wilding conifer management in the Sounds
Nassella tussock	20,000	20,000	20,000	20,000	Support for staff to deliver inspection programme
Top of the South Marine Biosecurity Partnership	35,000	35,000	35,000	35,000	Joint funding agreement with MPI, NCC TDC to engage a contractor
Chilean Needle Grass Action Group	25,000	15,000	15,000	15,000	Facilitation and support for Chilean Needle Grass Action Group
Biological Control programme	20,000	20,000	20,000	20,000	For widespread invasive plant species
Spartina programme	22,000	22,000	22,000	22,000	In partnership with DOC
Willow-leaved hakea	40,000	40,000	40,000	40,000	Delivery of control programme
Woolly nightshade	30,000	30,000	30,000	30,000	Delivery of control programme

Activity: Building Control

Operating costs of this activity represents approximately 3.78% of total activity expenditure.

Manager: Bill East

Emerging Issues and Expected Changes

IANZ accreditation

The Group's Building Consent Authority (BCA) accreditation status is audited by IANZ bi-annually. The next audit round is booked for 12 May – 15 May 2020.

Electronic and digital development

During 2019 the Building Control Group successfully introduced and has continued to use the new processing digital tool "Data Scope". Data Scope provides a fully digital environment that links in with the group existing online application process and our fully digital inspection process. The system was designed to reduce inconsistencies, provide a better decision tool for the officer and ultimately reduce processing times for each building consent application.

Succession planning

An increasing number of the Building team members are older than 60 years of age. Building Control management team continues to plan ahead to ensure adequate numbers of trained staff are available to meet industry demands and the requirements of the Building (Accreditation of Consent Authorities) Regulations Act 2006. Such succession plans and upskilling of staff were considered as part of the LTP.

Training for Building Control Officers

New Building Control Officers (BCOs) are required under Regulation 18 of the Building (Accreditation of Building Consent Authorities) Regulations 2006, to either have or be working towards the NZQA diploma level 6 (or gain any of the other recognized qualifications). The Level 6 diploma process requires the candidate to complete 240 units which will include monthly classroom training events (main centers), self-driven learning and on-site practical training. The employment process will be similar to a cadetship. It is envisaged that this will negatively affect the number of potential candidates for job vacancies and will impact on the training budget for Building Control. The time away from the core activity attending school room training programs will also impact on the day to day output of the team. On a positive note, the diploma ensures that the BCA has fully qualified technical staff who have the competency to make appropriate decisions on compliance and therefore protect Council from future liability. The true cost of this training program is now being felt by many Councils across New Zealand but at this early stage it is too hard to predict if any changes to the regulations will be made by MBIE.

MBIE surveillance

On 20 December 2018 MBIE announced its intention to increase its surveillance on all Councils in New Zealand in regard to compliance with the New Zealand Building Code for residential Swimming Pools and the Earthquake Prone Building Amendment Act. Whilst this Council actively monitors both requirements and follows what it believes to be the requirements as set under the Building Act it is unaware of what impact the surveillance by MBIE will raise. To date the Building Control unit has not yet completed a surveillance program. Note: This is additional to the IANZ accreditation process and deals with activities of the Territorial Authority, not the BCA.

Dam safety program

Under the Building Act 2004 the requirements for a Dam Safety program was introduced. This Council, was part of a working group including MBIE, most other Regional and Unitary Councils to develop a system which was to be consistent across the Country. In 2015 Nick Smith, the Minister of Building and Housing, removed the requirement from the Building Act and moved the program to the Resource Management Act 1991. Development on the plan at that stage stalled. In 2018 the new minister of Building and Housing, Hon Jenny Salesa, announced the dam safety program was to be reintroduced back into the Building Act. At the time of writing this report, Council had received no information from MBIE stating what actions are required. During the initial working group's development it was clear that there will be, at the minimum, an administration role to be undertaken by Councils, the cost of which should be able to be passed directly back to the Dam owners. No update available, same as 19/20 report.

Land assessment (Liquefaction and Lateral Spread Project)

During 2019 the Auckland University was commissioned to undertake liquefaction risk assessment based on the MFE guidelines. Early 2020 the report will be handed over to Mason Reed of Fraser Thomas (Geotechnical Chartered Professional Engineer). Mason will assess the report and create a "Planning and Consenting" guidance document. Similar documents have been created for the Canterbury and Hawkes Bay districts. In November 2019 the Ministry of Business, Innovations and Employment (MBIE) announced that all Council will require Liquefaction mapping completed by 28 November 2021.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Building Control	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Consents - Building	2,977	2,952	447	3,399	3,474	3,552
Building Exemptions	30	-	30	30	31	32
Compliance schedules	23	24	-	24	24	25
Miscellaneous Revenue	20	8	12	20	20	21
Commissions	14	8	6	14	14	15
Other external revenue	20	49	(33)	16	16	17
Total external revenue	3,084	3,041	461	3,503	3,580	3,661
Personnel costs	2,073	1,829	319	2,147	2,195	2,244
Corporate Overhead Allocations	969	997	38	1,035	1,072	1,075
Contracts	375	281	94	375	383	392
Departmental Management Allocations	136	143	5	148	152	154
Lease - Admin vehicles	49	51	1	51	57	57
External support	50	52	(2)	50	51	52
Legal	45	47	(2)	45	46	47
Training Conferences + Seminars	20	28	17	45	72	73
Travel - inspections	-	-	24	24	25	25
Settlements	20	21	(1)	20	20	21
Other operating costs	155	130	(2)	128	157	134
Total operating costs	3,892	3,580	489	4,069	4,229	4,274

Explanation of Revenue and Expenditure Variations

Variation in personnel costs

Consideration: The variation is a result of changing two fixed term positions into full time FTE's. This change was necessitated as workloads increased within the functions of the Territorial Authorities (TA) processes for Compliance Schedules, Building Warrant of Fitness site audits and work required as a result of the Earthquake Prone Buildings Amendment Act. The number of commercial buildings being altered and constructed has increased work load in issuing new compliance schedules (cs's) and amending existing cs's. The increase in cs's has also resulted in additional BWoF site audits being required.

The variation also represents consideration by the group about succession planning for the Building Consent Authority (BCA). The BCA has six staff members who will reach retirement age within the next 12 to 24 months.

Variation in revenue

Consideration: The 2019/2020 building consent fees were adjusted to cover the true costs of long distant inspections carried by Council vehicle or chartered boat. We will monitor the variation to ensure that the fee adjustment is working. It is also noted that the total value of work completed over the 2019 calendar year was 7% higher than the previous year although numbers of consents were slightly lower (approx. 3%).

Major Projects > \$20,000

Land assessment (Liquefaction and Lateral Spread project): Costs are not yet available, however it is noted that this project will have benefits across Council.

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Building Consent Processing - Focus Consulting.

Use of Focus consulting increased over 2019 with Building Control sending up to 15 building consent applications a week to them for processing. The increase was driven by the number of industrial and commercial buildings being processed in house. In general, housing company's (Dwellings) consents are sent to Focus Consulting. This ensures two results through the year.

1. The BCA meets reasonable compliance with the 20 day working day clock as per the 2004 Building Act.
2. It also means that the Housing Companies are not held up when Building Control struggles to meet time frames. In most cases Housing Company applications are processed well within the 20 day requirement.

3. Activity: Environmental Health

Operating costs of this activity represent approximately 0.51% of total activity expenditure.

Manager: Jamie Clark

Emerging Issues and Expected Changes

Legislative requirements

Changes over the last few years to the Food Act 2014 and Sale and Supply of Alcohol Act 2012 have placed additional pressures on the Environment Health section. Ongoing central government reviews of the local government role are continuing and therefore place some uncertainty on the levels of service required going forward.

Continued professional development of staff

A legal requirement under the Food Act 2014 for all Food Act Verifiers to complete a continued professional development programme has recently been initiated by the Ministry of Primary Industries. This programme will require staff to attend courses which will have a financial impact.

Industry education

Increased education services are required for industries as a result of increased technical knowledge requirements of operators.

Electronic systems

The team continues to work towards making the majority of processes electronic. These changes will provide increased functionality and access to information via web-based systems for the staff, applicants and the public.

Quality Management System

The section is continuing to experience increased demands from statutory functions. To ensure the section fulfils these functions the Regulatory Department operates under a Quality Management System (QMS). Control and suitability of the QMS is reliant on Regulatory Department managers and staff resourcing. Increasing resource demands limit the department's ability to maintain and continually improve the QMS.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Environmental Health	2019-20	2020-21		2021-22	2022-23
		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Alcohol Licences	250	261	19	280	286
Food control plans - Verification	60	59	11	70	72
Food control plans - Registration	30	31	4	35	36
Other external revenue	20	21	1	22	23
Total external revenue	359	373	35	407	416
Personnel costs	301	312	(5)	307	313
Corporate Overhead Allocations	135	140	4	145	150
Contracts	68	71	(3)	68	69
Departmental Management Allocations	19	20	-	21	21
Other operating costs	42	43	(2)	41	43
Total operating costs	565	586	(5)	581	597

Major Projects > \$20,000 – N/A

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Noise Control Services	\$68,000	31/03/2023 with right of renewal	Provide Noise control services for excessive noise complaints pursuant to the Resource Management Act 1991.

Activity: Animal Control

Operating costs of this activity represents approximately 0.70% of total activity expenditure.

Manager: Jamie Clark

Emerging Issues and Expected Changes

Perceptions of dogs in the community and dog attacks

More than 10,500 dogs are registered in the district and Council receives more than 2,000 dog associated complaints each year. This makes a significant resource demand on the Animal Control contractor and Council's Animal Control Contract Manager.

There has been regular media interest in dog attacks in the last few years. This can create fear in the community. However, serious dog attacks are rare. When serious incidents do occur, these need to be investigated thoroughly so that appropriate enforcement action can be taken.

Education

Education is key to achieving responsible dog ownership and safety for others. Dog experts suggest that 85% of attacks are triggered by the victim's behavior. To minimize this risk there needs to be continued education of the public, particularly children, on how to behave around dogs. Animal Control provides education sessions on dog safety awareness to pre-schools, schools and workplaces.

Responsible and knowledgeable owners are less likely to have a dog that creates a nuisance or danger to the community. Animal Control encourages early socialization for young dogs and owners to seek advice from professional dog trainers.

Dog parks

Council approved funding in the previous LTP for the establishment of Council-owned dog parks for the region. The establishment and construction of the Renwick Dog Park was completed in 2019. The general reserve fund for Animal Control has been used to cover the costs for the establishment of the Renwick Dog Park. A working group has been set up in Picton to look at a suitable location for a dog park in Picton. Land has been designated for a dog park on the Taylor River Reserve in Blenheim.

Pet remembrance park

Investigation into a suitable location for a pet remembrance park in Blenheim will be progressed.

Quality Management System & bylaw review

As for other Activities within this Regulatory Group, the Animal Control team is continuing to experience increased demands from statutory functions. A review of the Dog Control Bylaws is required which is likely to involve significant staff resources and time. To ensure the section fulfils these functions the Regulatory Department operates under a Quality Management System (QMS). Control and suitability of the QMS is reliant on Regulatory Department managers and staff resourcing. Increasing resource demands limit the department's ability to maintain and continually improve the QMS.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Dog Control	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Dog Registration	525	525	-	525	534	543
Infringement (ex Court)	20	21	(1)	20	20	21
Impounding	15	16	(1)	15	15	16
Other external revenue	13	14	(1)	13	13	14
Total external revenue	573	575	(2)	573	583	594
Contracts	486	517	(21)	496	507	518
Corporate Overhead Allocations	53	52	5	57	59	59

Personnel costs	48	50	(1)	49	50	51
Legal	20	10	10	20	20	21
General Expenses	15	9	6	15	15	16
Advertising	12	13	(1)	12	12	13
Internal contracts & recharges	9	3	6	9	9	9
Departmental Management Allocations	7	8	1	8	8	8
Other operating costs	43	43	3	46	46	47
Total operating costs	693	705	7	711	728	743

Other Animal Control	2019-20	2020-21		2021-22	2022-23
		LTP	change	AP	
	\$000's	\$000's	\$000's	\$000's	\$000's
Contributions - Miscellaneous	67	70	(3)	67	70
Miscellaneous Revenue	4	4	-	4	4
Total external revenue	71	74	(3)	71	75
Contracts	84	89	(4)	85	89
Corporate Overhead Allocations	4	4	-	4	4
Departmental Management Allocations	1	1	-	1	1
Total operating costs	88	93	(3)	90	94

Major Projects > \$20,000

Description	2019-20	2020-21	2021-22	2022-23	Comment
Sign expenses	\$25,000	-	-	-	Ongoing signage review and upgrade across the district

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Dog Control Services	\$470,000 plus 2% (excl. GST)* *Currently negotiating contract renewal at the moment, a price increase has been requested by the contractor.	Contract expires on 31 March 2020 and will be renewed for a further 2 years expiring on 31 March 2022 (which is the 7 year maximum contract term).	Provide dog control services pursuant to the Dog Control Act 1996.
Live Stock Control Services	\$70,000 plus 2% (excl. GST)	Contract expired on 31 March 2020 and will be renewed for a further 2 years expiring on 31 March 2022 (which is the 7 year maximum contract term).	Provide services for the removal of livestock from public land and roads. Impounding services pursuant to the Impounding Act 1955.

Activity: Harbours

Operating costs of this activity represents approximately 1.52% of all the activity expenditure

Manager: Luke Grogan

Emerging Issues and Expected Changes

Increased Activity Levels

Staff

The recent appointment of a new position – Harbour Protection Officer is expected to enable the Harbourmaster to be more effective in achieving regulatory objectives as pertain to the harbours. This includes education and enforcement programs and community engagement. Reliance on casual staff remains necessary. However over the longer term it is intended that reliance on casual staff will be reduced.

Shared space

Navigation safety issues frequently arise among recreational harbor users when there is a need to share space. Presently, the Harbourmaster has incident files open in relation to navigation concerns associated with vessels left unattended on the foreshore, alongside jetties and at anchor for long periods.

Factors driving the increase in conflicts over shared space include; increased vessel activity, changes in community composition and changes in vessel types (for example jet skis). Finding a solution to these issues and encouraging a safe boating culture in the Sounds will require ongoing engagement across the community and relevant agencies. Momorangi provides a case in point and addressing the concerns developing in this space will require considerable time and effort from the Harbours team.

Jet skis

Jetski (PWC) activity continues to present a challenge and the popularity and proliferation of PWCs has been well noted by Harbor Patrol Officers over summer. Issues associated with these vessels include high speed close to the shore, a low level of boating knowledge and frequent operation by persons under the legal age.

A new initiative to undertake harbor patrols onboard a jet-ski has yielded good results. Advantages include the low cost of running the ski, one person manning and transportability enabling targeted patrol work. Ongoing initiatives being developed over the coming months will focus on creating engagement opportunities with jet skiers, jet ski retailers and safer boating groups. The intention is to work with these groups to promote a safe jet ski culture and leading this line of work is a core project of the Harbour Protection Officer.

Wrecks

An ageing fleet of recreational vessels creates a near constant stream of wrecks and derelict craft. This is particularly relevant in the case of wooden displacement launches and sailing vessels. The MTA enables effective action to be taken by the Harbourmaster and vessel owners are liable for all costs. However, in many cases the ability of the owner to repay costs is limited. This issue is expected to continue to increase.

Pelorus Sound

Interest in Pelorus Sound from the superyacht sector and “adventure” focused cruise ships continues to be expressed. At present, various national regulations both prevent and exclude such vessels from operating in the Pelorus Sound. However, work is underway to enable these ships to visit. This work is being undertaken by the Harbourmaster in conjunction with Maritime New Zealand.

Tory Channel

Introduction of Cook Strait ferries which are significantly larger than the current vessels has been proposed. A risk assessment has been undertaken by GBT International which will advise and recommend risk controls to better manage shipping risk in Tory Channel. The results are yet to be received, but it is expected that the findings will require the Harbourmaster to undertake a range of actions and activities.

Safety buoys

The use of 5 knot buoys to mark high risk areas will continue to expand with 75–100 units expected to be installed by 2024. The initiative is proving effective but regular servicing to maintain buoyancy, visibility and correct location creates significant demands on harbour resources.

Mooring management area

The proposed implementation of a mooring management area in Waikawa Bay will require appointment of a mooring manager. In the first instance, this is likely to be undertaken by the Harbourmaster group. The workload of this mooring management function is as yet unknown.

Council use of the harbours vessels

There is ongoing demand from within Council to use the Harbours vessels for environment, biosecurity, compliance and consenting purposes. The use of Harbours assets for such purposes results in a cost saving for Council and ensures health and safety can be managed to the required standard.

It should be noted that benefits that arise from getting out on the water with staff from other departments are considerable. As understanding develops about the work other departments carry out in the Sounds, opportunities for collaboration arise.

Marine farms

The Harbourmasters team now audits the mooring and securing arrangements on all salmon farms regularly. This has been deemed necessary following a series of incidents which created navigation safety concern. A practical method for achieving a robust audit of these structures is being defined. A contractor has been appointed to help meet the demands of the audit program.

Harbour risk assessment

Compliance with the Port and Harbour Safety Code requires a complete and comprehensive Safety Management System (SMS) including a Harbour Risk Assessment and a 'living' risk register to be maintained. In 2020 an externally led review of the Marlborough Harbour SMS will be undertaken by a panel of industry peers appointed by the Port and Harbour Safety Code Working Group.

Harbours incident register and database

Tracking the changes in the risk profile of the harbour over time is essential to ensure appropriate risk management strategies are in place. Collecting data to understand this change has traditionally been achieved through public consultation and review of the harbours incident register. Whilst these methodologies remain integral to risk assessment, new technologies have resulted in new information streams which can enhance understanding of risk. The challenge is in collecting, tracking and analyzing the incoming data.

To assist with this work, a digital tool is being developed with the MVP version expected to be completed in mid 2020. However, while the tool will lead to efficiencies over the long term the process of building and implementing the system will place significant demands on the Harbours team in the short to medium term.

Navigation safety bylaws

A revised draft of navigation safety bylaws is expected to be put to Council in mid 2020.

Mass Rescue Plan

A regional Mass Rescue Plan has been developed by Police to deal with an event such as the foundering of a cruise ship. In an event of this scale the initial local response will be critical. The Harbourmaster, the CDEM group and the Police have held preliminary discussions on undertaking local and routine training exercises.

Hydrographic survey

An extensive hydrographic survey of Pelorus Sound including Admiralty Bay and French Pass is underway.

Additional survey work may be required in the Havelock Channel due to concerns raised by MFA and PMNZ. Unfortunately, the survey vessels and equipment being used in Pelorus Sound multi beam survey are not compatible with what is required in the Havelock Channel.

Oil rigs

The oil rig COSL Boss was loaded onto a ship in Admiralty Bay and safely departed in early 2019. No oil rig activity is expected in the region in 2020/21.

AIS and vessel traffic monitoring

Implementation of new networks to increase monitoring and communication capabilities with ships now provide good coverage of Havelock Channel and Tasman Bay. This helps to ensure all ships entering harbour waters are provided with the messaging and information they need for safe passage. It will also enable the provision of virtual aids to navigation in these areas and active monitoring of ships at anchor.

The network supports the implementation of smart lights in Havelock Channel to enable early warning to channel users when large vessel vessels are approaching. Similarly, the network will support a project with the Tasman District Council Harbourmaster to support navigation safety in the top of the south region.

Cruise guide

The cruise guide app has been well received since its launch. However, it is apparent that if it is to perform its intended function as the primary digital portal for communication between the Harbourmaster and recreational harbour users more work is needed. It is intended that the Harbourmaster, IT team and developers will meet in early 2020 to develop a strategy for the ongoing management and evolution of the cruise guide.

Aids to Navigation

Aids to Navigation (AtoNs) continue to form a critical component of the Harbour Safety Management System and their operation must comply with international standards set by the International Light House Authority (IALA). Major lights need upgrade in 20/21 including the Tory Channel Sector light. The external risk assessment of Tory Channel may recommend additional navigation aids and navigation infrastructure for Tory Channel.

Rivers

Changes to the Maritime Transport Act in late 2017 enabled regional councils to take enforcement action on rivers in their regions when a breach of a maritime rule is observed. This ability to take regulatory action on rivers exists despite the exclusion of rivers from the Marlborough Navigation Safety Bylaws. Further, the authority to regulate rivers creates an implied obligation to do so when maritime safety issues are identified. Work is presently underway to better manage risks on the Wairau River and the inclusion of rivers into the draft navigation safety bylaws is likely.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

Harbours	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Navigation Levies	430	448	12	460	470	481
Miscellaneous Revenue	87	91	31	122	125	128
Other external revenue	8	8	-	8	8	8
Total external revenue	525	548	43	590	603	617
Personnel costs	508	503	48	551	563	576
Corporate Overhead Allocations	188	184	23	207	211	216
Depreciation	164	195	(4)	191	240	253
Contracts	169	176	(7)	169	172	176
Insurance	96	88	28	115	118	121
Projects	17	26	51	77	79	80
Departmental Management Allocations	60	27	35	62	63	64
Repairs & maintenance	56	59	(3)	56	57	58
Fuel + Oil	63	45	9	54	55	56
External support	55	57	(7)	50	51	52
Rent	32	33	(3)	30	31	31
General Expenses	25	26	(3)	23	24	24
Advertising	20	26	(6)	20	20	21

Telephone Tolls Faxes and Pagers	20	21	(1)	20	20	21
Interest - Internal Loans	8	36	(18)	18	35	42
Other operating costs	126	135	(43)	92	96	97
Total operating costs	1,607	1,636	98	1,734	1,835	1,889

Explanation of Revenue and Expenditure Variations

In certain circumstances, a navigation safety levy is applied to vessels over 500 GRT that navigate in the harbour. This levy is only applied to ships that do not call at Port Marlborough. The vessels involved in the oil rig float off operations and vessels that anchor in Cloudy Bay provide examples.

Major Projects > \$20,000

Expansion of remote monitoring capability: This includes;

- Build and deliver a new vessel for the ongoing management of Aids to Navigation
- New navigation aids in Tory Channel
- Survey of Havelock Channel
- Harbours Digital Build
- Additions to camera network with site specific cameras that the following capabilities; HD and recording, traffic density monitoring, vessel speed capture
- Additional weather stations with data publicly accessible

Major Contracts (at least \$100,000 or 5% of Operating and Servicing Costs)

New AtoNs vessel build.

Capital Expenditure Projects > \$20,000

Harbours	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Navigational aids	80	82	84	86	Inability to meet national and international standards for a safe and navigable waterway. Impact on safe and timely arrival of vessels to and from Port and marinas.
Boats	600	-	73	75	Inability to service navigation aids or conduct marine farm audits. Reduced capability to conduct Harbour patrols and all on water work.
Instrumentation	112	307	117	-	Inability to provide or improve data that supports safe navigation in the region.
Total additions	792	388	274	160	

Activity: Regional Development

Operating costs of this activity represents approximately 5.28% of total activity expenditure.

Manager: Parking (Jamie Lyall), Economic Development (Neil Henry), Tourism, Research Centre (Dean Heiford), Irrigation (Southern Valleys) (Stephen Rooney)

Emerging Issues and Expected Changes

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

- Council is working with partners across the Top of the South including councils, Chambers of Commerce, business and iwi to develop the Te Taihū Intergenerational Strategy. When complete the strategy will guide the future development of the Top of the South.
- Council will continue to consider applications to Government's Provincial Growth Fund and support other applications from Marlborough as appropriate.
- Marlborough Research Centre are engaged in discussions relating to the new Bragato Research Institute that will be located next to the MRC Campus. Discussions are focused on co-ordinating the various wine research and education facilities managed by MRC, WRC and NMIT.
- Council is working with other local business support providers to improve collaboration and services available to local businesses. Part of these discussions include a possible Business Hub for Marlborough.
- International visitor growth to New Zealand is slowing. The external influence on travel from events such as the Coronavirus and propensity for Australians to travel at home to support communities post Australian wild fires will have an effect on visitation to Marlborough and New Zealand as a whole.
- The increasing reputation of Marlborough as a welcoming and proficient cruise destination has resulted in continuing strong growth in cruise arrivals. Cruise passenger spend in 18/19 season was \$24M, up from \$8.5M in 14/15.
- Ongoing leverage of post-earthquake MBIE funding to support domestic travel campaigns in Auckland, Wellington, Christchurch and Nelson/Tasman.
- The growth and spread of online booking technology has changed purchasing patterns of i-SITE customers. i-SITEs remain key in providing information and impartial advice, however customers are increasingly making their purchases through online and direct booking channels. This reduction in revenue and government raising the minimum wage affects the ability for the i-SITEs to operate and provide good service to visitors and locals.
- Council has continued to support the development of the Flaxbourne Irrigation Scheme. It is expected that resource consents will be applied for in the near future.
- Drier seasons causing low Wairau River flows necessitated the Southern Valleys Irrigation Scheme to be shutoff for 36 consecutive days in 2019. If this trend continues storage by individuals or community will be necessary to sustain irrigation for viticulture in the southern valleys area.

Levels of Service

Refer to LTP.

Revenue and Operating Expenditure by Significant Type

	2019-20	2020-21			2021-22	2022-23
Marketing and Tourism		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Grants - CPI	596	605	3	608	618	629
Levy Payment	208	196	3	200	203	206
Internal contracts & recharges	144	150	1	151	154	158
Grants - DM conventions	113	118	(5)	113	116	118
Grants - DM tagged (CPI)	71	72		73	74	75
Corporate Overhead Allocations	51	40	15	54	56	56
Interest - Internal Loans	69	64	(12)	52	48	44
Promotions	34	35	(1)	34	35	36
Total operating costs	1,286	1,280	4	1,285	1,304	1,323

	2019-20	2020-21			2021-22	2022-23
Research Centre		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Grants - CPI	262	258	8	267	271	276
Internal contracts & recharges	53	56	11	66	68	69
Grants	22	22	-	22	22	22
Corporate Overhead Allocations	14	14	1	15	16	16
Total operating costs	351	349	20	370	376	383

	2019-20	2020-21			2021-22	2022-23
Economic Development		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel costs	361	336	40	376	402	411
Corporate Overhead Allocations	148	128	29	158	163	164
Grants	150	150	-	150	150	-
Grants-Commercial Events	125	125	-	125	128	130
Professional Fees	165	-	98	98	100	102
External support	79	169	(84)	84	61	62
Advertising	49	19	30	50	51	52
General Expenses	10	1	21	22	23	23
Travel and Accommodation	16	1	20	21	21	21
Printing & office supplies	18	19	(1)	18	19	19
Other operating costs	31	62	(21)	41	42	43
Total operating costs	1,153	1,011	131	1,142	1,158	1,027

	2019-20	2020-21			2021-22	2022-23
Parking		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Parking Collections	994	1,032	(38)	994	1,018	1,042
Infringement (non Court)	159	245	127	372	381	390
Parking Leases	228	-	247	247	253	259
Infringement (ex Court)	240	251	(41)	210	215	220
Legal Fees Recovered Revenue	60	73	(13)	60	61	63
Other external revenue	12	267	(254)	13	13	13
Total external revenue	1,693	1,868	28	1,896	1,941	1,988
Depreciation	369	304	93	396	375	336
Contracts	263	293	(25)	269	275	282
Repairs & maintenance	170	175	74	248	254	260
Interest - Internal Loans	289	387	(162)	224	211	197
Rates	167	205	(30)	175	179	183
Internal contracts & recharges	72	75	(3)	72	74	75
Legal	70	104	(34)	70	72	73
Corporate Overhead Allocations	60	62	2	64	67	67
Lease - Other	60	63	(3)	60	61	63
Insurance	33	30	7	37	37	38
Fees + Charges	16	-	31	31	32	32
Levy Payment	30	45	(15)	30	31	31
Departmental Management Allocations	24	10	14	24	25	25
Cleaning	11	11	9	20	21	21
Power	18	19	(1)	18	18	19
Other operating costs	90	39	6	45	46	48
Total operating costs	1,742	1,823	(39)	1,784	1,777	1,751

Irrigation Schemes	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Depreciation	366	548	(184)	364	375	526
Pump Stations - power	330	409	(129)	280	348	419
Interest - Internal Loans	512	1,187	(938)	248	534	800
General Expenses	91	140	(6)	133	49	50
Insurance	82	80	12	92	94	96
Corporate Overhead Allocations	81	79	7	86	89	90
Section Management	59	66	(6)	60	62	63
Reticulation - mains maintenance	60	68	(18)	50	61	73
Pump stations - mechanical	27	32	(12)	20	27	35
Planning and Development charges	21	31	(14)	17	17	17
Pump stations - buildings/civil	15	31	(16)	15	15	16
Pump stations - electrical	22	32	(17)	15	22	30
Other operating costs	47	51	(6)	46	49	50
Total operating costs	1,714	2,753	(1,327)	1,426	1,742	2,266

Explanation of Revenue and Expenditure Variations

Development of Flaxbourne Irrigation Scheme is progressing slower than planned reducing interest.

Grants

Description	2019-20	2020-21	2021-22	2022-23	Comment
Commercial Events Fund	\$194,000	\$125,000	\$125,000	\$125,000	\$69k carry forward for 19/20 includes committed grant allocations

Major Projects > \$20,000

Description	2019-20	2020-21	2021-22	2022-23	Comment
Infometrics economic information	\$28,000	\$28,000	\$28,000	\$28,000	If not provided, Marlborough specific economic information would have to be procured upon request.
Business Trust Marlborough	\$47,500	\$47,500	\$47,500	\$47,500	BTM provide business support and access to mentoring for new and growing businesses. MDC is the core funder of this service.
Marlborough Research Centre	\$261,626	\$261,626	\$261,626	\$261,626	MRC provide support for primary sector industries
Pay by Plate Parking	\$270,000	-	-	-	

Capital Expenditure Projects > \$20,000

Regional Development	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact on LoS of reducing/deferring
Water: Flaxbourne Irrigation	500	13,668	-	-	Reduced water pressure to customers
Water: Southern Valleys	316	-	-	-	
Parking: Blenheim	86	88	103	92	
Total additions	902	13,757	103	92	

Support Services

Manager: Dean Heiford

Emerging Issues and Expected Changes

The following issues emerging within this Activity include:

- increasing maintenance costs;
- increasing costs of compliance with statutory/regulatory requirements;
- increasing cost of consumables (eg; electricity);
- review of vehicle fleet (lease v purchase and use of Electric Vehicles);
- addressing the requirements of the Health and Safety at Work Act 2016;
- reducing Environmental Impact.

Operating Expenditure by Significant Type

HUMAN RESOURCES	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel costs	995	1,019	5	1,024	1,025	1,048
External support	55	31	31	63	64	65
Health and Safety	9	21	39	60	61	63
Training - OSH	20	21	(1)	20	20	21
Legal	15	16	(1)	15	15	16
Other Operating Costs	23	54	(29)	25	24	25
Total Operating Costs	1,116	1,162	44	1,206	1,210	1,237

OFFICE SERVICES	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Photocopying	1	1	-	1	1	1
Total external revenue	1	1	-	1	1	1
Personnel costs	590	627	(13)	614	626	639
Repairs & maintenance	300	146	314	460	266	146
Depreciation	371	527	(146)	381	373	380
Photocopying - B/W(external)	125	151	(17)	134	128	131
Postage	117	109	25	134	119	122
Cleaning	101	103	-	103	105	108
Other Operating Costs	32	21	36	57	64	64
Total Operating Costs	1,635	1,685	197	1,882	1,681	1,589

CUSTOMER SERVICE CENTRES	2019-20	2020-21			2021-22	2022-23
		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel costs	701	720	(24)	696	712	727
Internal contracts & recharges	113	68	44	112	113	115
Telephone after-hours service	20	17	3	20	20	21
Telephone Tolls Faxes and Pagers	10	10	-	10	10	10

Other Operating Costs	22	25	(1)	24	22	25
Total Operating Costs	865	840	22	862	878	899

GENERAL MANAGEMENT AND SUPPORT	2019-20	2020-21			2021-22	2022-23
	\$000's	LTP \$000's	change \$000's	AP \$000's	\$000's	\$000's
Miscellaneous Revenue	32	23	(1)	22	32	33
Disbursement Recoveries	105	63	42	105	107	110
Total external revenue	137	86	41	127	140	143
Personnel costs	1,317	1,267	82	1,350	1,379	1,410
Insurance	259	245	70	315	322	329
Legal	80	83	(3)	80	82	84
Internal contracts & recharges	65	78	(13)	65	66	68
External support	60	10	50	60	61	63
Travel and Accommodation	36	3	33	35	36	37
Lease - Admin vehicles	23	29	-	29	37	37
Other Operating Costs	61	61	-	61	63	65
Total Operating Costs	1,901	1,777	218	1,995	2,047	2,093

Major Contracts – (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Postage	\$105,000	ongoing	Supplier changed in January 2020, expected cost savings of \$21k per annum.
Cleaning	\$100,000	August 2021	Will increase in line with minimum wage increases.
Office Consumables	Value hard to identify as it is under a large number of budget items	ongoing	All of Government Contract gives Council access to competitive pricing.
Air conditioning replacement to 2005 building	\$117,000	July 2021	Replacement of aging system
Air conditioning replacement to 1994 building ground and first floors	\$250,000	November 2020	Replacement of aging system
Replacement of Beehive Roof	\$725,000	May 2020	

The Office Services team manages Council wide contracts for:

- Electricity - \$3.3M per annum. Currently contracted 31 March 2023;
- Leased vehicles and GPS - \$356,000 per annum – under review – leases expire May 2021.

Capital Expenditure Projects > \$20,000

SUPPORT SERVICES	2020-21	2021-22	2022-23	2023-24	Impact of reducing/deferring
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	\$000's	\$000's	\$000's	\$000's
Other buildings + Structures	60	61	63	64
Office equipment	40	41	63	43
Total additions	100	102	125	107

Manager: Stacey Young

Emerging Issues and Expected Changes

The following issues are emerging within this Activity:

- Review of the Digital Business Strategy 2017-2020 focusing on future technology and digital solutions for customers and staff.
- Evolving security risks and cyber threats to keep abreast with changes and engage independent audits to ensure MDC has a robust infrastructure and online service environment, continues to increase operating costs.
- Aligning with the Government ICT Strategy with digital enablement and better public services, Open Data and better property services initiatives.
- Following Government Digital Inclusion Blueprint – facilitating inclusion by aligning digital solutions with customer/staff/community skill levels and creating opportunities for increasing inclusion levels.
- Increasing requirements to ensure accessibility of digital services in line with Government Disability Strategy outcomes.
- Data and Information governance framework to ensure data and information is of high quality, as a single source of truth, to enable robust decision-making.
- Data governance framework for the large amount of data being captured now and into the future with Internet of Things (IoT) sensor technologies.
- Gearing up to manage Council's climate change data and information and analyse that with relevant national and international data and information.
- OpenGovt and the trend to make available Council's data and information to the public for reuse. 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 and information in readily useable or reusable formats. Unlocking the value of the information Council holds.
- Technical architecture reviews for a data lake to ensure data analytics and seamless open data for consumers. Including Mulesoft implementation to manage application interfaces internally and for external consumers to assist with a smart region.
- The Marine Smart Services Project (Marine Smart Services) will provide data and information for aquaculture (includes mussel farms, oyster farms, finfish farms) to enable sustainable management of the Marlborough Sounds and economic benefits for the industry and wider region. The project will connect all marine farms and Harbourmaster sites and facilities to the Internet of Things (IoT). Sensor arrays will provide a range of data and information via a transport layer which will be delivered by service providers back to a central repository. Environmental data and information collected will be used for analysis, informed decision-making, and providing improved aquaculture productivity and sustainability. The data collected will assist with climate change management. Currently we are looking to test the concept in collaboration with potential users.
- Legislation changes that require changes or enhancement to systems, i.e., resource consents, building consents, etc.
- Shared Services - review opportunities that can reduce system purchase costs, licence fees and broadening resilience of staff resources to support major systems and shared costs.
- Increasing need for identity management system to support seamless, secure, integrated customer experience across digital systems.
- Adding value to citizens and customers to support and enable their businesses.
- Customer and citizen reach 24 x7 and globally.
- Increasing community expectation to access data and information and transact digitally through the website, and a growing demand for digital online solutions.
- Social media communication and digital engagement for customers and the continued need to evolve through digital media and create relationships with customers.

- Increased customer demand for targeted, personalised communications and notifications.
- Implementation of intelligent reporting services and data analytics to assist with decision making and modelling for future artificial intelligence.
- Support for online services costs for maintaining new online products for customers increase operating costs for contracts.
- Investigation and planning for cloud computing, infrastructure and software as a service and migration of Council systems to these solutions over the next five years.
- Transition of Technology One systems as software as a service cloud solution in the future.
- Recruiting IT technical staff is difficult. Council needs to attract people to Marlborough and acquire and retain good technical staff. Planning for the future workforce, filling technical skills gaps is required to achieve digital transformation and succession planning for staff.
- Increasing demand for mobile applications and devices to streamline efficiencies.
- Keep up to date and aware of new and emerging technology trends and identify business case on how they could be utilised at MDC, i.e., artificial intelligence, 3D printing, augmented reality, predictive learning. Create proof of concepts and watching briefs on other Council experiences.

Operating Expenditure by Significant Type

	2019-20	2020-21			2021-22	2022-23
INFORMATION SERVICES		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Personnel costs	2,225	2,346	209	2,554	2,610	2,669
Depreciation	1,327	1,610	(69)	1,540	1,690	1,692
Software	1,000	860	140	1,000	1,022	1,045
Contracts	595	443	152	595	874	899
External support	225	182	58	240	245	251
Digital Communications	115	120	(20)	100	102	105
Training Conferences + Seminars	80	68	13	81	82	84
Repairs & maintenance	25	26	54	80	82	
Travel and Accommodation	45	47	18	65	66	68
Other operating costs	12	75	(52)	22	11	12
Total Operating costs	5,648	5,776	501	6,277	6,786	6,824

Explanation of Revenue and Expenditure Variations

Personnel cost increase for a GIS Analyst

See the software licencing and major contracts sections for more detail.

	2019-20	2020-21			2021-22	2022-23
LIMs		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
LIM Fees	250	240	(15)	225	230	235
Total external revenue	250	240	(15)	225	230	235
Personnel costs	184	121	(5)	116	119	122
Corporate Overhead Allocations	94	69	32	101	104	105
Internal contracts & recharges	11	11	()	11	11	11
Other operating costs	6	6	2	8	8	8
Total operating costs	295	207	29	236	243	246

LIMS revenue reduced due to less LIMS numbers annually.

Major Projects > \$20,000

Description	2019-20	2020-21	2021-22	2022-23	Comment
Cyber Security Audits	45,000	45,000	45,000	45,000	Internal and external audits of network and online environment to ensure security of Council information and technology
Phone System Upgrade	-	135,000	-	-	Upgrade of existing PABX..

Major Contracts – (at least \$100,000 or 5% of Operating and Servicing Costs)

Contract	\$ value	Finishes	Comment
Integration Works	\$120,000	2020	Implement the integration architect and assist with architecture
Media Suite	\$115,000	2021	Support for Media Suite build applications and hosting agreements
LINZ Lidar	\$250,000	TBA	Lidar commitment through Provincial Growth Fund Capital
Computer Concepts Limited	\$200,00	various	Various infrastructure, firewall and network support contracts, and additional network support
Datacom Limited	\$120,000	Various	Software support contracts

Software Licensing > \$20,000

Description	\$ value	Comment
Technology One Licences	260,457	Licence for central Technology One system
Mulesoft Licencing	209,828	Application integration software for security
Microsoft Licensing	146,225	Server and Desktop Software Licensing
ESRI GIS Software	52,083	Licence for Geospatial Information System products
Content Management Licences	65,000	Document management software licences (was Trim)
Adobe Licences	25,370	Adobe Licence Suite of software
DB Gallery	46,500	Licence + plus web + maintenance
Planview	32,500	Programme management software
Adobe Creative	22,300	Adobe Creative licences
Chris Payroll	30,000	Payroll Software

Capital Expenditure Projects > \$20,000

INFORMATION SERVICES	2020-21 \$000's	2021-22 \$000's	2022-23 \$000's	2023-24 \$000's	Impact of reducing/deferring
SAN host replacement	225	256	261	267	Defer can increase risk of infrastructure failure and reliability
Computers, Laptops, Tablets	217	230	235	241	Unreliable hardware for staff
Digital Development	100	102	105	107	Not keeping up with customer demands. Systems become out of date and difficult for staff to use
Work towards Environmental Science System and Techone Systems	200	751	209	267	Systems risk with security and support if software becomes out of date
Techone Upgrades etc	250	256	261	267	
Smart services	750	-	-	-	
Total additions	1,742	1,594	1,071	1,149	

Corporate Finance

Manager: Martin Fletcher

Significant Activities

The activities of Finance are not included in the LTP, so the actions are more detailed than what are included in other Activity Papers.

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

- preparing the 2020-21 and 2022-23 Annual Plans, including their related Consultation Documents;
- 2020 Triennial rating revaluation performed by QV and explaining the resulting rating impact;
- preparing the 2021-31 LTP and Consultation Document, including the associated reviews of Council Revenue and Financing Policies. These Policies include consideration of rating basis and rating areas;
- preparing and further improving the readability of the June 2020, 2021 and 2022 Annual Reports;
- 2022 Pre-Election Report;
- continued further development/utilisation of Council's recently implemented planning, budgeting and rates modelling systems to improve functionality for staff and the information provided to Council and Management;
- maintaining Council's taxation compliance through a sound interface with operating areas;
- providing financial services to MDC Holdings Ltd and Marlborough Airport Ltd;
- servicing the Audit and Risk Sub Committee;
- responding to MDC changes of practice that affect finance with increased volumes or change in procedures eg water meter billing for additional areas and Flaxbourne Irrigation Scheme, including project development, financing and rating;
- resolving final claims for the Kaikoura Earthquake;
- triennial revaluation of Council Assets for insurance and ensure that Council has appropriate insurance in place. The likely withdrawal of the Local Authority Protection Programme (LAPP) as Council's preferred insurer for the 40% component of our infrastructure insurance;
- reviewing Council's Maximum Probable Loss calculations and developing strategies on how to cope financially with a major disaster event;
- reviewing the appropriateness of Council's rating system included in the programme of work to be undertaken by the LTP Working Group as part of the preparation of the 2021-31 LTP;
- reviewing the Development Contributions Policy;
- obtaining and managing external debt on favourable terms to Council, including the MDC Holdings Group, as total debt levels increase;
- maintaining Council's S & P Global's (Standard and Poors) AA credit rating;
- CFO being a Director of Port Marlborough NZ Ltd during a period of significant expansion/renewal;
- CFO contributing as a member of the SOLGM Business Performance Working Party. The Business Performance Working Party supports SOLGM's vision by promoting high standards of financial management, performance measurement and management, asset management, and the use of these disciplines as drivers of business transformation. Membership of this Working Party often provides the opportunity to provide input/comment on Government proposals at an early stage and assist in the development of submissions on Bills. Related to this is the CFO's membership of the SOLGM Three Waters Working Party;
- ensuring Council has appropriate procurement and contracting policies and procedures in place. The Assistant Auditor General has recently indicated that this will be an OAG focus area for the next three years;

- responding to the changes generated by upcoming Amendments of the Local Government Act 2002 with the new Government. Every previous amendment of the Act has increased the demands on Finance;
- responding to the proposals raised and changes generated by Government as it attempts to resolve the issues identified in the Havelock Water Inquiry and the Productivity Commission's "Review of Local Government Funding and Financing;
- the possible establishment of a Local Government Risk Management Agency and assessing how MDC can benefit and at what cost; and
- improving staff resilience to adverse events and future Government requirements. While recent recruits have improved the overall position, there is still room for further improvement.

Operating Expenditure by Significant Type

	2019-20	2020-21			2021-22	2022-23
FINANCIAL SERVICES		LTP	change	AP		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Fees						
Legal Fees Recovered Revenue	10	10	-	10	10	10
Refunds (other than rates)	17	17	(1)	17	17	17
Sales	46	34	10	44	45	46
Total external revenue	73	61	9	71	72	74
Personnel costs	1,432	1,549	29	1,578	1,613	1,650
Valuation Roll Maintenance	316	324	(4)	320	327	334
Audit Fees	137	145	(5)	140	143	146
External support	55	79	(24)	55	56	57
Contracts	39	45	(15)	29	30	31
Internal contracts & recharges	40	42	()	41	42	43
Budget Provision	27	33	(1)	32	14	15
Valuations	30	30	6	36	36	37
Audit Expenses - not fees	22	23	5	28	29	29
Legal	27	20	(1)	20	28	20
Bank Charges	22	19	(5)	14	14	15
Other operating costs	96	85	(3)	82	82	84
Total Operating Costs	2,244	2,395	(19)	2,376	2,415	2,462

Explanation of Revenue and Expenditure Variations

No significant variations to explain.