

Annual Report



Role of Annual Report

This Annual Report has been prepared to enable readers to assess the Marlborough District Council's 2020-21 performance against the policies, activities, objectives, performance targets and financial details contained in its 2020-21 Annual Plan.

An Annual Report is required by Section 98 of the Local Government Act 2002. Financial and non-financial information is required to be included for each Activity.

If any member of the public wishes to discuss any aspect of this report, a Council officer will be more than pleased to meet with you. In the first instance please telephone Tessa Dever, Financial Accountant on (03) 520 7400.

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Part 1: Executive Summary

- Mayor's Report
- Elected Council Members as at 30 June 2021
- Key Achievements and Performance Overview
- Financial Overview
- Annual Report Disclosure Statement for Year Ended 30 June 2021

Mayor's Report

It has been another challenging but satisfying year leading your Council. Over the 12 months of this annual report, New Zealand was often at a raised alert level to respond to the threat of the COVID-19 virus. However, Marlborough District Councillors, staff and contractors were focussed on delivering our core business with added vigour this year, in the knowledge that each initiative we progressed and every programme of works that was advanced was making an important contribution to the Marlborough economy - and a tangible difference to our community in difficult times.

Early in the year, great efforts were made to roll up our sleeves and speed up infrastructure investment. In August we announced \$65.8M of contracts had been awarded since New Zealand had moved to Alert Level 1 on 9 June. The Property and Community Facilities Department issued 37 contracts involving 17 local contractors and actioned contract works to the value of \$32M since coming out of that lockdown. Capital funding of three waters infrastructure, solid waste disposal and flood protection amounted to \$30.577M. In addition architects and engineering firms were awarded contracts amounting to \$3.216M, supporting eight local design companies.

The second stage of work by The Economic Action Marlborough (TEAM) group, led by Councillor Mark Peters and funded by Council, made a number of welcome interventions to support our hospitality, retail and tourism sectors adversely affected by the pandemic. They included providing advice and support to local businesses, the Make It Marlborough 'buy local' campaign, employment support programmes for 18-24 year olds and funding for key regional events. TEAM group received a commendation at the 2021 Economic Development New Zealand Awards for its work. The Council also continued its support for first-hour free parking in Blenheim and Picton.

There was support from some unexpected quarters. On 1 July 2020 I warmly welcomed Finance Minister Hon Grant Robertson's announcement of \$11M in 'shovel ready'



infrastructure funding for the new Marlborough District Library and Art Gallery in Blenheim's CBD. It was a shot in the arm for our construction industry and a huge vote of confidence in a long-planned Council redevelopment project. The build has progressed rapidly since then, helping create local jobs and bringing a stunning new landmark to our skyline. Before long it will become Marlborough's leading community meeting place and hub.

Just three weeks later I had the pleasure of welcoming Provincial Growth Fund and shovel ready funding for four other projects - the Marlborough Research Centre, the Picton-to-Kaikōura Whale Trail, flood prevention work on the Wairau River and a Ngāti Kuia initiative to process kākūka. All had been initiated from the ground up by people here in Marlborough. Council has strongly supported The Whale Trail concept since its inception after the Kaikōura earthquake in 2016. We funded a share of the feasibility work and committed \$2M funding in 2018, as well as some on-going operating budget. This year's award of \$18M in Government funding was due reward for the years of quiet effort by the Marlborough Kaikōura Trail Trust.

The Council also benefitted from \$12.5M Government funding allocated towards the Renwick water main upgrade, Blenheim sewer relining and Marlborough Boys' College stormwater main renewal, through a

capital injection from the Government's Three Waters stimulus funding.

Council's own capital expenditure programme continued at pace. Construction of Renwick's new reservoir was completed, marking the end of the first stage in a three-year programme to improve the town's drinking water. Work on the new reinforced concrete reservoir was completed on schedule despite a slight delay due to COVID-19. The new reservoir is three times bigger than the town's previous storage capacity. Renwick's water main replacement was completed.

The project to install water meters in Havelock and Renwick was completed. This project benefitted from strong community support because meters are the fairest way to pay for water. Metering also helps secure future water supplies by encouraging people to conserve water and identify leaks. Renwick's water usage has subsequently reduced by 25 per cent, a great result. Havelock residents also made a real effort to remedy leaks and reduce their water use.

Work to upgrade the sewer network in the north of Blenheim began - the \$13.7M project provides for future residential growth of 700 homes, increases sewer and pump station capacity, and reduces the effects of infiltration and sewer overflow frequency.

In March 2021 construction began on the final stages of Picton's wastewater network upgrade, including an upgrade to its sewer. The Waikawa wharf sewage pump station is being upgraded and a new 870-metre pipe laid in Waikawa Road. A number of the district's public toilets also had a spruce up this year, including one of Marlborough's oldest, in Seymour Square, Blenheim. Other toilets that have been freshened up include Picton High Street, Anakiwa and Havelock.

In November just over \$3.2M of local projects were approved through the Land Subdivision Account, funded by levies charged to developers. Parks, reserves, sportsgrounds and playgrounds all received funding to improve facilities, including new drinking fountains in the Wither Hills Farm Park; the resurfacing of netball, basketball and tennis courts in Blenheim, Havelock, Seddon and

Spring Creek; new lighting on Picton's London Quay and an upgrade to Picton's Memorial Park.

Also, the construction of Lansdowne Park's new Sports Hub progressed quickly over the last 12 months - the multi-code shared space is close to completion and includes a kitchen, function area and changing rooms for netball, rugby union, touch rugby and softball.

Enormous progress was made in improving our understanding of the Marlborough Sounds natural environment. The Council, with LINZ and NIWA, completed seabed mapping of Te Hoiere/Pelorus Sound, Admiralty Bay and Te Aumiti/French Pass. All of Queen Charlotte Sound/Tōtaranui and over half of Pelorus Sound/Te Hoiere has also been mapped, providing valuable information to improve nautical charts, making it safer for the increasing number of vessels using our waters. This powerful data can also help to grow sustainable industries and allow us to initiate environmental restoration projects in the Sounds.

The Council's Catchment Care Programme got boots on the ground through a combination of Council, Government (Jobs for Nature) and landowner funding. Council's contribution of \$1.2M joined with co-funding from the Ministry for Environment (\$1.8M), the Ministry for Primary Industries (\$1.26M), with \$1.3M from landowners. The programme is expected to create 21 jobs and result in significant land management improvements in the Are Are Creek, Linkwater and Te Hoiere/Pelorus river catchments.

Around a thousand homes in Marlborough qualify for funding to make them warmer, drier and healthier. The Warmer Healthier Homes Nelson Tasman Marlborough project aims to help residents to improve their home's insulation and energy efficiency through retrofitting. Council helped fund the scheme and 2020 saw an increase in participation in Marlborough, with 148 homes insulated. Council also made a further 99 advances totalling \$595,289 for home insulation, clean heating solutions and solar power.

The Council adopted a new Dog Control Policy and Dog Control Bylaw 2021. There was significant public interest, with 679 submissions received. The biggest change saw dogs allowed back into the Blenheim CBD. A new reserve management plan for Picton's Victoria Domain Reserves was also adopted, in partnership with Te Ātiawa.

In May Councillors voted to establish a Māori ward for Marlborough in time for the 2022 local elections. The eight Te Tauihu iwi made it clear that they support Māori representation and the Council responded to that. Marlborough's iwi are our partners and it's important their voice is represented at the Council table.

While public satisfaction with the Council has been consistently high in recent years, the satisfaction level recorded this year in the Resident Satisfaction Survey dipped slightly to 68%, from 71% in the previous year. Public sentiment has dipped nationally due to the impacts of COVID-19. However, our satisfaction rating is noticeably higher than the New Zealand council average of 44%. Thirty four out of 45 Marlborough District Council services rated by residents achieved satisfaction of 60 per cent or above, with twelve services achieving 80 per cent satisfaction or higher.

The Council's "robust financial management and relatively low debt" contributed to it retaining its "AA+" long term credit rating by

rating agency S&P Global. Their assessment takes into account the financial position of the Council Group, which includes MDC Holdings Ltd, Port Marlborough NZ Ltd and Marlborough Airport Ltd. In December S&P Global reported: "The COVID-19 economic shock has had only a minor effect on Marlborough's finances, though we expect elevated capital spending to lead to modest after-capital-account deficits during the next few years."

S&P Global have again recognised our strong financial management and governance, good fiscal processes and moderate debt levels.

I'd like to thank my fellow councillors, staff and contractors for their continued efforts this year. Despite the challenging global environment, Marlborough District Council has made solid progress in delivering its services to our residents and ratepayers, and supporting the Marlborough economy wherever practically possible.

*'Haere, kakea te are poka hou'
'Go and ascend the newly trodden path'*



John Leggett
Mayor of Marlborough



Elected Council Members



Mayor John Leggett



Deputy Mayor Nadine Taylor
WARD: MARLBOROUGH SOUNDS



Councillor Gerald Hope
WARD: WAIRAU-AWATERE



Councillor Jamie Arbuckle
WARD: BLENHEIM



Councillor Brian Dawson
WARD: BLENHEIM



Councillor Jenny Andrews
WARD: BLENHEIM



Councillor Barbara Faulls
WARD: MARLBOROUGH SOUNDS



Councillor Mark Peters
WARD: BLENHEIM



Councillor David Oddie
WARD: MARLBOROUGH SOUNDS



Councillor Thelma Sowman
WARD: BLENHEIM



Councillor David Croad
WARD: BLENHEIM



Councillor Michael Fitzpatrick
WARD: BLENHEIM



Councillor Francis Maher
WARD: WAIRAU-AWATERE



Councillor Cynthia Brooks
WARD: WAIRAU-AWATERE

Key Achievements and Performance Overview

This section summarises:

- achievement against service performance and budgetary targets, for Council overall and for each Activity Group; and
- the significant achievements for each Activity Group over the year.

More information about service performance variances can be found in the Level of Service tables in Part 2 of this document.

The variances to budget are calculated using Note 2 Activity Expenditure figures (page 134). A more detailed explanation of the variances can be found below each Activity FIS tables in Part 2 of this document.

Despite the impacts of COVID-19, which are detailed more fully in note 1 of the Financial Statements, Council has achieved a significant number of its achievement targets and record levels of capital expenditure.

Council Overall

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 140 On track (100%) </div> <div style="text-align: center;"> 45 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 26 Not achieved (< 80%) </div> </div>	Not achieved
<p>Overall we achieved 140 (66%) of the 211 key performance indicators (KPI's) which indicate achievement of our performance targets.</p> <p>In addition 45 KPI's were almost (i.e. at least 80%) achieved.</p>	<p>The overall Activity spending was 12.7% (or \$14.5 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> • increased Biosecurity contract costs in relation to the National Wilding Conifer Control programme which is funded by the Ministry for the Environment; • unbudgeted costs for the Catchment Care programme which is funded by the Ministry for the Environment; • COVID-19 response and community support; • higher than budgeted road maintenance costs; and • higher landfill aftercare provision due to an increase in the estimated aftercare costs.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

People

Activities in this Group

- Democratic Process
- Culture and Heritage (including support for arts and museums)
- Housing for Seniors
- Community Support (including events management, energy efficiency, passenger transport and total mobility, smart and connected communities and community safety)
- Library Services
- Emergency Management

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 18 On track (100%) </div> <div style="text-align: center;"> 16 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 4 Not achieved (< 80%) </div> </div>	Almost achieved
<p>We achieved 18 and almost achieved 16 of the 38 KPI's we set for this year.</p>	<p>The overall Activity spending was 9.3% (or \$1.2 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> • consultancy costs for planning of the utilisation of space in the new library; and • COVID-19 response and community support.

Achievements

- Provided operating grants to key Art and Heritage organisations in Marlborough.
- Continued to upgrade all Senior Housing units to meet the New Zealand Healthy Homes legislation, including significant cladding repairs and painting completed at four housing complexes; Cleghorn Street, Wellington/Broadway, George Street and High Street, Renwick, and a full roof replacement for the 11 unit complex at 91 George Street.
- Successfully held Senior Expo in March 2021.
- Continued to deliver community based events including: the summer concert series, Blenheim Christmas parade, two senior citizens concerts, Christmas festival, children's theatre and the New Year celebrations.
- Completed the Renwick Village Green and the Motuweka Community Pathway in Havelock.
- Made significant progress in constructing the new District Library and Art Gallery facility project, with steel work installation commenced in early June 2021.
- Introduced 3D printing and borrowable Tech Kits services into both Picton and Blenheim Library.
- Started on community emergency planning, running community workshops in Havelock and in the Rai Valley, as a first step in developing community plans.
- 768 news stories were published in local newspapers and on the Council website
- A new weekly e-newsletter - Marlborough Matters - was launched during the 2020 lockdown, and has 820 subscribers
- A further 99 advances totalling \$595,289 were made for home insulation, solar water heating, clean heating solutions and solar power.
- The Total Mobility scheme funded 23,740 trips (18,962 in 2019-20), including 3,312 trips by wheelchair users.

Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Community Facilities

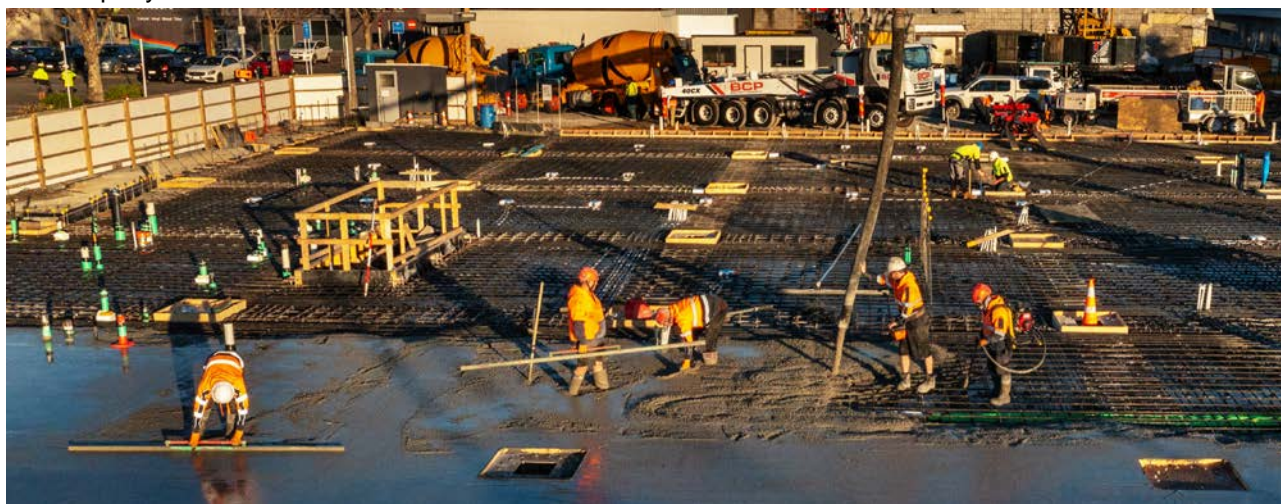
Activities in this Group

This Activity Group comprises a single Activity: Community Facilities.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 9 On track (100%) </div> <div style="text-align: center;"> 5 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 0 Not achieved (< 80%) </div> </div> <p>We achieved 9 and almost achieved 5 of the 14 KPI's we set for this year.</p>	<div style="background-color: green; color: white; padding: 5px; font-weight: bold;">Achieved</div> <p>The overall Activity spending was 6.2% (or \$0.9 million) below budget. This is mostly due to grants allocated to a significant project not being distributed.</p>

Achievements

- Developed bare land bordering the Taylor River into the Dalton Reserve.
- Completed earthquake repairs in Awatere Memorial Hall and Ward Town Hall.
- Installed new toilets, and completed carpark development in Grovetown Lagoon.
- Completed widening of pathways on the south side from Beaver Rd footbridge to Stuart St and on the north side from Beaver Rd footbridge to Henry St footbridge.
- Installed new toilets in Seymour Square, Torea Bay/ Te Mahia/Hodder Bridge Layby, Picton High Street, Havelock and Anakiwa.
- Completed construction of bridges at Wairau Lagoons (Kotuku Bridge) and Essons Valley (Humphries and Barnes bridges).
- Completed Mills St Reserve community project to tidy up underpass in Seddon.
- Completed the new 28th Maori Battalion D Company War Memorial Pou whenua.
- Completed Sports Facilities Plan, Victoria Domain Reserve Management Plan, Top of the South Sports Facilities Plan and Responsible Camping Bylaw.
- Completed installation of new playing surface on the main field, replaced poles and two western fields training lights and made significant progress on the Sports Hub building at Lansdowne Park.
- Completed a new junior playground in Renwick Village Green, and installed new shade sails over play equipment in Renwick Domain.
- Upgraded Pollard Park playground area landscaping with new picnic tables, seats and lawn etc.
- Widened pathways on the south side from Beaver Rd footbridge to Stuart Street, and completed the north side from Beaver Rd footbridge to Henry St footbridge in the Taylor River Reserve.
- Upgraded existing mountain bike tracks in the Wither Hills Farm Park.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Roads and Footpaths

Activities in this Group

This Activity Group comprises a single Activity: Roads and Footpaths.

Performance targets	Budget
<p> 10 4 1 On track (100%) Almost achieved (≥ 80%) Not achieved (< 80%) </p>	Not achieved
<p>We achieved 10 and almost achieved 4 of the 15 KPI's we set for this year.</p>	<p>The overall Activity spending was 17.5% (or \$3.9 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> • higher than budgeted road maintenance costs; • higher than budgeted costs for the Network Operations Contract; and • undergrounding of the powerlines at the Battys Road roundabout. <p>This expenditure is 51% funded by NZTA.</p>

Achievements

- Completed the replacement of Bishell Bridge on Hawkesbury Road and Church Lane Bridge in Wairau Valley.
- Completed safety improvements and traction seal at Anakiwa.
- Completed drainage and safety works on Waikawa Road adjacent to Waikawa School.
- Completed 64.3 lane kilometres of chip sealing.
- Undertook \$16.4 million of maintenance and renewal works.
- Spread 18,000 cubic metres of gravel on the unsealed network.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Flood Protection and Control Works

Activities in this Group

This Activity Group comprises a single Activity: Flood Protection and Control Works.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 11 On track (100%) </div> <div style="text-align: center;"> 1 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 1 Not achieved (< 80%) </div> </div>	Not achieved
<p>We achieved 11 and almost achieved 1 of the 13 KPI's we set for this year.</p>	<p>The overall Activity spending was 10.6% (or \$0.6 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> repairs on Wairau River stopbank at Condors Bend and Giffords Road; higher than anticipated environmental maintenance; and investigation works at Pukaka Quarry which were higher than anticipated.

Achievements

- Completed \$1.65m worth of repairs required following the series of smaller flood events in December 2019 that significantly exacerbated erosion damage at a number of sites in the State Highway 1 to Waihopai River confluence reach, which proved hugely beneficial in the 17 July 2021 Wairau River flood event.
- Completed various capital upgrades including: 600m of channel/berm upgrade on the lower Tuamarina River, the first 160m stage of the Town Branch Drain upgrade downstream of Easthaven Place, construction of the three new strong head groynes as part of the SVIS/Upper Condors edge protection upgrades and reconstruction of 70m of Taylor River stopbank at Nelson Street.
- Investigated a new hydraulic model for the Doctors Creek/Taylor River/Lower Ōpaoa floodway system, and modelled the lower Waitohi River/Kent Street catchments in Picton.
- Completed negotiations for the purchase of an additional 5ha of land for the Pukaka quarry extension, which should extend the life of the quarry by another 40 to 50 years.
- Completed a full annual asset maintenance programme across the full watercourse and drainage network managed by Council.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Sewerage Including Treatment and Disposal

Activities in this Group

This Activity Group comprises a single Activity: Sewerage including treatment and control.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 4 On track (100%) </div> <div style="text-align: center;"> 1 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 2 Not achieved (< 80%) </div> </div>	Achieved
We achieved 4 and almost achieved 1 of the 7 KPI's we set for this year.	The overall Activity spending was 1.7% (or \$0.2 million) above budget. This is mostly due to: <ul style="list-style-type: none"> higher than anticipated treatment costs; and higher than budgeted depreciation.

Achievements

- Commenced the Blenheim Sewer Upgrade project including the upgrade of the McLauchlan Street pump station and the construction of a new treatment and overflow facility in Bomford Street due to be completed in early 2022.
- Continued effort on sewer mains assessment and rehabilitation.
- A new treatment plant in Havelock is planned and an appropriate site is being investigated.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Stormwater Drainage

Activities in this Group

This Activity Group comprises a single Activity: Stormwater.

Performance targets	Budget
<p>5 1 0</p> <p>On track (100%) Almost achieved (≥ 80%) Not achieved (< 80%)</p>	Not achieved
We achieved 5 and almost achieved 1 of the 6 KPI's we set for this year.	The overall Activity spending was 27.6% (or \$0.5 million) above budget. This is mostly due to various costs associated with the Stormwater Management Area Plan for Springlands which were not budgeted.

Achievements

- Adopted the Stormwater Management Area Plan (SMAP) for Springlands as part of the Blenheim Stormwater Management Strategy.
- Made progress in the second stage of the Town Branch Drain upgrade with the new link between the Muller Road trunk stormwater main under construction.
- On-going investigation and design for the upgrade and renewal of stormwater pipe and drains in Hampden.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Water Supply

Activities in this Group

This activity group comprises a single activity: Water Supply.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 26 On track (100%) </div> <div style="text-align: center;"> 2 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 10 Not achieved (< 80%) </div> </div>	Almost achieved
<p>We achieved 26 and almost achieved 2 of the 38 KPI's we set for this year.</p>	<p>The overall Activity spending was 6.4% (or \$0.6 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> • higher than anticipated connection, toby and mains maintenance; • higher than anticipated treatment costs due to higher chemical prices; and • higher depreciation than budgeted.

Achievements

- Completed AC water main replacements in Renwick.
- Replaced water mains on Muller Road as part of the Town Branch Drain Stormwater Upgrade.
- Completed the extension of water networks for subdivisions in Boulevard Park on Taylor and Rose Manor.
- Successfully installed Water Meters across Renwick and Havelock.
- Laid pipeline connection of bores in Conders Bend Road and the site of the new Renwick Water Treatment Plant.
- Continued investigations into additional sources of supply for Havelock.
- Installed a bore for the Riverlands Industrial Estates as part of the new water Treatment Plant project to meet the Drinking Water Standards for NZ.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Solid Waste Management

Activities in this Group

This Activity Group comprises a single Activity: Solid Waste Management.

Performance targets	Budget
<p> 5 On track (100%) 1 Almost achieved (≥ 80%) 3 Not achieved (< 80%) </p> <p>We achieved 5 and almost achieved 1 of the 9 KPI's we set for this year.</p>	<p style="background-color: red; color: white; padding: 5px;">Not achieved</p> <p>The overall Activity spending was 31.2% (or \$3.5 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> • higher than expected surrender of ETS carbon credits; • increased contract costs and levy payments due to higher waste tonnage; and • higher landfill aftercare provision due to an increase in the estimated aftercare costs.

Achievements

- Participated in the WasteMINZ Product Stewardship Working Group.
- Commenced the repurposing of unwanted household goods project.
- Adopted the Waste Management and Minimisation Plan 2021-27.
- Constructed stage 8 at Bluegums Landfill.
- Trialled community clean ups in the Marlborough Sounds.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Environmental Management

Activities in this Group

- Environmental Policy
- Environmental Science and Monitoring
- Resource Consents
- Environmental Protection

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 18 On track (100%) </div> <div style="text-align: center;"> 2 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 0 Not achieved (< 80%) </div> </div> <p>We achieved 18 and almost achieved 2 of the 20 KPI's we set for this year.</p>	<div style="background-color: #ffc107; padding: 5px;">Almost achieved</div> <p>The overall Activity spending was 9.4% (or \$1.0 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> • unbudgeted costs for the Catchment Care programme which is funded by the Ministry for the Environment; and • higher than expected consultancy for consents requiring specific external expertise.

Achievements

- Involved in processing the 51 notices of appeal for The Proposed Marlborough Environment Plan (PMEP).
- Continued considering the operative marine farming provisions review recommendations in the 2020-21 year as a basis for preparing a Variation to the PMEP.
- Released State of the Environment Reports for the following domains: Fresh Water (Surface), Recreational Bathing Water, Air Quality, Soil Quality, Biodiversity, Ground Water Quality.
- Extended monthly water quality monitoring to a further seven river sites and 10 coastal beaches.
- Continued The Te Hoiere Restoration project in the Rai, Pelorus and Kaituna catchments. Substantial progress has been made including the development of an Integrated Catchment Enhancement Plan supported by extensive community consultation process.
- Received 928 applications for resource consent and issued 1,084 decisions.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Regulatory

Activities in this Group

- Biosecurity (Pest Management)
- Building Control
- Environmental Health
- Animal Control
- Harbours

Performance targets	Budget
<p> 30 7 3 On track (100%) Almost achieved (≥ 80%) Not achieved (< 80%) </p>	Not achieved
<p>We achieved 30 and almost achieved 7 of the 40 KPI's we set for this year.</p>	<p>The overall Activity spending was 49.8% (or \$4.4 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> • increased Biosecurity contract costs in relation to the National Wilding Conifer Control programme which is funded by the Ministry for the Environment; and • contract costs for Building Consents processed externally to ensure statutory deadlines are met.

Achievements

- Successfully delivered a number of RPMP programmes including saffron thistle, moth plant, purple loosestrife and tall wheat grass aimed at managing high threat pest plants.
- Implemented Mediterranean fanworm programme as Council's operational response to new marine pest threats.
- Continued to increase time and resource into keeping Chilean needle grass under intensive management.
- Started the Wilding Conifer Control Programme in the Waihopai.
- Registered 10,639 active dogs.
- Undertook the Dog Control Policy and Dog Control Bylaw review, with new policy and bylaw adopted by full council on 24 June 2021 and come into effect on 1 August 2021.
- Undertook a microchipping campaign to increase compliance with the microchipping requirements.
- Established a Pounds Hounds Facebook page to advertise any lost dogs and found dogs.
- Continued to embed the revised Harbour Safety Management System and Harbour Safety Plan into daily operations.
- Launched and completed phase 2 of a digital Harbour Incident Management System build intended to develop the exiting platform beyond minimum viable product status.
- Continued to progress a collaborative risk review of shipping risk in Tory Channel.
- Reviewed options to improve navigation safety and environmental outcomes associated with mooring activity in Marlborough Sounds.
- Issued 1,467 Building Consents, undertook 5,161 inspections and issued 1,385 Code of Compliance Certificates.



Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Regional Development

Activities in this Group

This Activity Group comprises a single Activity: Regional Development.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 4 On track (100%) </div> <div style="text-align: center;"> 5 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 2 Not achieved (< 80%) </div> </div>	Achieved
<p>We achieved 4 and almost achieved 5 of the 11 KPI's we set for this year.</p>	<p>The overall Activity spending was 5.5% (or \$0.4 million) below budget. This is mostly due to:</p> <ul style="list-style-type: none"> • lower than budgeted Southern Valley's irrigation pump station costs; • commercial event grants allocated but not yet distributed; and • lower than budgeted finance costs due to delays in the Flaxbourne Irrigation Scheme capital programme.

Achievements

- Encouraged Marlburians to purchase, procure and support local businesses via “Make it Marlborough” “Brilliant Backyard” “Local invitation” campaigns.
- Delivered over six months of training and capability building workshops as part of the industry capability programme with over 200 operators attending.
- Developed a Regional Events Strategy and commenced the development of an Economic Wellbeing Strategy.
- Screen Marlborough completed four film permits to enable filming activity, organised three talent development workshops, responded to three international film enquiries and continued development of promotional material for the screen office.
- Further major campus development to complete ‘Te Pokapū Wāina o Aotearoa –

the NZ Wine Centre’ has got underway. MRC secured Provincial Growth Funds (PGF) of \$3.79 million with a similar amount to be funded by MRC, including a contribution and provision of financial guarantee from Council.

- Completed several Small Townships projects including Motuweka pathway and Canvastown playground.
- Established the TEAM COVID-19 recovery group, which led Marlborough’s economic response to the pandemic including a funding of 29 projects.
- Continued the development of the Flaxbourne Irrigation Scheme.
- Completed the installation of Pay by Plate for all areas except the car park building.
- Provided one hour free parking to assist the retail and service communities.



EDNZ TEAM Project presentation
(photo supplied by Economic Development New Zealand)



Sister-City Award presentation
(photo supplied by Simon Hoyle, Southlight for Sister Cities NZ)

Budget key, operating expenditure		
Achieved	Almost achieved	Not achieved
Up to 20% below and 5% above budget	Within 20%-40% below and within 5%-10% above budget	More than 40% below or 10% above budget

Financial Overview

This section gives an overview of Council’s financial results identifying the main revenue sources, operating expenditure and capital expenditure and compares actual results to the budget contained in the 2020-21 Annual Plan (pages 97 – 116). For a more comprehensive set of explanations refer to “Part 3: Financial Statements” note 31 – Variances explanations.

In contrast, due to legislative requirements, the comments made below each Funding Impact Statement (FIS) in “Part 2: Our Business” compares actual results to the budget contained in the 2018-28 Long Term Plan (LTP) for 2020-21 (pages 236-263). Although not a requirement we have added the 2020-21 Annual Plan budget to the FIS tables for completeness.

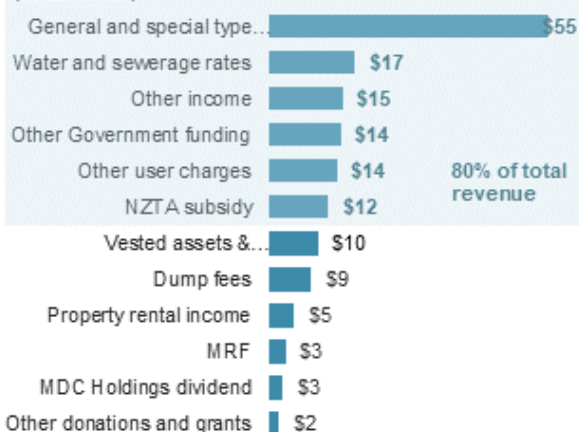
Revenue Sources

While general and special type and water and sewerage rates make up 46% of Council’s income, each Activity has its own mix of income sources.

Budgeted revenue was \$126.1 million and actual \$158.4 million – an extra \$32.3 million. The top two contributors to this increase are:

- government funding unbudgeted from Central Government for Three Waters and Shovel Ready Projects (\$12.3 million), Wilding Conifer Control program (\$4.1 million) and in excess of budget Waka Kotahi roading subsidies (\$2.3 million);
- fair value movement for Councils interest rate swaps (\$3.9 million);
- the value of vested assets (\$2.8 million) and contributions (\$6.4 million) due to current high level of subdivision activity in Marlborough

Revenue sources (in millions)



Operating Expenditure

Operational expenditure is the cost of providing the level of service in a given year and includes finance costs and depreciation and amortisation on assets. Depreciation is the measure of consumption of an asset over its lifetime. Those who benefit from the use of an asset should contribute towards its cost/consumption.

Council’s operating expenditure relates predominantly to Council’s Activities. Non-activity related expenses include items such as Marlborough Regional Forestry expenditure and fair value movement in swaps.

Budgeted operating expenditure was \$120.3 million and actual \$137.9 million – \$17.6 million higher. The top contributors to this increase are:

- roading network expenditure including increased maintenance work to catch up from prior year and higher costs for the new Network Operations Contract;
- expenditure for the National Wilding Conifer Control programme (\$4.4 million) and Container Return Scheme (\$0.5 million) both off-set by government contribution.

Expenditure by Activity Group (in millions)



Council Surplus

Overall, Council continues in very good financial health as evidenced by the “AA+” long term credit rating provided by S&P Global Ratings that enables access to lower cost of finance. The assessment takes into account the financial position of the Council Group, which includes MDC Holdings Ltd, Port Marlborough NZ Ltd and Marlborough Airport Ltd.

It's essential that Council has an accounting surplus to enable the funding of capital expenditure in the district and comply with legislative and government determined funding conditions.

However, Council's \$20.4 million surplus does not represent an *operating surplus* as it is determined in accordance with accounting conventions and includes revenue that can only be used for capital expenditure, vested asset transfers and non-cash revaluations

For the year ended 30 June	note:	Council	
		2021 Actual \$000s	2021 Budget \$000s
REVENUE			
Rates, excluding targeted water rates		69,719	69,483
Targeted rates for water supply		2,866	2,531
Subsidies and grants		26,199	10,349
Development and financial contributions		6,402	3,572
Gains		236	4,884
Interest revenue		4,567	1,720
Other revenue		48,476	33,575
Total revenue		158,465	126,114
EXPENDITURE			
Personnel costs		24,577	24,657
Finance costs		2,371	3,876
Depreciation		28,118	27,967
Other expenses		82,918	63,801
Total Operating Expenditure		137,984	120,301
Surplus before tax		20,481	5,813

The surplus includes:

- Development and financial contributions (\$6.4 million) and government subsidies and grants (\$17.4 million) which are legally required to fund specific capital as compared to operating items;
- non-cash values like vested assets (\$2.8 million) and revaluation gains (\$4.1 million):
 - vested assets, under Other revenue, are typically the value of infrastructure (roads, water, sewerage, stormwater etc) that are transferred to Council following a subdivision. Council in turn maintains and replaces these assets; and
 - revaluations, under Gains, include mainly the revaluation of Council's interest rate swaps (\$3.9 million) which relies on the interest rate; and
- Dividends received from MDC Holding Ltd (\$2.9 million), under Other revenue, which are used to fund Reserves. Council's Reserves have been largely allocated to designated projects.

Capital Spending

Capital spending buys assets to meet demand, improve or replace the service to ratepayers. Major projects are highlighted on the "Key Achievements and Performance Overview" in Part 1 of the Annual Report whilst the FIS in Part 2

provides a breakdown of the revenue sources and the application of capital funding for each Council Activity.

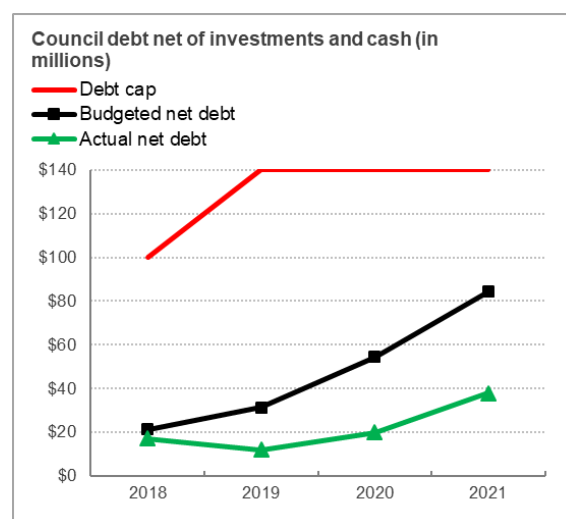
Projects with a value of \$66.5 million were planned together with a further \$37.1 million of projects continuing from the previous year, a total of \$103.6 million. Actual spending was \$74.8 million a record year by approximately \$10 million.

The primary reasons capital expenditure was below budget were:

- delayed Flaxbourne irrigation scheme. The Resource Consent for the project was lodged on 28 August 2020 and is not yet granted;
- delays in wastewater projects including pipeline and pump station upgrades for growth, the Havelock treatment plant, stage 4 of the Picton sewerage upgrade and the pipeline renewals for earthquake damaged pipe;
- the delays in the construction of Lansdowne Park sports hub which is expected to be completed in 2021;
- delays in flood protection work including stopbank upgrades, rock protection and land purchases; and
- delays in Roads and Footpaths including small township upgrades, minor improvements and the North West development zone.

Net Debt Levels

Council has set a "net debt cap" of \$140 million in its 2018-28 LTP. This amount represents the maximum debt deemed prudent by Council. As can be seen from the following graph Council is well below this "cap".



Council's Treasury Management Policy also established the following financial ratios to ensure Council's debt levels are reasonable:

		Policy limit	Actual	Compliance
Local Government Funding Agency Covenants	Net debt as a % of Total Revenue	< 250%	26.2%	yes
	Net Interest as a % of Total Revenue	< 20%	1.2%	yes
	Net Interest as a % of Rates Revenue	< 30%	2.3%	yes
	Liquidity	> 110%	158.1%	yes

Council's results are well within the parameters set in the Treasury Management Policy.

It should also be noted Debt also only forms a very small proportion of Council's total assets which have a value of over \$1.9 billion.



Annual Report Disclosure Statement for Year Ended 30 June 2021

What is the Purpose of this Statement?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing revenues, expenses, assets, liabilities and general financial dealings.

Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information including definitions of some of the terms used in this statement.

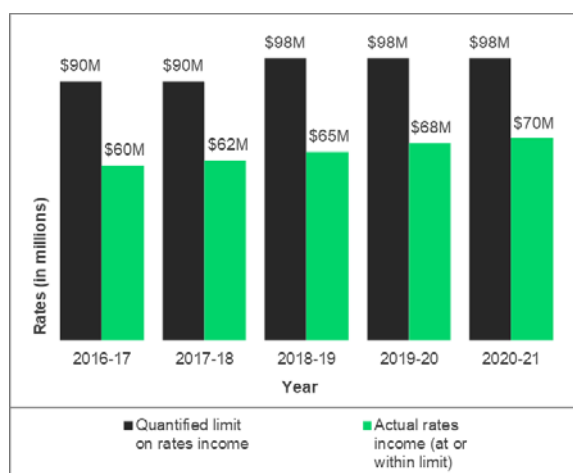
Rates Affordability Benchmark

Council meets the rates affordability benchmark if:

- its actual rates income equal or is less than each quantified limit on rates; and -
- its actual rates increases are equal to or less than each quantified limit on rates increases;

Rates Income Benchmark

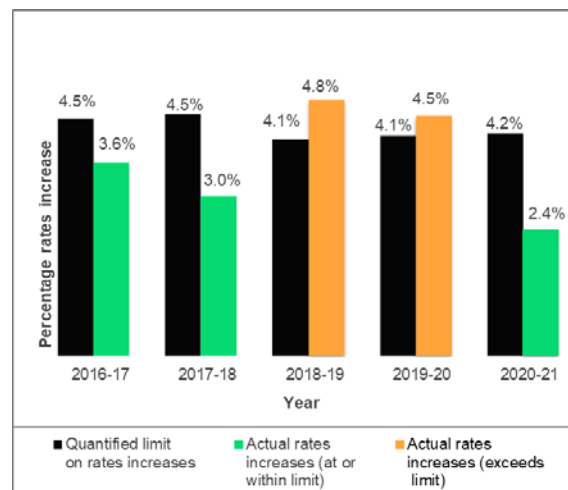
The following graph compares Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2020 is \$97.5 million.



Rates Increases Benchmark

The following graph compares Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy included in Council's Long Term Plan. The quantified limit is that rate increases will not exceed the Local Government Cost Index plus

2%. In 2020-21 Council is under the benchmark due to the decision to keep the rates increase low in response to COVID-19.



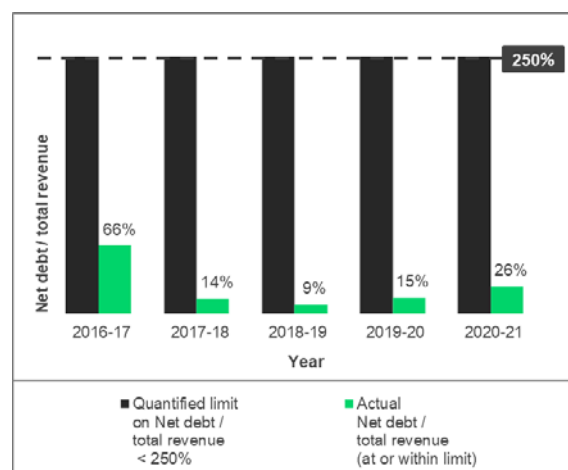
Debt Affordability Benchmark

Council meets the rates affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

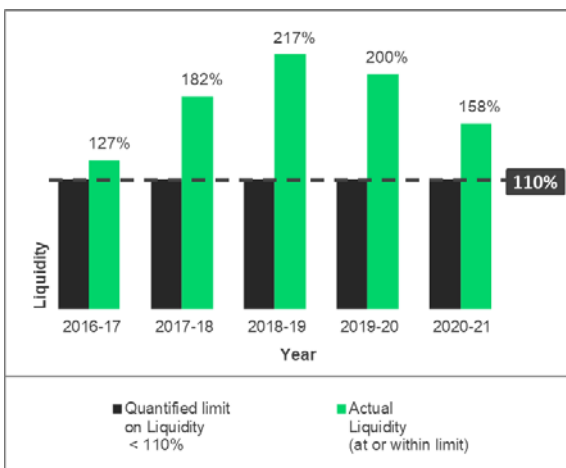
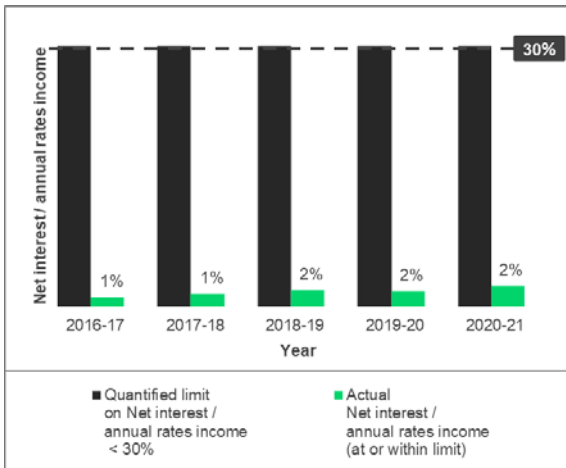
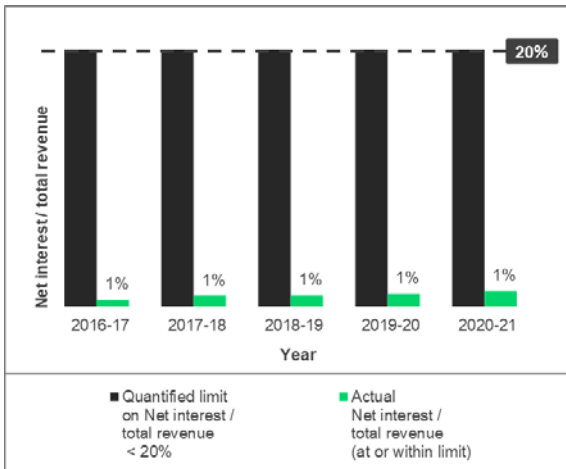
The following graphs compare Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan. The quantified limits are:

- net debt as a proportion of total revenue up to a maximum of 250%;
- net interest as a proportion of total revenue up to a maximum of 20%
- net interest as a proportion of annual rates income up to a maximum of 30%; and
- liquidity of at least 110%.

Council has met all of its Debt Affordability Benchmarks.



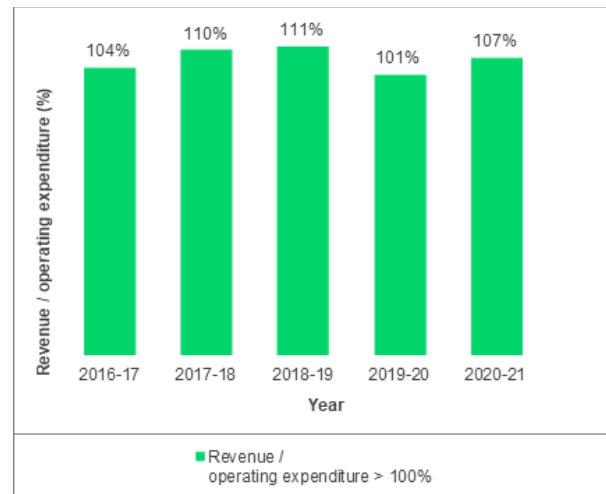
Note: Net debt is defined as a total consolidated debt less liquid financial assets and investments; Total revenue excludes development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment.



Note: Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

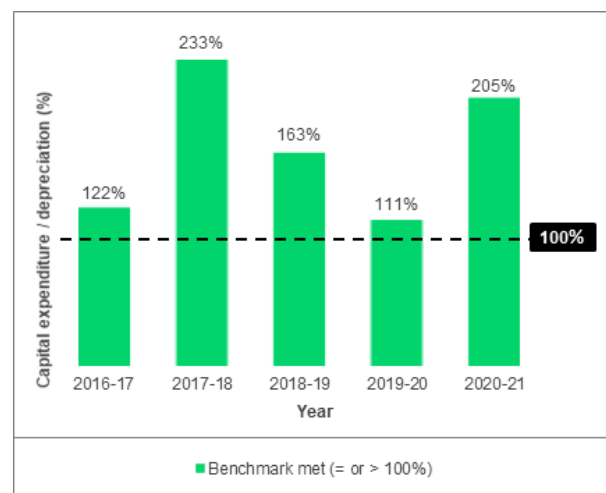
Balance Budget Benchmark

The following graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivatives financial instruments and revaluations of property, plant or equipment). Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential Services Benchmark

The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.

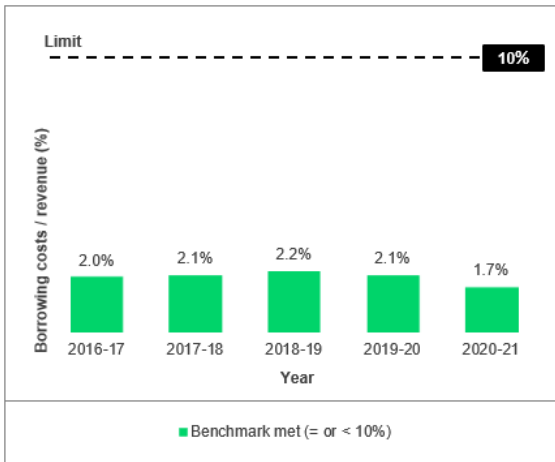


Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Debt Servicing Benchmark

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions,

vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment). Because Statistics New Zealand projects Council's population will grow more slowly than the national population growth, it meets the debt servicing benchmark if its borrowing costs are equal or less than 10% of its revenue.

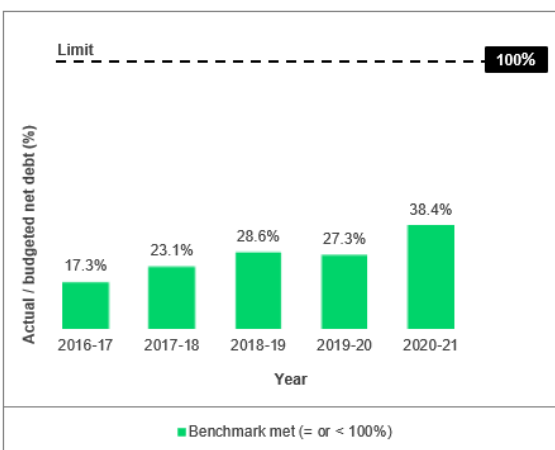


Debt Control Benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

The benchmark shows as negative when the actual is a net asset not a net debt.

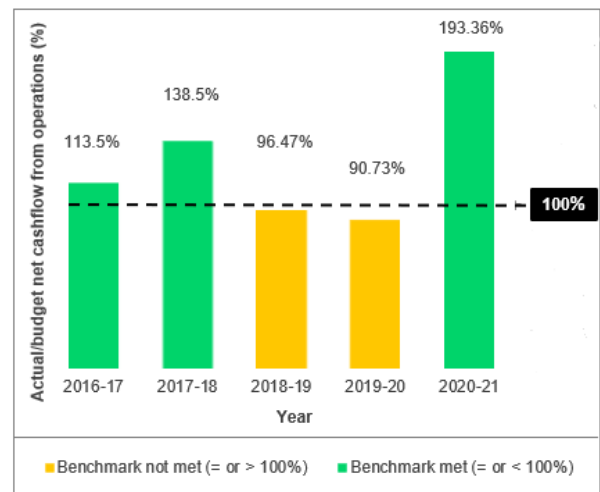


Operations Control Benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

In 2018-19 the cashflow from operating activities was below budgeted because the Queen Street building was accounted as inventory and an operating cash outflow in actual while in Budget it was recognised under cashflows from investing activities. The Queen Street building was held in inventory for most of 2019-20, however, due to market uncertainties Council decided to keep the property and at the end of the financial year it was reclassified as investment property. In 2019-20 the main contributors to the underperformance against budget were unbudgeted contracts for the National Wilding Conifer Control programme and river maintenance, higher than budgeted MRF expenses and library preliminary design costs which were budgeted as part of the capital development costs but under Financial Reporting requirements were recognised as an operating cost in actuals.



Part 2: Our Business

- Introduction
- Resident Satisfaction Survey
- Activity Groups
 - People
 - Community Facilities
 - Roads and Footpaths
 - Flood Protection and Control Works
 - Sewerage Including Treatment and Disposal
 - Stormwater Drainage
 - Water Supply
 - Solid Waste Management
 - Environment Management
 - Regulatory
 - Regional Development

Introduction

The Local Government Act states the purpose of local government is:

- (a) to enable democratic local decision-making and action, by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental and cultural well-being of communities in the present and for the future.

In this Annual Report, Council has structured its activities into 11 Activity Groups:

- People.
- Community Facilities.
- The Provision of Roads and Footpaths.
- Flood Protection and Control Works.
- Sewerage Including Treatment and Disposal.
- Stormwater Drainage.
- Water Supply.
- Solid Waste Management.
- Environmental Management.
- Regulatory.
- Regional Development.

The 2018-28 Long Term Plan sets out how these activities meet the following Community Outcomes:

Governance

- Marlborough has a strong community that is passionate about participating, connecting with and helping shape our future. Our Council listens to its communities and strives for best practice governance to support their aspirations. We value our strong partnership with tangata whenua iwi.

Environment

- Marlborough's communities are the guardians of our unique place. Our landscape, water, air, natural features and biodiversity are managed, protected, enhanced and valued as the cornerstone to our quality of life.

People

- Marlborough's communities value our special way of life. We are diverse, inclusive, welcoming and enjoy opportunities to connect, live, learn, work and play in this vibrant place.

Economy

- Marlborough's economy supports the aspirations of our community. It is underpinned by strategic, thoughtful and sustainable use of resources which provides opportunities for business innovation and quality employment.

Connectivity

- Marlborough's central location and transport network, enhanced by our digital resources, enables our communities and visitors to access a wide range of recreational, cultural and economic activities locally, nationally and globally.

Living

- Marlborough's enviable community facilities, infrastructure, landscapes and climate enables our community to thrive. Life in Marlborough is safe and healthy.

Resident Satisfaction Survey

The resident satisfaction survey was completed in June 2021. Independent researchers ask residents to rate a range of Council services. The results help us measure our performance through targets set in the Long Term Plan and reported in this Annual Report.

Resident satisfaction is an important indicator for measuring the public's perception of Council services. This survey data provides a snapshot of our performance, how satisfaction with one service compares to another, and over time demonstrates a longer term trend of how a service is performing, from the perspective of Marlborough's residents.









































While overall satisfaction with Marlborough District Council has remained consistently high in recent years, the satisfaction level this year decreased slightly to 68% from 71% in 2020. However, Marlborough District Council's satisfaction rating is noticeably higher than the New Zealand average of 44% (which fell from 59% in 2020).

Thirty four out of 45 (76%) Council services rated by residents achieved satisfaction of 60% or above, with twelve services achieving 80% satisfaction or higher.

Many Marlborough District Council service scores are higher than New Zealand council benchmarks, with some significantly higher. Parks and open spaces, emergency management, drinking water, sewerage and community facilities all scored highly.

The impact of COVID-19 and lockdown restrictions is likely to have had a continued effect on public sentiment this year.

SATISFACTION AT A GLANCE

 Swimming pools	 Parks & reserves	 Sports grounds	 Cemeteries	 Civil Defence	 Public libraries	 Paths & tracks	 Harbours
MDC 2021: 90% / 7.8	MDC 2021: 89% / 7.7	MDC 2021: 88% / 7.4	MDC 2021: 88% / 7.5	MDC 2021: 87% / 7.5	MDC 2021: 85% / 7.5	MDC 2021: 84% / 7.4	MDC 2021: 82% / 7.0
MDC 2020: 86% / 7.6	MDC 2020: 88% / 7.7	MDC 2020: 87% / 7.5	MDC 2020: 86% / 7.6	MDC 2020: 84% / 7.6	MDC 2020: 83% / 7.6	MDC 2020: 81% / 7.4	MDC 2020: 82% / 7.2
NZB 2021: 64% / 6.5	NZB 2021: 76% / 7.0	NZB 2021: 76% / 7.0	NZB 2021: 74% / 7.0	NZB 2021: n/a	NZB 2021: 80% / 7.5	NZB 2021: 60% / 6.0	NZB 2021: n/a
 Sewerage	 Drinking water	 Community halls	 Animal control	 Street lighting	 Public toilets	 Flood protection	 Health & Foods Act
MDC 2021: 81% / 7.2	MDC 2021: 81% / 7.4	MDC 2021: 80% / 6.9	MDC 2021: 76% / 6.6	MDC 2021: 76% / 6.8	MDC 2021: 75% / 6.8	MDC 2021: 75% / 6.7	MDC 2021: 74% / 6.6
MDC 2020: 79% / 7.2	MDC 2020: 83% / 7.5	MDC 2020: 75% / 6.8	MDC 2020: 75% / 6.9	MDC 2020: 74% / 6.7	MDC 2020: 76% / 6.8	MDC 2020: 76% / 6.9	MDC 2020: 74% / 6.7
NZB 2021: 67% / 6.5	NZB 2021: 64% / 6.3	NZB 2021: n/a	NZB 2021: 61% / 6.0	NZB 2021: 68% / 6.5	NZB 2021: 56% / 5.8	NZB 2021: n/a	NZB 2021: n/a
 Resource Recovery	 Culture & heritage	 Community safety	 Waste management*	 Community support*	 Communication	 Tourism	 Sale & Supply of Alcohol Act
MDC 2021: 74% / 6.7	MDC 2021: 73% / 6.5	MDC 2021: 73% / 6.7	MDC 2021: 71% / 6.5	MDC 2021: 70% / 6.4	MDC 2021: 70% / 6.3	MDC 2021: 70% / 6.3	MDC 2021: 69% / 6.5
MDC 2020: 80% / 7.2	MDC 2020: 70% / 6.5	MDC 2020: 72% / 6.7	MDC 2020: 73% / 6.9	MDC 2020: 67% / 6.5	MDC 2020: 68% / 6.5	MDC 2020: 68% / 6.4	MDC 2020: 69% / 6.6
NZB 2021: 51% / 5.7	NZB 2021: n/a	NZB 2021: n/a	NZB 2021: 50% / 5.5	NZB 2021: n/a	NZB 2021: 39% / 4.5	NZB 2021: n/a	NZB 2021: n/a
 Biosecurity*	 Storm water	 Democratic process	 Irrigation of the Southern Valleys	 Car parking	 Footpaths	 Economic development	 Environmental policy & monitoring*
MDC 2021: 69% / 6.4	MDC 2021: 67% / 6.3	MDC 2021: 66% / 6.0	MDC 2021: 61% / 6.3	MDC 2021: 61% / 6.0	MDC 2021: 58% / 5.8	MDC 2021: 55% / 5.7	MDC 2021: 54% / 5.6
MDC 2020: 69% / 6.5	MDC 2020: 72% / 6.5	MDC 2020: 55% / 5.8	MDC 2020: 65% / 6.2	MDC 2020: 60% / 6.0	MDC 2020: 58% / 5.8	MDC 2020: 55% / 5.7	MDC 2020: 55% / 5.8
NZB 2021: n/a	NZB 2021: 52% / 5.3	NZB 2021: n/a	NZB 2021: n/a	NZB 2021: 41% / 4.9	NZB 2021: 52% / 5.4	NZB 2021: n/a	NZB 2021: n/a
 Housing for seniors	 Roads*	 Building Act	 Resource consent management*	 Overall satisfaction	*Aggregated average ratings		
MDC 2021: 54% / 5.5	MDC 2021: 50% / 5.2	MDC 2021: 47% / 5.2	MDC 2021: 40% / 4.9	MDC 2021: 68% / 6.3	Very good performance (>80%) 		
MDC 2020: 56% / 5.8	MDC 2020: 52% / 5.4	MDC 2020: 55% / 5.7	MDC 2020: 53% / 5.6	MDC 2020: 71% / 6.7	Good performance (60%-79%) 		
NZB 2021: n/a	NZB 2021: 41% / 4.6	NZB 2021: 33% / 4.3	NZB 2021: 28% / 4.1	NZB 2021: 44% / 4.9	Services for improvement (50%-59%) 		

Activity Group: People

Operating costs for this Group of Activities represent approximately 10.9% of total Group expenditure.

Activities in this Group:

- Democratic Process.
- Culture and Heritage (including support for the arts and museums).
- Housing for Seniors.
- Community Support (including events management, energy efficiency, passenger transport and total mobility, smart and connected communities and community safety).
- Library Services.
- Emergency Management Related Community Outcomes.

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. The outcomes that each Activity within the Group contributes to are shown in those Activity sections.



Funding Impact Statement for 2020-21 for

People

	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	8,635	8,840	8,497	8,499
Targeted rates	400	450	589	561
Subsidies and grants for operating purposes	448	370	332	556
Fees and charges	38	24	16	18
Internal charges and overheads recovered	-	-	112	112
Fuel tax, fines, infringement fees and other receipts	2,394	2,365	2,278	2,376
Total operating funding	11,915	12,049	11,824	12,122
Applications of operating funding				
Payments to staff and suppliers	6,218	6,238	6,710	6,982
Finance costs	150	321	153	137
Internal charges and overheads applied	3,053	3,123	3,351	3,382
Other operating funding applications	1,718	1,695	1,920	2,696
Total applications of operating funding	11,139	11,377	12,134	13,197
Surplus (deficit) of operating funding	776	672	(310)	(1,075)
Sources of capital funding				
Subsidies and grants for capital expenditure	10	11	10	5,510
Increase (decrease) in debt	423	5,710	1,878	104
Lump sum contributions	-	-	150	342
Total sources of capital funding	433	5,721	2,038	5,956
Applications of capital funding				
Capital expenditure to meet additional demand	3,061	6,250	4,000	4,773
Capital expenditure to improve the level of service	47	49	47	13
Capital expenditure to replace existing assets	620	2,560	462	2,216
Increase (decrease) in reserves	(2,519)	(2,466)	(2,780)	(2,122)
Total applications of capital funding	1,209	6,393	1,728	4,881
Surplus (deficit) of capital funding	(776)	(672)	310	1,075
Funding balance	-	-	-	-

Explanation of Variances

- Explanations for this Group Activity are included in the individual Activity Funding Impact Statements.

Activity: Democratic Process

Operating costs of this Activity represent approximately 2.7% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Marlborough District Council is a unitary authority with the functions, duties and powers of both a regional council and a territorial authority, as conferred on it by the Local Government Act 2002. This Act describes the purpose of local government as being: to enable democratic local decision-making and action by, and on behalf of, communities; and to meet the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost effective for households and businesses.

Marlborough District Council's Local Governance Statement provides a comprehensive overview of its governance policies and processes. Copies of the Local Governance Statement and associated policies and documents can be viewed at Council Service Centres, Libraries and on the Council's website.

While considering the range and diversity of the communities in Marlborough, the Council recognises the special relationship it has with tangata whenua, and acknowledges the specific responsibilities it has to Māori under the Local Government Act 2002 and the Resource Management Act 1991 and is taking steps to further improve its current relationships with Iwi.

Council resolved on 21 May 2021 to establish a Māori Ward for the 2022 local government election.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

- Three citizenship ceremonies were held during the 2020-21 financial year as all ceremonies in 2020 were cancelled due to COVID-19. One of those ceremonies celebrated the 92 people that had received their citizenship certificates directly from the Department of Internal Affairs due to the COVID-19 shutdown. A further 42 new citizens received their certificates at the other two ceremonies.
- Meetings were convened according to Council's Standing Orders or, during COVID-19 Alert Levels 3 and 4, under the *COVID-19 Response (Urgent Management Measures) Legislation Act 2020*.
- 768 news stories were published in local newspapers and on the Council website
- Council's new investment in news video production saw items sharing on its YouTube and Facebook channels, showing increased public engagement and Council reaching new audiences.
- A new weekly e-newsletter - Marlborough Matters - was launched during the 2020 lockdown, and has 820 subscribers.

Levels of Service: Democratic Process					
Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	5.8	6.7	6.0	
	Comment: Satisfaction with the democratic process has improved in the past three years.				
Provide a service that is timely and responsive to residents needs.	% of agendas available to the public, by way of the website and counter enquiry, at least three working days prior to meetings.	100%	100%	100%	
Public contribution to decision making process	% of Council items of business open to the public.	93.5%	90.0%	92.9%	

Funding Impact Statement for 2020-21 for

Democratic Process

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		3,143	3,241	3,159	3,159
Fuel tax, fines, infringement fees and other receipts		291	215	254	254
Total operating funding		3,434	3,456	3,413	3,413
Applications of operating funding					
Payments to staff and suppliers	a.	1,730	1,712	1,636	1,590
Internal charges and overheads applied	b.	1,698	1,737	1,796	1,850
Other operating funding applications		7	7	6	6
Total applications of operating funding		3,434	3,456	3,438	3,446
Surplus (deficit) of operating funding		-	-	(25)	(33)
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Increase (decrease) in reserves		-	-	(25)	(32)
Total applications of capital funding		-	-	(25)	(33)
Surplus (deficit) of capital funding		-	-	25	33
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- Payments to staff and suppliers – delays in working with Iwi to appoint a Kaihaūtu.
- Internal charges and overheads applied – overheads costs were higher than anticipated.

Activity: Culture and Heritage

Operating costs of this Activity represent approximately 1.0% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity promotes cultural well-being. Council defines "culture" as encompassing the customs, practices, languages, values and world views that define social groups in Marlborough. Practices such as arts, design and architecture reflect and create our cultural identity. Likewise, the ways in which we approach and understand our heritage shapes our image of ourselves, and the image we convey to future generations.

The Marlborough culture is unique: nowhere else in the world is there the same combination of people, place and practices. Cultural identity — the sense of connection with other people through a shared culture — can make a strong contribution to a person's overall well-being. Responding to community changes requires a continual balance between the old and the new.

Council's Arts and Culture Strategy, and its Heritage Strategy, outline the Council's roles in the arts and heritage sectors, and the ways in which it proposes working with the community to achieve outcomes for culture and heritage.

These include:

- forming partnerships with organisations and institutions that contribute to cultural well-being (eg the collections database project);
- supporting projects that reflect and strengthen Marlborough's cultural identity; and
- managing the cultural and heritage assets and resources in a sustainable manner.

Council also provides annual heritage and arts operating grants along with access to a contestable grant fund.

While a range of operating grants/contracts are provided to key heritage, arts and culture organisations in Marlborough, Council's relationships with its partners in the heritage and arts sectors will remain its most important resource in delivering this Activity.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

Council provided annual arts and heritage operating grants to key organisations including:

- Marlborough Heritage Trust, including funding for the Regional Collections database of Marlborough heritage collections;
- Edwin Fox, Renwick, Havelock and Flaxbourne museums;
- Picton Historical Society;
- District Brass Band;
- Millennium Art Gallery;
- Marlborough Civic Theatre Trust.

Arts and heritage groups were successful in the Council Community Grants contestable funding under the Arts and Culture and Heritage categories with seven grants being allocated to arts and heritage organisations totalling \$28,000. Additional support was provided via special COVID-19 support grants providing \$49,123 of funding to support nine groups following the impact of lockdown and restrictions on this sector.

Levels of Service: Culture and Heritage

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.9	6.5	
Manage Council's arts and heritage grants and third party providers to ensure service quality and value.	% of contract and grant requirements met.	100%	100%	90%	
Comment: the museums and galleries were adversely affected by impacts of COVID-19.					

Funding Impact Statement for 2020-21 for

Culture and Heritage

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,105	1,186	1,116	1,116
Fuel tax, fines, infringement fees and other receipts		80	78	89	92
Total operating funding		1,185	1,264	1,205	1,208
Applications of operating funding					
Payments to staff and suppliers	a.	8	8	39	83
Finance costs		3	60	-	5
Internal charges and overheads applied		134	137	184	165
Other operating funding applications		1,062	1,062	1,020	1,078
Total applications of operating funding		1,208	1,267	1,243	1,331
Surplus (deficit) of operating funding		(23)	(3)	(37)	(123)
Sources of capital funding					
Subsidies and grants for capital expenditure	b.	-	-	-	1,375
Increase (decrease) in debt	c.	(2)	2,052	-	213
Total sources of capital funding		(2)	2,052	-	1,588
Applications of capital funding					
Capital expenditure to replace existing assets	d.	10	2,083	-	1,591
Increase (decrease) in reserves		(33)	(34)	(37)	(126)
Total applications of capital funding		(24)	2,049	(37)	1,465
Surplus (deficit) of capital funding		23	3	37	123
Funding balance		-	-	-	-
Operating expenditure					
Arts		704	774	765	731
Heritage		509	510	483	606
Capital expenditure					
Arts		-	2,083	-	1,591
Heritage		10	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- Payments to staff and suppliers – unbudgeted investigation costs for a fire suppression system at the Marlborough Museum.
- Subsidies and grants for capital expenditure– unbudgeted Shovel Ready Funding provided for the new Library and Art Gallery.
- Increase (decrease) in debt – unbudgeted Shovel Ready Funding and slower than anticipated progress on the new Library and Art Gallery.
- Capital Expenditure – progress on the new Library and Art Gallery slower than anticipated.

Activity: Housing for Seniors

Operating costs of this Activity represent approximately 1.3% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Council owns and maintains a housing portfolio for senior residents in our community.

Council also has an advocacy and facilitation role and will work closely with other housing entities to attract more funding and housing options for the Marlborough community.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21







As targeted in the Levels of Service table, the major maintenance projects completed during the year included:

- Council continuing to upgrade all Senior Housing units to meet the New Zealand Healthy Homes legislation. The criteria include minimum standards for Heating, Insulation, Ventilation, Moisture and Drainage and Draught Stopping.

- insulation – Remedial works to bring all units in-line with national standards were undertaken;
 - ventilation – Extraction fans were installed in both kitchens and bathrooms;
 - moisture & Drainage – Underfloor ground moisture barriers were installed or upgraded where needed. Storm water sumps were installed to Renwick units for improved removal of surface water; and
 - Draught stopping – Additional draught stopping installed where needed and where requested.
- Significant cladding repairs and painting were completed at four housing complexes; Cleghorn Street, Wellington/Broadway, George Street and High Street, Renwick.
 - A complex-wide refurbishment of the kitchen spaces at Litchfield Street has now been completed.
 - A full roof replacement was completed for the 11 unit complex at 91 George Street.
 - Council purchased a new unit located within Bryant Place complex in Picton. This unit is undergoing significant refurbishment to ensure it is fit-for-purpose and to bring it in-line with the Healthy Homes Standards.

Levels of Service: Housing for Seniors

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	5.8	7.0	5.5	
	Comment: Given the current and projected demographic profile of the Marlborough District, demand for assistance from the elderly will continue to increase. Council is committed to owning and maintaining fit for purpose housing for our senior population. Council oversees an ongoing programme refurbishing the current housing stock and is increasing supply with a new 12 unit housing development at 85 George Street.				
	Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.2	8.0	8.5	
	Comment: 122 surveys were completed and returned for the 2020-21 year, accounting for 73% of the portfolio. 50% of those tenants surveyed gave the highest score for satisfaction of their unit and the services provided.				
Provide up-to-date record of Occupancy levels.	Minimum occupancy in units to be maintained.	99%	98%	98%	
Provide Housing for Seniors reactive maintenance service in two categories.	Urgent Unplanned Maintenance ¹ – % of unplanned maintenance completed within 24 hours of notification.	100%	98%	100%	
	Non-Urgent Unplanned Maintenance ² - % of unplanned non-urgent maintenance completed within 20 working days of notification.	92%	90%	96%	
Provide an annual checklist of planned maintenance / projects as set out in budget and from Committee meetings.	% of planned maintenance/projects completed in financial year.	33%	98%	86%	
Comment: The progression of the Vevian Place water main project remains on hold, and is awaiting confirmation of the final design of the new development at 85 George Street.					

¹ Urgent unplanned maintenance is for events that would make the unit unliveable if left for an extended period.

² Non urgent unplanned maintenance is for events that do not pose a risk to the tenant if not dealt with straight away but does need to be dealt with in the near future.

Funding Impact Statement for 2020-21 for

Housing for Seniors

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
Fuel tax, fines, infringement fees and other receipts		1,509	1,584	1,469	1,529
Total operating funding		<u>1,509</u>	<u>1,584</u>	<u>1,469</u>	<u>1,529</u>
Applications of operating funding					
Payments to staff and suppliers		932	1,075	1,016	1,063
Internal charges and overheads applied		172	176	189	191
Other operating funding applications		14	14	16	15
Total applications of operating funding		<u>1,118</u>	<u>1,265</u>	<u>1,221</u>	<u>1,269</u>
Surplus (deficit) of operating funding		<u>391</u>	<u>319</u>	<u>248</u>	<u>260</u>
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to replace existing assets	a.	155	162	160	280
Increase (decrease) in reserves		233	157	88	(21)
Total applications of capital funding		<u>391</u>	<u>319</u>	<u>248</u>	<u>260</u>
Surplus (deficit) of capital funding		<u>(391)</u>	<u>(319)</u>	<u>(248)</u>	<u>(260)</u>
Funding balance		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- a. Capital expenditure – the purchase of a property with pricing higher than anticipated.

Activity: Community Support

Operating costs of this Activity represent approximately 3.0% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Community support is provided by Council in a number of ways through organisations and agencies working with particular groups within the community, provision of funding, advocacy, and directly addressing specific issues through service provision. This Activity combines a number of distinct ways Council is involved in supporting their community.

Community support and development

Council acknowledges the needs of specific sectors in our community including our older people and youth. Council has worked in partnership with key organisations to establish the Positive Ageing Accord to identify the aspirations of this sector and take actions to achieve these. The Accord has come to the end of its term and plans are underway to work with key agencies to develop an Age Friendly Community Strategy. Monthly Older Persons Forums and regular Picton Regional Forums are held to give a voice to this sector and enable issues to be raised and addressed.

Similarly, Council has a Youth Policy and Youth Initiatives Plan to work towards achieving a better environment and services for this sector, and to encourage input from youth. This includes making progress towards the Mayor's Task Force goal *"that all young people under the age of 25 should be engaged in appropriate education, training, work or positive activities in their communities"*. Monthly Youth Council meetings are held to provide a voice for youth and to give effect to the Youth Policy and Plan. The Plan also provides direction for the allocation of Council's Youth Funding.

The volunteer sector, including non-government and not-for-profit organisations, underpins most of the delivery of community services in Marlborough.

Advocating for the needs of the community sector is an ongoing issue, particularly given the changes being experienced in the age and

ethnicity of the community. Strengthening relationships with key organisations, and providing training and support are key elements of building the capacity of the sector. Council is working in partnership with Rata Foundation, DIA and Volunteer Marlborough on a Strengthening Community Governance project to assist with this work.

Council also assists by providing community grants. Criteria for these grants have been set to target specific needs in the community and relationships with other funding providers have the potential to maximise the funds available. Council has increased its funding to community organisations to support them through the impacts of COVID-19.

These grants provide one-off funding for not-for-profit organisations providing essential services in the Marlborough community, supporting community welfare, social services, the environment and/or sports and recreation.

Council contracts the Youth Trust to deliver youth services and Volunteer Marlborough to build the capacity of the voluntary sector through training.

Community safety

Community safety is an important component of the "living" Community Outcome, which is *"Marlborough's enviable community facilities, infrastructure, landscapes and climate enables our community to thrive. Life in Marlborough is safe and healthy"*.

Council has longer term arrangements with the police and central government to enhance community safety wherever possible. The Safer Communities Marlborough section of Council delivers Restorative Justice initiatives which are self-funding via Government grants.

The security camera network in the Blenheim and Picton CBD is managed by Council and is funded by rates.

Events management

Free community based events make a positive contribution to the well-being of the community by enhancing cultural identity, physical activity and social cohesion. Events also have a role to play in attracting visitors to Marlborough, along with showcasing and promoting the area.

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. This cost is recovered over nine years through a voluntary targeted property rate for participating households. The rates recovery amount also includes interest, an administration charge and GST on all costs. This is cost neutral to Council.

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 New Zealand Transport Agency. In addition, Bayleys Marlborough provides sponsorship funding for the bus service.

Smart and connected communities

Council has supported the establishment of community-led groups in some of our larger communities (Havelock, Picton, Renwick and Seddon) via the Smart+Connected process. These groups have developed a strategic plan and a number of working groups to implement their plans through their own efforts, and by working with key partners including Council, other public providers and businesses. The Smart+Connected groups have successfully galvanised a large number of people in each community to participate in the groups and to achieve agreed actions.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

Positive ageing

Seniors Expo is held every second year, this was held March 2021. Older Persons Forums continued to be held monthly and provide a strong and effective network. Positive Ageing profiles continued in the local papers highlighting positive older role models in our community. Age Friendly Community planning has been delayed due to COVID-19, however the survey has been completed and information for the strategy gathered.

Youth

The Youth Council membership has been extended to a two year period due to the effect of COVID-19 restrictions. They continued to meet monthly to provide a valuable voice for young

people, including a submission to the Long Term Plan, hosting a Marlborough Youth Hui and providing funding to a variety of youth events and activities.

Volunteer sector

Volunteer Marlborough, under contract with Council, provided training to the not for profit sector to build capacity. They have completed all contract requirements following delays caused by COVID-19. A successful Funders Information Workshop was held in collaboration with key funders. Additional Strengthening the Sector training sessions have also been held.

Community safety

Restorative Justice Marlborough has provided Restorative Justice Services to the Blenheim and Kaikoura District Courts funded by the Ministry of Justice. There have been reduced numbers of referrals this year due to COVID-19 restricting the processing capacity of our historical local court building.

- 83 referrals.
- 85 restorative justice pre-conference meetings.
- 14 restorative justice conferences.

Events management

Free community based events were delivered under contract with the Marlborough Festivals and Events Trust. These included the summer concert series, Blenheim Christmas parade, two senior citizens concerts, Christmas festival, children's theatre and the New Year celebrations. They attract up to 5000 attendees per event and received many positive comments from attendees. The 2020 Southern Jam youth festival events were cancelled due to COVID-19 restrictions.

Energy efficiency

This year a further 99 advances totalling \$595,289 were made for home insulation, solar water heating, clean heating solutions and solar power. Currently the amount advanced (net of repayments) is \$4.01 million to 871 households. This was the first year when a group of ratepayers completed the full nine years repayment of their energy efficiency rate, being 80 loans approved in 2011-2012.

Bus service

The Blenheim bus service transported 12,296 passengers during the year (14,155 in 2019-20). Lower patronage numbers have continued this year following the COVID-19 alert levels in April-May 2020. Government restrictions have applied throughout this year including the mandatory wearing of face coverings while on public transport.

Trial bus services continued this year including the Renwick, Picton and Blenheim East and West commuter services. Patronage of these services was monitored through the year and assessment undertaken to determine whether these services would continue. Subsequently the Blenheim East and West commuter services were cancelled due to low patronage numbers, in December 2020 and May 2021 respectively. The trial period for the Picton and Renwick bus services has been extended for an 18 month period beginning from 1 July 2021.

Total Mobility scheme

The Total Mobility scheme funded 23,740 trips (18,962 in 2019-20), including 3,312 trips by wheelchair users (2,671 in 2019-20). The number of trips has continued to steadily increase since the lifting of COVID-19 restrictions in April-May

2020. There are currently 1,161 persons registered in the scheme (1,049 in 2018/19).

















Smart and Connected Communities

Smart + Connected groups in Havelock, Renwick, Picton and Seddon were supported to engage the wider community and implement projects in key priority areas. Over the COVID-19 lockdown period all the groups assisted with providing information and help across their communities, as well as co-ordinating with other organisations.

Highlights include the completion and opening of the Renwick Village Green and the Motuweka Community Pathway in Havelock. Picton engaged stakeholders on CBD maintenance and in Seddon the group provided support for new community facilities and Reserve Management Plans.

Levels of Service: Community Support

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations (excludes passenger transport).	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
	• Community Support.	6.5	6.8	6.4	
	• Community Safety.	6.7	7.3	6.7	
	• Events Management.	6.4	7.0	6.5	
Manage Council's community grants and third party providers to ensure service quality and value.	Contract and grant requirements met.	100%	100%	100%	
Manage third party providers to ensure service quality and value of community events.	Compliance with contract requirements.	90%	100%	90%	
	Participation numbers match targets in contracts.	60%	98%	90%	
	Comment: One community event could not be held due to Covid-19 restrictions in August 2020.				
Implement the Positive Ageing Accord.	Number of Older Persons Forums held annually. (minimum 10)	90%	100%	100%	
	Frequency of Seniors Expo.	NA	Biennial	held	
	Complete an Age Friendly Community Strategy.	NA	30-Jun-21	31-Dec-21	
	Comment: Community survey and report has been completed, strategy document still to be written, planning to finish by the end of 2021.				
Implement Youth Initiatives Plan.	Number of Youth Forums held annually. (minimum 9)	80%	100%	100%	
	% of Actions in Youth Initiatives Plan completed each year.	100%	97%	100%	
Build capacity of the Volunteer Sector through provision of training in partnership with key service providers.	Number of training courses provided per annum where attendance numbers meet targets.	2	3	4	
Provide quality service that meets and exceeds the expectations of the Ministry of Justice thus providing quality restorative justice service to the community.	% of compliance with Ministry of Justice contract conditions met.	100%	100%	100%	
Provide a well-used and affordable bus service in Blenheim that is timely and responsive to community needs.	Increase levels of customer patronage by 3% per annum.	-37.5%	3.0%	-13.0%	
	Comment: Continued low patronage numbers due to COVID-19 pandemic and cancellation of Blenheim East and West commuter services.				
	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.2	6.8	5.7	
	Comment: Increased marketing and promotion of the Blenheim, Renwick and Picton bus services is scheduled for 2021-22 to improve awareness of the services and increase passenger numbers.				
	Improve infrastructure to support bus service by adding a minimum of three bus shelter per year (as funding allows).	4	3	0	
Comment: Council made the decision to improve the current infrastructure by purchasing timetable holders to be installed at existing bus stops.					

Funding Impact Statement for 2020-21 for

Community Support

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	a.	1,491	1,447	1,327	1,328
Targeted rates	b.	400	450	589	561
Subsidies and grants for operating purposes		448	370	332	425
Fees and charges		32	18	12	15
Fuel tax, fines, infringement fees and other receipts		161	148	106	151
Total operating funding		2,532	2,433	2,366	2,480
Applications of operating funding					
Payments to staff and suppliers	b.	1,516	1,382	1,889	1,822
Finance costs		11	11	11	11
Internal charges and overheads applied		353	361	406	374
Other operating funding applications	c.	635	612	878	1,595
Total applications of operating funding		2,515	2,366	3,184	3,802
Surplus (deficit) of operating funding		17	67	(817)	(1,322)
Sources of capital funding					
Subsidies and grants for capital expenditure		10	11	10	7
Increase (decrease) in debt		(7)	(7)	(10)	(10)
Lump sum contributions	b.	-	-	150	342
Total sources of capital funding		3	4	150	339
Applications of capital funding					
Capital expenditure to improve the level of service		20	21	20	13
Increase (decrease) in reserves		-	50	(687)	(997)
Total applications of capital funding		20	71	(667)	(983)
Surplus (deficit) of capital funding		(17)	(67)	817	1,322
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- General rates, uniform annual general charges, rates penalties – Councilors deciding on a lower rates increase because of the effects of COVID-19.
- Targeted rates, Payments to staff and suppliers and Lump sum contributions – those items are higher than LTP due to higher than anticipated uptake of energy efficiency services which is recovered from rates over the next nine years.
- Other operating funding applications – grants paid to community organisations and community facility providers to assist with COVID-19 recovery.

Activity: Library Services

Operating costs of this Activity represent approximately 3.2% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity provides the community with a professional library service. The purpose of the library is to provide access to great physical and digital collections with easy to use services and great staff. Libraries are places of discovery, imagination and creativity, supporting life-long learning, and fostering connection between people and groups. They are valued and trusted by the community as modern, vibrant and exciting places. They aspire to connect services with people where they are: in-library, online or in the community.

The Council provides library services to all Marlborough residents through a network of library facilities. These comprise a District Library in Blenheim and a Branch Library in Picton (a joint Library and Service Centre) which are both open seven days a week. Council also supports school based community libraries in Ward and Havelock, along with a community library in Renwick.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

On 1 July 2020 the Government announced an \$11 million grant towards the **new Library and Art Gallery facility** as part of the 'shovel ready' initiative. A dawn blessing was held on 19 August 2020 with the laying of a mauri stone by Iwi representatives. Work on the foundations followed with the ground floor slab being laid on 30 April 2021. Steel work installation commenced in early June 2021.

Picton Library and Service Centre Waitohi

Whare Mātauranga commenced its Company Café initiative in October 2020, a weekly community drop-in morning tea. A Justice of the Peace weekly service, held on Wednesdays from 11.00 am – 2.00 pm, commenced in March 2021.

Picton Library and Service Centre was granted official 'Working towards Dementia Friendly' status by Alzheimer's New Zealand on 30 March 2021.

COVID-19 Alert Levels once again had an impact on both libraries in mid-late February and early March 2021.

A **Libraries Strategy** was developed to ensure planning and resources were in place to meet the changing demands imposed by society and technology and to meet customer expectations and needs.

Digital Projects – The Libraries Strategy identified an opportunity to introduce a new range of digital technologies. 3D printing services have commenced and borrowable Tech Kits have been introduced.







A fixed-term **Community Engagement Co-ordinator** has been appointed to engage with the Marlborough community to facilitate and grow the relationship between the Library service and its users and non-users.

Winter and Summer Reading Programmes

were again well supported with children participating across the District. Feedback from parents continues to be extremely positive, appreciating the effort staff have taken to provide these programmes.

Stepping Up classes (covering topics like computer basics, Smartphones, Facebook and Google) and **Book a Librarian sessions** (one on one assistance with trouble shooting digital devices, CV writing, downloading eBooks and eAudiobooks etc) continue to be in demand and well attended.

Levels of Service: Library Services

Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6	7.5	
	Comment: Some minor dissatisfaction over the building of the new library facility, but the rating for library services has been consistent over the years.				
Provide a range of current resources supporting the tastes, interests and reading levels of users.	Average age of resources (years).	9 yrs	≤ 8 yrs	9 yrs	
	Comment: Collections need more regular reviewing for older titles not being used.				
	Frequency of items being taken out (turnover rate).	3.6 times per year	4	3.8	
	Number of overdue items not returned 28 days after the due date.	123	< 130	159	
Comment: Customers forgot to return items following automatic renewals during COVID.					
Provide a range of programmes or training opportunities that meet or exceed customers' expectations.	Evaluate the satisfaction of courses and programmes offered by the libraries by survey. Where 1=Unsatisfactory, 3=Good, and 5=Excellent.	4.6	> 4	4.5	
Provide access to information electronically.	Number of e-book and e-audio loaned.	31,555	10% increase on baseline	35,753	

Funding Impact Statement for 2020-21 for

Library Services

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	a.	2,365	2,428	2,307	2,308
Subsidies and grants for operating purposes	b.	-	-	-	131
Fees and charges		6	6	4	3
Internal charges and overheads recovered	c.	-	-	112	112
Fuel tax, fines, infringement fees and other receipts		295	285	294	284
Total operating funding		2,666	2,719	2,717	2,838
Applications of operating funding					
Payments to staff and suppliers	d.	1,623	1,651	1,641	1,902
Finance costs	e.	136	250	142	121
Internal charges and overheads applied	f.	549	561	644	668
Other operating funding applications		-	-	-	2
Total applications of operating funding		2,308	2,462	2,427	2,693
Surplus (deficit) of operating funding		358	257	290	145
Sources of capital funding					
Subsidies and grants for capital expenditure	g.	-	-	-	4,125
Increase (decrease) in debt	g.	432	3,665	1,888	(99)
Total sources of capital funding		432	3,665	1,888	4,026
Applications of capital funding					
Capital expenditure to meet additional demand		3,061	6,250	4,000	4,773
Capital expenditure to improve the level of service		27	28	27	-
Capital expenditure to replace existing assets	h.	422	306	293	287
Increase (decrease) in reserves		(2,720)	(2,662)	(2,143)	(889)
Total applications of capital funding		790	3,922	2,178	4,171
Surplus (deficit) of capital funding		(358)	(257)	(290)	(145)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- General rates, uniform annual general charges, rates penalties – Councilors deciding on a lower rates increase because of the effects of COVID-19.
- Subsidies and grants for operating purposes – receipt of funding from the Department of Internal Affairs that was not budgeted.
- Internal charges and overheads applied and recovered – overheads were not budgeted for Picton Library as part of the LTP.
- Payments to staff and suppliers – consultancy for planning how to fully utilise the new Blenheim library space and higher staffing requirements.
- Finance costs – less borrowing required for the new Library and Art Gallery because of the Shovel Ready Funding Received and slower than anticipate progress on the project.
- Internal charges and overheads applied – overhead costs were higher than anticipated.
- Debt and Subsidies and grants for capital expenditure – Shovel Ready Funding provided for the new Library and Art Gallery.
- Capital expenditure – progress on the new Library and Art Gallery slower than anticipated.

Activity: Emergency Management

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

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Council is a key member and the sole funding agency of the Marlborough Civil Defence Emergency Management (CDEM) Group, with responsibility for the administration and implementation of the CDEM Group Plan.

The operative CDEM Group Plan describes:

- the emergency management policies and procedures in place to manage the hazards and risks;
- arrangements for declaring a state of emergency in the District;
- arrangements for cooperation and coordination with all other Civil Defence Emergency Management Groups;
- Marlborough's risk profile which identifies the hazards, likelihood, consequence and total risk rating which must be managed by the CDEM Group. The eight most significant risks are:
 - local source tsunamis;
 - earthquake;
 - human pandemic;
 - marine accident;
 - animal pandemic;
 - marine pests and diseases;
 - river flooding; and
 - plant and animal pests.

Marlborough also needs to have plans in place to manage a number of other hazards such as drought and electricity failure.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

Much of the 2020-2021 work programme was impacted by the COVID-19 emergency, resulting in some work needing to be deferred until the 2021-22 financial year. However, the CDEM Group has been successful in completing the following activities:

- The Marlborough CDEM Group Manager agreed to Chair the Alpine Fault Magnitude 8 (AF8 Programme) Steering Group until December 2021 and has been able to successfully engage the National Emergency Management Agency (the NEMA). NEMA has now engaged a contractor for 12 months to undertake the national planning required to assist a national response for such an event. The AF8 Roadshow took place again this year, with a packed crowd attending the Blenheim public science talk on 10 May followed by a successful workshop for senior students at Richmond View School on 11 May. With the likelihood of a magnitude eight rupture rising significantly to a 75% chance (from 30%) in the next 50 years after new research was carried out public interest and impetus in planning have both increased.
- The Marlborough CDEM Group (through Council) has been able to fund marae across Marlborough to start the process of marae resilience planning. Most marae have taken this opportunity to employ dedicated contractors to assist in this work.
- Planning, Intelligence and Logistics staff have been supported to undertake improved specialist training in the next financial year, this combined scenario-based training and specialist function training is resulting in a more skilled and engaged IMT. Coordinated Incident Management System (CIMS) training courses have been run as well as Emergency Operations Centre (EOC) Introduction courses. These have all been well attended. Controller and Recovery Managers have also attended Leadership Capability training through Massey University.
- The training and expertise available in the Response Team are becoming aligned with a project being managed by NEMA, to ensure that all CDEM Response Teams meet consistent standards and can be registered. The expertise in the Marlborough Response

Team means that the Team is now being used to support other response organisations, including St John Ambulance and the Marlborough District Council's Oil Spill Response Team.

- Drought conditions continued to be experienced in Marlborough throughout the east coast this summer and into the winter months. The Ministry of Primary Industries led the response to the event while CDEM kept a watching brief and participated in all the conversations about support options.
- The CDEM Group has made a positive start on community emergency planning, running community workshops in Havelock and in the Rai Valley, as a first step in developing community plans. The Havelock community emergency plan is now complete and on the Marlborough District Council website and two further plans are now out with their respective communities for consultation.
- COVID-19 has continued to be a factor throughout the year with resurgence planning requiring regular updating, particularly with

regard to the increased risk posed by the delta variant. Subsequent resurgence responses have been led by the Ministry of Health with CDEM taking a supporting role. Unlike the initial response MSD and MBIE have now taken responsibility for accommodation and food security from CDEM which meant an enormous reduction in our responsibilities. CDEM provided support to the NMDHB to establish Community Based Assessment Centres in Blenheim for testing the community during outbreaks. Concurrent event planning was also completed in the event of an emergency response being required while under different alert level rules which would impact on evacuations for example.

- To maintain key relationships and to ensure coordinated responses to emergencies CDEM engages with its key partner agencies through meetings with four groups which are the Coordinating Executive Group, Readiness and Response Committee, Welfare and Recovery Committee and the Engineering Lifelines Group. These meet at least three times per year.

Levels of Service: Emergency Management					
Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2019-20 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds resident's expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	8.2	7.5	
	Comment: While score is marginally down, overall 87% of residence were satisfied with Council's performance.				
Provide a planned, tested capability to respond to major Civil Defence and Emergency (CDEM) Events.	The CDEM Group Plan and Group Welfare Plan fully comply with the Ministry of Civil Defence Director's Guidelines.	comply	comply	fully comply	
	The Coordinating Executive Group, the Readiness & Response Committee and Welfare Coordination Group each meet at least 3 times per year.	3 meetings of each group	3x3 meetings	3 meetings of each group	
	Regional Incident Management Team train/exercise at least 10 times per year.	8	≥ 10	8	
	Comment: A disrupted year through COVID meant monthly training was not always able to be held.				
	Activate the Emergency Operations Centre (EOC) within 30 minutes of an event or post a national warning being received from MCDEM if an active response is required.	100%	100%	100%	
	Comment: The EOC was activated twice - for a tsunami and a flood response.				

Funding Impact Statement for 2020-21 for

Emergency Management

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		531	538	588	588
Fuel tax, fines, infringement fees and other receipts		58	55	66	66
Total operating funding		589	593	654	654
Applications of operating funding					
Payments to staff and suppliers	a.	410	410	489	522
Internal charges and overheads applied		147	151	132	134
Total applications of operating funding		557	561	621	656
Surplus (deficit) of operating funding		32	32	33	(2)
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	3
Total sources of capital funding		-	-	-	3
Applications of capital funding					
Capital expenditure to replace existing assets		30	9	9	58
Increase (decrease) in reserves		2	23	24	(57)
Total applications of capital funding		32	32	33	1
Surplus (deficit) of capital funding		(32)	(32)	(33)	2
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- a. Payments to staff and suppliers – additional resources for this area.

Activity Group: Community Facilities

Operating costs of this Activity represent approximately 10.1% of total Activity expenditure.

Activities in this Group:

This Activity Group comprises a single Activity: Community Facilities.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Living, Economy and Connectivity. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The Council provides and maintains open spaces and build facilities to meet a range of community needs. Community facilities include reserves, parks, accessways, open space and planted areas, street, trees, playgrounds, tracks and trails, sports parks and buildings, public toilets, halls, cemeteries and memorials.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

In addition to the services targeted in the levels of service table the following new initiatives were undertaken in 2020-21:

Parks and Open Spaces

- Dalton Reserve – developed bare land bordering the Taylor River into a reserve including trees, seating and kayak landing.
- Tunnicliff Reserve – new shade shelter and picnic table installed.
- Queen Charlotte Lookout – new public safety and decorative lighting installed.
- Taylor River Reserve – rabbit control completed from Purkiss Street to Turnbull Drive.
- Wairau Diversion redevelopment – planning work continues for the responsible camping area.

- Park Structures – three yearly inspections carried out on 80 Parks structures. This includes bridges, boardwalks and viewing platforms.
- Awatere Domain – wind breaker added to new fence around tennis courts.
- Earthquake repairs have been completed at Awatere Memorial and Ward Town Halls.
- Monitoring of freedom camping sites, river reserves and other reserves.
- Continuation of restoration planting of 500 plants at Kahikatea, Koromiko Ecological/Recreation Reserves and Victoria Domain.
- New shelter at Alfred Stream Reserve, Rai Valley.
- Memorial Park – War Memorial entrance gateway - plantings revamped and two new flag pole installed.
- Victoria Domain – Loop access road re-sealed.
- Picton Foreshore Reserve – children’s playground area car park and vehicle access ways re-sealed.
- Torea Bay/Te Mahia/Hodder Bridge Layby. New toilets completed in each of these more remote locations.
- Picton High Street high capacity toilet facility completed including a community space with seating, accessible drinking fountain and public art.
- London Quay-Town Basin – completion of works for a conversion of a single cubicle to a multi-pan men’s urinal cubicle with improved pathway accessibility to all cubicles.
- Havelock Pavilion – an upgrade to a single accessible cubicle public toilet facility to serve Havelock Domain and children’s playground.
- Anakiwa – a major redevelopment of the former site to serve visitors to Anakiwa and Queen Charlotte Track users.
- Havelock Township – an upgraded and major redevelopment to the public toilet.

Cemeteries

- Restoration, minor improvements and constructions of new beams at Flaxbourne, Picton, Havelock, Omaka, Fairhall and Tuamarina cemeteries.
- Non Council-administered Cemeteries – a project to gather and digitize information and cemetery records of community trustee non Council administered cemeteries (District-wide) is ongoing.
- Taylor River Reserve – widening of pathways on south side from Beaver Road footbridge to Stuart Street. On north side from Beaver Road footbridge to Henry Stree footbridge complete.
- Picton Foreshore Reserve – new compacted gravel pathway constructed in western corner linking the Picton Museum building to Auckland Street public toilets.
- Picton Harbour View Track upgraded and continued repair works at Bobs Bay Track.

Public Toilets

- Grovetown Lagoon – new toilet installed and carpark development completed.
- Seymour Square public toilet - A major redevelopment project was completed to provide a new high capacity fully accessible, fit for purpose and safe to use toilet facility to serve the Blenheim community and the many visitors to area and Seymour Square park the toilets is located.
- Rai Valley Township New toilet underway in conjunction with a new Village Green public space.
- Upgrades to existing mountain bike tracks in the Wither Hills Farm Park.
- Havelock – Motuweka Community Pathway in use, almost completed.
- Construction of bridges at Wairau Lagoons (Kotuku Bridge) and Essons Valley (Humphries and Barnes bridges) completed.
- Marlborough – updated and installed freedom camping signage.

Walking and Cycling Routes

Memorials

- Picton Foreshore Reserve - completed – new 28th Maori Battalion D Company War Memorial Pou whenua.
- Memorials Master Plans – development of a long term development /management master plan for all Council memorials underway.

Playgrounds

- Auckland Street Reserve – safer access installed to skate park – complete.
- Awatere – Pump Track complete.
- Rai Valley Area School – funding assistance provided for upgraded playground.
- Renwick Village Green new junior playground complete.
- Ballinger Park – new flying fox complete.
- Renwick Domain – new shade sails installed over play equipment complete.
- Pollard Park – playground area landscaping upgraded with new picnic tables, seats and lawn area – complete.
- Canvastown – new playground upgrade.
- Tunnickliff Reserve, Waikawa, Clearwater playgrounds – shading structures.

Sports Grounds and Facilities

- Stadium 2000 – refurbishment of the indoor court floor to resolve slipping issues complete.

- Lansdowne Park
 - installation of new playing surface on main field complete;
 - replacement poles and training lights on 2 western fields complete; and
 - Sports Hub construction - significantly progressed.
- A&P Park
 - planning for new sports hub building continues; and
 - training lights installation complete.

Policy and Planning

- Plan/Policy – Sports Facilities Plan complete.
- Victoria Domain Reserve Management Plan complete.
- Top of the South Sports Facilities Plan completed.
- Responsible Camping Bylaw 2020 complete.


Other Services

- Safety of Mobility Scooter Users – information Packs at point of sale to people purchasing mobility scooters. Programme now used by Age Concern groups around New Zealand.
- Rapaura Hall – new roof complete.
- Neil Street Havelock – major upgrade project underway.

Levels of Service: Community Facilities

Performance Targets					
Level of Service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Community facilities are accessible and maintained to a high standard appropriate to the range and level of use, including: <ul style="list-style-type: none"> • reserves, parks, gardens, civic and open spaces; • cycling and walking tracks and paths; • cemeteries and war memorials; • swimming pools; • sports parks; and • public conveniences. 	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	≥ 7.8	7.4	
Neighbourhood parks in urban area within walking distance of home, providing play opportunities for all ages, open space and amenity values.	The proportion of residentially zoned houses in urban areas within 500m walking distance of neighbourhood parks. Comment: New playgrounds completed in subdivisions have increased the spread of playgrounds in the region.	95%	≥ 98%	97%	
Use and development of reserves is carried out in accordance with Reserve Management Plans.	Reserve management plans are in place for Council reserves and reviewed or prepared as necessary. Comment: Council reviews and prepares 2 reserve management plans each year.	Not achieved	Complete new sports & neighbourhood parks RMP's	Completed	
A connected network of walking and cycling paths and tracks that is accessible and visible and caters for a range of abilities.	An enhanced and/or extended walking and cycling paths and tracks network Comment: A total of 19.1 Km of path/track upgrades/widening, 5 mtb cattlestops, 2 bridge replacements, 5 bridge/boardwalk upgrades.	Achieved	Enhancements made to existing network and/or additions to network	Achieved	
Street trees provide an attractive streetscape and are well maintained.	Appropriately planted street trees on new urban roads and renewal of street trees on existing roads. Comment: New subdivisions are incorporating street trees where appropriate. Annual replacement of street trees lost through old age, drought, damage or subdivision takes place annually.	100%	100%	100%	
	Number of street trees planted per year. Comment: Council has sought to plant 120 trees however several residents (at least 8) did not want a new street tree planted outside their properties.	147	120	112	
	Conditional assessment of each street tree undertaken once every two years (or sooner if necessary). Comment: Council provides a conditional assessment of street trees as part of the street trees maintenance contract.	100%	100%	100%	
Playgrounds are varied and stimulating and are safe and well maintained.	New playgrounds and renewals have incorporated shade (including natural shading) into the design. Comment: One (Omaka playground) out of ten playgrounds does not have shade. This is a significant improvement over last year.	50%	95%	90%	
	Playground audits are undertaken and recommendations implemented. Comment: Weekly audits of playgrounds are part of the open space maintenance contracts. The contractors report include this data in their monthly reports.	100%	100%	100%	

Levels of Service: Community Facilities

Performance Targets					
Level of Service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Cemeteries Provision of well-maintained cemeteries to provide accessible and appropriate sites for the interment needs of the community.	Cemeteries managed and developed in accordance with cemetery master plans.	Achieved	Implementation of short term priorities from cemetery master plans.	Achieved	
	Comment: A wide range of improvements have been implemented across Council's managed cemeteries, leading to a very low level of complaints regarding cemeteries.				
	Number of burial and ashes plots available.	3,000	650	3,836	
Sports parks The Council's sports parks: <ul style="list-style-type: none"> • provide for a range of sporting and recreation activities; and • are well maintained, available and accessible and safe to use. 	Review the Council's Sports Facilities Strategic Plan.	NA	Review complete	Completed	
	Comment: On 17 February 2021 Council approved the Sports Facilities Strategic Plan 2021.				
	Develop the Council's Indoor Sports Facilities Plan.	Achieved	Begin development of plan	Achieved	
Comment: Outdoor and Indoor sports have been combined into one document - the Sports Facilities Strategic Plan 2021.					
Public toilets The Council's public toilets are well designed, accessible, clean and safe to use.	Initial response to requests for service actioned within allotted time.	100%	100%	99%	

Funding Impact Statement for 2020-21 for

Community Facilities

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	a.	9,777	10,149	10,027	10,031
Targeted rates		-	-	3	1
Subsidies and grants for operating purposes	b.	11	11	386	239
Fees and charges		145	148	203	208
Internal charges and overheads recovered		-	-	-	-
Fuel tax, fines, infringement fees and other receipts	c.	744	702	835	855
Total operating funding		10,677	11,010	11,453	11,334
Applications of operating funding					
Payments to staff and suppliers	e.	6,474	6,583	6,877	7,504
Finance costs	f.	969	1,038	853	786
Internal charges and overheads applied	g.	2,065	2,115	2,167	2,253
Other operating funding applications		699	579	2,067	607
Total applications of operating funding		10,207	10,315	11,964	11,150
Surplus (deficit) of operating funding		470	695	(511)	184
Sources of capital funding					
Subsidies and grants for capital expenditure	h.	-	-	120	1,070
Development and financial contributions	i.	1,278	1,316	1,316	1,986
Increase (decrease) in debt	j.	1,863	495	3,254	2,408
Other dedicated capital funding		-	-	150	59
Total sources of capital funding		3,141	1,811	4,840	5,523
Applications of capital funding					
Capital expenditure to meet additional demand		1,397	1,488	1,130	3,082
Capital expenditure to improve the level of service		4,693	1,138	4,793	3,130
Capital expenditure to replace existing assets	k.	450	833	2,598	3,434
Increase (decrease) in reserves		(2,929)	(953)	(4,192)	(3,939)
Total applications of capital funding		3,611	2,506	4,329	5,707
Surplus (deficit) of capital funding		(470)	(695)	511	(184)
Funding balance		-	-	-	-
Operating expenditure					
Cemeteries		572	586	532	567
Memorials		128	131	131	139
Street berms, trees and plots		645	660	688	840
Halls		478	484	650	825
Public Toilets		1,190	1,231	1,276	1,411
Reserves		7,296	7,360	8,856	7,364
Swimming Pools		1,795	1,824	1,767	1,888
Capital expenditure					
Cemeteries		145	57	105	150
Memorials		131	8	8	89
Street berms, trees and plots		39	40	38	41
Halls		20	21	567	566
Public Toilets		448	469	1,169	1,859
Reserves		5,757	2,760	6,534	6,940
Swimming Pools		-	104	100	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- General rates, uniform annual general charges, rates penalties – Councillors deciding on a lower rates increase because of the effects of COVID-19.
- Subsidies and grants for operating purposes – government funding received for responsible camping.
- Fuel tax, fines, infringement fees and other receipts – higher than LTP due a change in the allocation of General Revenue contribution.
- Payments to staff and suppliers - increased contract costs to meet higher levels of service, unbudgeted responsible camping monitoring costs funded by government funding and higher emphasis and costs for tree maintenance.
- Finance costs – lower interest rate and lower debt requirements as the capital programme did not meet budget in previous years.
- Internal charges and overheads applied – overhead costs were higher than anticipated.
- Subsidies and grants for capital expenditure – unbudgeted government funding from the Tourism Infrastructure Fund.

- h. Development and other financial contributions – higher level of subdivision activity.
- i. Increase (decrease) in debt – capital program being higher than anticipated requiring more debt to be raised.
- j. Lump sum contributions – higher than LTP due to unanticipated vested assets.
- k. Capital expenditure – favourable conditions and catchup from last year's COVID-19 lockdown.

Activity Group: Roads and Footpaths

Operating costs of this Activity represent approximately 20.2% of total Activity expenditure.

Activities in this Group:

This Activity Group comprises a single Activity: Provision of Roads and Footpaths.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy, People, Connectivity and Living. Council's 2021-31 Long

Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity is carried out to provide our community with an efficient, safe and resilient road network.

As the owner of the local roading network, Council provides and maintains roads to a standard that achieves an acceptable balance between user levels of service and costs. In addition, Council is responsible for all roading related assets — bridges, footpaths, kerb and channelling, street lighting and car parks. Some wharves are also owned and maintained by Council. Recently there has been an increased emphasis on alternative modes such as walking and cycling, particularly the provision of high quality pedestrian facilities for an ageing population.

Separate roles

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of the New Zealand Transport Agency (NZTA).

Marlborough District Council has developed a contract with NZTA's Marlborough Roads office to manage Council's roads on its behalf. This is achieved through a formal contract and a close management relationship between Council and Marlborough Roads.

The NZTA is a key partner and co-investor in Council's land transport programme. As well the State Highway network is of significant strategic importance in achieving community outcomes.

Council also works closely with Police on road safety issues and maintains and annually reviews a Road Safety Action Plan for the District.
















The most up to date information on this Activity and the assets involved is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

In addition to the services targeted in the Levels of Services table the following points summarise the major roading projects performed:

- completed the replacement of Bishells Bridge on Hawkesbury Road and Church Lane Bridge in Wairau Valley;
- completed Safety Improvements and Traction seal Anakiwa;
- completion of 64.3 lane kilometres of chip sealing;
- 18,000 cubic metres of gravel spread on the unsealed network;
- undertook \$16.4 million of Maintenance and Renewal works;
- completed drainage and Safety works on Waikawa Road adjacent to Waikawa School; and
- \$1.35 million worth of Emergency Works were completed. This was as a result of the storm events of May 2020.

Levels of Service: Roads and Footpaths

Performance Targets					
Level of Service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	5.9	6.5	5.7	
	Comment: There have been some concerns about deteriorating roads, particularly in rural areas.				
Road Safety Provide a safe transport infrastructure.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	-4	-1	3	
	Comment: hard to control the number of crashes across the Network. Had a very good year last year with a reduction of 4 crashes but this year number was back up.				
Road condition Provide a quality transport infrastructure.	Average quality of ride on a local road sealed network measured by Smooth Travel Exposure ¹ and classified using ONRC hierarchy				
	Arterial	83%	90%	83%	
	Primary Collector	91%	88%	93.3%	
	Secondary Collector	95%	88%	95.7%	
	Access	92%	87%	94.2%	
	Low Volume	91%	87%	96%	
	Comment: We have set a high standard for our arterial roads. We are working toward this but it will take some time to achieve.				
	85% average road roughness classified using ONRC hierarchy				
	Arterial	115	≤ 110	113	
	Primary Collector	113	≤ 120	113	
	Secondary Collector	113	≤ 125	115	
	Access	129	≤ 140	130	
	Low Volume	137	≤ 150	137	
	NB: a newly sealed road has an average roughness of 50 – 70. A very rough gravel road will have a roughness value higher than 300.				
	Comment: We have set a high standard for our arterial roads. We are working toward this but it will take some time to achieve.				
Road maintenance Provide a sustainable land transport infrastructure.	The percentage of sealed road network that is resurfaced annually. Average chipseal life is 13.5 years.	2.99%	> 5.5%	5%	
	Comment: Had delays with our contractors who were not able to complete the resealing programme before the weather got too cold.				
Footpaths To provide footpaths that meet the needs of an ageing community.	% of footpaths that meets the Asset Management Plan rating of better than 4. where 1="Excellent" 2="Good" 3="Average" 4="Poor" 5="Very Poor"	not available	95.25%	97.4%	
Respond to services request	% of customer services requests relating to roads and footpaths to which the territorial authority responds within 15 days.	95%	90%	93%	

¹ Smooth Travel Exposure is the percentage of vehicle kms travelled on roads meeting a certain roughness standard. This indicator shows the extent to which Council has maintained the road asset. It records travel on the roading network which meets the roughness benchmarks therefore providing a measure of delivery of a safe and comfortable ride. Well maintained roads contribute to lower operating costs for road users. The Marlborough values compare favourably with peer agencies.

Funding Impact Statement for 2020-21 for

Roads and Footpaths

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		10,439	10,924	10,944	11,003
Targeted rates		63	63	63	76
Subsidies and grants for operating purposes	a.	4,410	4,571	4,515	6,480
Fees and charges	b.	7	7	7	112
Internal charges and overheads recovered		-	-	23	16
Fuel tax, fines, infringement fees and other receipts	c.	1,336	1,316	1,161	1,165
Total operating funding		16,255	16,881	16,713	18,852
Applications of operating funding					
Payments to staff and suppliers	a.	9,767	10,131	10,132	13,381
Finance costs	d.	618	722	404	340
Internal charges and overheads applied	e.	1,369	1,401	1,418	1,315
Other operating funding applications		-	-	20	53
Total applications of operating funding		11,754	12,254	11,974	15,089
Surplus (deficit) of operating funding		4,501	4,627	4,739	3,763
Sources of capital funding					
Subsidies and grants for capital expenditure	f.	4,668	4,285	4,709	5,191
Development and financial contributions	g.	661	677	832	1,482
Increase (decrease) in debt	d.	1,836	1,912	1,725	1,250
Other dedicated capital funding	h.	-	-	1,513	909
Total sources of capital funding		7,165	6,874	8,778	8,832
Applications of capital funding					
Capital expenditure to meet additional demand		3,169	1,260	1,810	2,496
Capital expenditure to improve the level of service		2,395	2,579	2,544	2,279
Capital expenditure to replace existing assets	f.	9,121	8,990	9,662	11,330
Increase (decrease) in reserves		(3,020)	(1,328)	(498)	(3,509)
Total applications of capital funding		11,666	11,501	13,518	12,595
Surplus (deficit) of capital funding		(4,501)	(4,627)	(4,739)	(3,763)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- Subsidies and grants for operating purposes and Payments to staff and suppliers – higher expenditure program 51% funded by Waka Kotahi (NZTA). Expenditure was higher due to higher maintenance costs to catch from last year's COVID-19 lockdown and higher than budgeted costs for the Network Operations Contract.
- Fees and charges – sale of excess materials purchased for projects.
- Fuel tax, fines, infringement fees and other receipts – LTP FIS included capital contributions while in actual those contributions were recorded under Development and Financial Contributions in the sources of capital funding section.
- Finance costs and Debt - lower interest rate and lower debt requirements as the capital programme did not meet budget in previous years
- Internal charges and overheads applied – lower overhead allocation than budgeted
- Subsidies and grants for capital expenditure and Capital expenditure - higher capital expenditure program 51% funded by NZTA. The capital expenditure was higher due to favourable conditions and catch-up from last year's COVID-19 lockdown.
- Development and other financial contributions - higher level of subdivision activity.

Activity Group: Flood Protection and Control Works

Operating costs of this Activity represents approximately 4.9% of total Activity expenditure.

Activities in this Group:

This Activity Group comprises a single Activity: Flood Protection and Control Works.



Related Community Outcomes

This Activity Group contributes primarily to the Community Outcomes of Environment, People, Economy, Mobility and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The Activity is primarily about managing flood hazard and drainage of the more developed areas of Marlborough. Requirements in different areas have developed according to the history of flood risks, predecessor authorities work activities, and

from more recent assessments of flood risks as land uses change with development.

Staff also provide appropriate input into resource consent and building applications near waterways or where a possible flood hazard exists.

The most up to date information on this Activity and the assets involved can be found in the 2021-31 Long Term Plan.

What we did in 2020-21

Weather in 2020-21 was again generally fine and settled with low river flows and little flood activity.

The main exception was a north-easterly storm on 20 June 2021 that affected Blenheim, Picton, Waikawa and Ngakuta Bay. The rainfall peaked late at night on 20 June causing isolated flooding in Buller Street, Picton, in Ngakuta Bay and in Waikawa. Emergency channel clearing work was completed in Ngakuta and options for capacity improvements are being considered for the other two key affected spots.

In February 2020 Council approved \$1.65 million worth of repairs funded from emergency reserves. This programme of repair work was completed by December 2020 on budget, and subsequently proved very timely in the very large 17 July 2021 Wairau River flood event.

A full annual asset maintenance programme was again completed across the full watercourse and drainage network managed by Council, including the remainder of the reserve funded Wairau River rock edge repairs approved by Council. We also continued the programme of refurbishing and proactive maintenance of rural and town stormwater pump stations. This included overhaul/refurbishment work at Monro Street, Riverlands Industrial and Grovetown.

Significant time and effort was again spent on managing gravel extraction, primarily in the Wairau River below the Waihopai River confluence and in the vicinity of Lodden Lane in the upper Wairau Valley. Demand for aggregate for building and roading purposes remained strong during this year.

Capital upgrades completed included:

- 600 meters of channel/berm upgrade on the lower Tuamarina River;
- the first 160 meters stage of the Town Branch Drain upgrade downstream of Easthaven Place;
- construction of the three new strong head groynes as part of the SVIS/Upper Condors edge protection upgrades; and
- reconstruction of 70 meters of Taylor River stopbank at Nelson Street (including purchase

of 39 Nelson Street to enable this project to be completed to Beaver Road).

Good progress was also made with the planning necessary to enable the MacDonald stopbank upgrades to proceed on the lower Wairau River.

Minor upgrades completed included:













- a second stage of culvert upgrades along the Fell Street drain, Grovetown to cater for additional stormwater flow from development;
- upgrades to inlet pond, power supply and access at the Monro Street pump station, Blenheim; and
- another stage of Wither Hills tunnel gully removal and re-contouring plus a new storage tank for the stock water supply.

Investigations included largely completing and calibrating a new hydraulic model for the Doctors Creek/Taylor River/Lower Ōpaoa floodway system that will be invaluable for considering capacity for additional stormwater input from development west of Blenheim as well as confirming upgrades to existing stopbanks along the system today and with climate change factored in. Other modelling included the lower Waitohi River/Kent Street catchments in Picton, some preliminary work on the Camerons Creek catchment, Springlands, and further investigation of the planned Dungys Gully waterway upgrades.

Work continued on the Wither Hills soil conservation programme included ongoing nasella tussock, Chilean needle grass and gorse/broom control, stock water supply maintenance and a fertiliser dressing.

Negotiations for the purchase of an additional five hectares land for the Pukaka quarry extension were completed, enabling the Notice of Requirement for the extension to be lodged. This is a significant milestone for this strategic asset and should extend the life of the quarry by another 40 to 50 years. Pukaka Quarry supplies armour rock and clay for the maintenance and upgrade of Wairau River scheme works and also crushed aggregates for the commercial market.

Levels of Service: Flood Protection and Control Works

Performance Targets						
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?	
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well". Comment: Minor variances from historic trends.	6.9	7.0	6.7		
Wairau River scheme - system and adequacy: These major flood protection and control works are maintained, repaired and renewed to the standards defined in Rivers and Drainage Asset Management Plan (AMP).	% of floodway and tributary network inspected annually for condition and maintenance requirements. Comment: Normal maintenance inspection completed for what was a settled year with little flood damage.	95%	95%	95%		
	% of programmed maintenance and renewal works identified in the Rivers Asset Management Plan (AMP) practically ¹ completed. Comment: Comprehensive maintenance programme completed.	100%	100%	100%		
	% of capital improvement works in the AMP achieved. Comment: Very good progress was made with the long awaited lower Wairau stopbank upgrades. However, other projects were delayed due to slower than expected progress in getting approvals from landowners, resource consenting and staff shortages.	20%	80%	40%		
	Timeliness of providing a report to the Assets and Services Committee on the damage to the Floodway network and potential problem areas following significant flood events (generally exceeding a 1:2 year return). Comment: No significant Wairau River and tributary flood events. 20 June Picton/Ngakuta flooding event reported in 6 weekly activity reports.	> 2 mnths post event	<2 months post event	No significant flood events		
	Wairau Plains: Effective drainage provided to the lower Wairau plains.	% of drain network inspected at least annually for condition and maintenance requirements.	100%	100%	100%	
		% of drains weed sprayed each year.	95%	90%	95%	
	% of drains mechanically cleared each year.	5.0%	4.0%	4.6%		
Picton Floodways: Monitor, maintain and upgrade key Picton floodways (Waitohi and Waikawa Rivers) to provide for a 1 in 50 year return period flood event.	% of floodway network inspected annually for condition and maintenance requirements.	100%	100%	100%		
	% of programmed maintenance and renewal works identified in the AMP practically ¹ completed.	100%	100%	100%		
Blenheim Urban: Upgrade and maintain key Blenheim stormwater outfalls ² .	% of programmed maintenance and renewal works identified in the AMP practically ¹ completed.	100%	100%	100%		
	% of capital improvement works in the AMP achieved.	80%	80%	85%		
	Comment: Caseys Creek completed plus first 170m of Town Branch Drain at Wai-iti subdivision.					
Sound flood hazard advice provided.	Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the Resource Consent, Building Consent, PIMs and LIMs processes.	0	< 5	0		

¹ NZS 3910:2013 defines practical completion as when the contract works or any separable portion are complete except minor omissions and minor defects.

² Channels and pump stations, including the Town Branch, Caseys, Fulton and Murphys Creeks to provide for a 1 in 50 year return period storm event runoff including both infill and greenfield development..

Funding Impact Statement for 2020-21 for

Flood Protection and Control Works

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		296	303	292	292
Targeted rates	a.	4,218	4,471	4,186	4,190
Fees and charges	b.	600	613	654	876
Internal charges and overheads recovered	c.	209	214	285	540
Fuel tax, fines, infringement fees and other receipts		2,741	2,996	2,866	3,067
Total operating funding		8,064	8,597	8,283	8,965
Applications of operating funding					
Payments to staff and suppliers	d.	3,421	3,493	3,754	4,386
Finance costs	e.	181	286	112	84
Internal charges and overheads applied	f.	1,790	1,829	1,828	2,070
Other operating funding applications		37	37	26	28
Total applications of operating funding		5,429	5,645	5,720	6,568
Surplus (deficit) of operating funding		2,635	2,952	2,563	2,397
Sources of capital funding					
Subsidies and grants for capital expenditure	g.	-	-	-	642
Increase (decrease) in debt	h.	1,420	2,334	843	522
Total sources of capital funding		1,420	2,334	843	1,164
Applications of capital funding					
Capital expenditure to meet additional demand		974	210	200	204
Capital expenditure to improve the level of service		1,435	2,764	2,195	1,961
Capital expenditure to replace existing assets	i.	1,250	1,145	1,782	1,392
Increase (decrease) in reserves		396	1,167	(771)	5
Total applications of capital funding		4,055	5,286	3,406	3,561
Surplus (deficit) of capital funding		(2,635)	(2,952)	(2,563)	(2,397)
Funding balance		-	-	-	-
Operating expenditure					
River Leases		296	298	320	309
Rivers Outside Wairau Floodplain		264	267	229	185
Wairau Floodplain Drainage		1,064	1,172	1,157	1,354
Wairau Floodplain Rivers		3,796	3,901	3,947	4,402
Capital expenditure					
Rivers Outside Wairau Floodplain		20	21	20	67
Wairau Floodplain Drainage		994	2,292	630	756
Wairau Floodplain Rivers		2,644	1,806	3,527	2,734

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

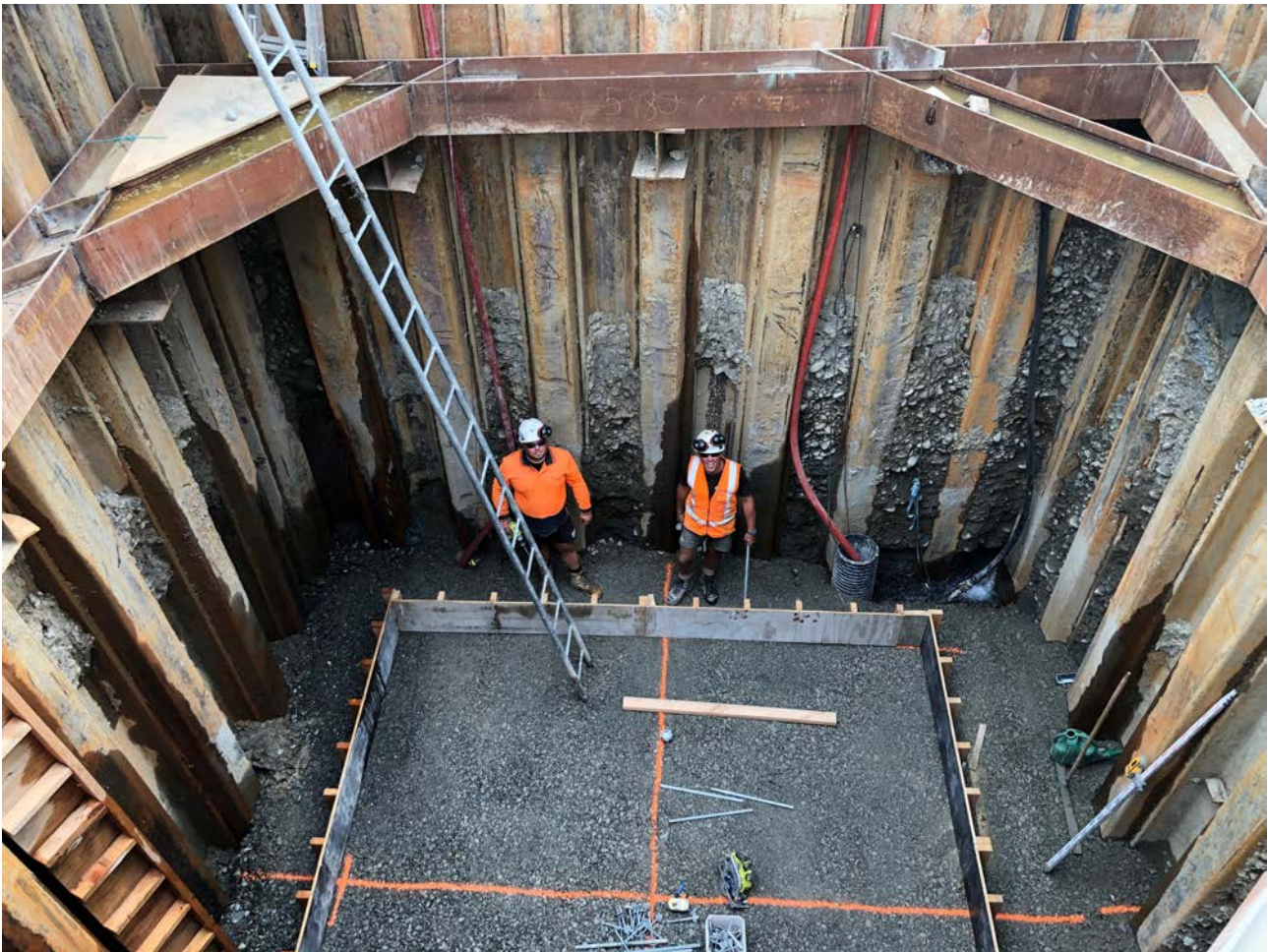
- Targeted rates – higher utilisation of reserves from the Annual Plan budget which the rates are set from.
- Fees and charges – higher than expected gravel extraction and Pukaka Quarry rock sales.
- Internal charges and overheads recovered – rock and gravel being used for Council activities than anticipated.
- Payments to staff and suppliers – flood damage repair costs from the flood in late 2019, unbudgeted investigation costs for an extension at Pukaka Quarry and environmental management cost being higher than anticipated.
- Finance costs – lower interest rate and lower debt requirements as the capital programme did not meet budget in previous years.
- Internal charges and overheads applied – overhead costs were higher than anticipated.
- Subsidies and grants for capital expenditure – unbudgeted funding receive from the Shovel Ready Fund.
- Increase (decrease) in debt – unbudgeted government funding and lower than expected capital expenditure.
- Capital expenditure – delays in stopbank improvement on the lower section of the Wairau River.

Activity Group: Sewerage Including Treatment and Disposal

Operating costs of this Activity represents approximately 9.1% of total Activity expenditure.

Activities in this Group

This Activity Group comprises a single Activity: Sewerage Including Treatment and Disposal.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity about?

Collection, treatment and disposal of wastewater to provide sanitary living conditions, protect public health and avoid damaging discharges to the environment is an essential service that contributes to:

- the health of communities;

- minimisation of adverse environmental effects; and
- industrial and residential development.

The most up to date information on this activity and the assets involved, including information on individual schemes can be found in the 2021-31 Long Term Plan.

What we did in 2020-21

The implications of COVID-19 and associated nationwide Alert Levels continued to have an effect on the delivery of Three Water services across the region in 2020-21. Lead times on the procurement of specific equipment and materials

means that planning is even more critical. Delays on projects from the Alert Level Four lockdown in 2020 has had a flow-on effect into 2020-21 but has been manageable. Central government stimulus funding related to Three Waters was applied for in October 2020 and the total \$12.53 million of funding available was approved in November 2020 for specific projects to be completed by March 2022. Projects funded by this particular funding had to come from beyond the three year programme in the Long Term Plan, be able to be completed by March 2022 and have direct benefits to the provision of Three Water Services within the region.

The Blenheim Sewer Upgrade project is underway and due to be completed in early 2022. This project includes the upgrade of the McLauchlan Street pump station and the construction of a new treatment and overflow facility in Bomford Street. The new main will provide capacity for growth in the north-west, reduce the incidence of overflows during storms and permit the controlled overflow of treated effluent during very severe but rare storms.

Considerable effort continues on sewer mains assessment and rehabilitation. The ageing infrastructure, ground movement through seismic activity, corrosive effluents and increasing quantities of oils and fats discharged into the sewer system is causing increased maintenance activity. These pipes are being rehabilitated through a relining methodology. This project

formed part of the \$12.53 million received from central government as part of the stimulus funding. This has meant that year four and five of this project have been able to be brought forward with the aim to complete the relining in Blenheim in 2022.

A number of projects are underway or in the final design stage for the Blenheim Sewer Treatment Plant. Two of these projects have been funded by the central government stimulus funding:

- wave Band protection; and
- dredging of the sandbar by the treatment plant outlet.








Budget funded projects include:

- aerator replacement;
- septage receival area; and
- electrical upgrade.

These improvements will be considered in the process of applying for a new Resource Consent for Discharge which is due in 2025.

A new treatment plant in Havelock is planned and an appropriate site is being investigated. The process for obtaining the site and appropriate consents continues. A new site and treatment plant will provide improvements to process and increased resiliency of the Havelock Sewer Treatment Plant.

Levels of Service: Sewerage Including Treatment and Disposal

Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.2	7.7	7.2	
	Comment: Satisfaction levels remain consistent across delivery of this service with prior years.				
	The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.	0.2	8.0	2.0	
Comment: There were a total of 27 complaints received in relation to odour, faults and blockages over the financial year. No complaints were received in relation to the response to issues with the sewerage system.					
System and Adequacy: Provide a level of service quality that minimises environmental risks.	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	1.00	0.40	0.60	
	Comment: There were a total of 8 dry weather overflows across the network which results in a failure of this target.				
Discharge compliance: Provide a reliable wastewater service with adequate system capacity and performance.	Number of wet weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	0.60	0.50	0.45	
	Comment: There were a total of 6 wet weather overflows across the network.				
	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	0	0	0	
	Comment: There have been no notices, orders or convictions received in relation to compliance with resource consents for wastewater discharge.				
Fault response times: Provide a service that is timely and responsive to customer needs.	Where the territorial authority attends to sewerage overflows resulting from a (a) attendance time (in hours): from the time that the territorial authority receives notification to the time that service personnel reach the site, and	0.6 hrs	0.6 hrs	0.3 hrs	
	Comment: The median response time to overflows on the network was 17mins.				
	(b) resolution time (in hours): from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	2.4 hrs	1.7 hrs	3.0 hrs	
Comment: The median resolution time was 2hrs and 57mins. No complaints have been received about the time taken to resolve these blockages or faults.					

Funding Impact Statement for 2020-21 for

Sewerage	Notes:	2019-2020	2020-2021	2020-2021	2020-2021
		Long Term Plan	Long Term Plan	Annual Plan	Actual
		\$000s	\$000s	\$000s	\$000s
Sources of operating funding					
Targeted rates	a.	8,777	9,524	8,289	8,283
Subsidies and grants for operating purposes	b.	-	-	-	687
Fees and charges	c.	64	65	62	290
Fuel tax, fines, infringement fees and other receipts	d.	3,004	3,086	2,015	1,067
Total operating funding		11,845	12,675	10,366	10,327
Applications of operating funding					
Payments to staff and suppliers	e.	3,687	3,845	3,261	3,386
Finance costs	f.	2,290	2,364	2,068	1,897
Internal charges and overheads applied	g.	2,680	2,744	3,103	3,146
Other operating funding applications		-	-	-	3
Total applications of operating funding		8,657	8,953	8,432	8,432
Surplus (deficit) of operating funding					
		3,188	3,722	1,934	1,895
Sources of capital funding					
Subsidies and grants for capital expenditure	h.	-	-	360	3,626
Development and financial contributions	i.	570	570	570	1,820
Increase (decrease) in debt	j.	2,101	447	7,839	3,263
Other dedicated capital funding	k.	-	-	1,251	1,812
Total sources of capital funding		2,671	1,017	10,020	10,521
Applications of capital funding					
Capital expenditure to meet additional demand		4,981	549	4,915	2,221
Capital expenditure to improve the level of service		3,255	5,232	7,106	8,308
Capital expenditure to replace existing assets	j.	4,400	3,157	6,163	1,953
Increase (decrease) in reserves		(6,777)	(4,199)	(6,230)	(68)
Total applications of capital funding		5,859	4,739	11,955	12,416
Surplus (deficit) of capital funding					
		(3,188)	(3,722)	(1,934)	(1,895)
Funding balance					
		-	-	-	-
Operating expenditure					
Combined Sewerage		10,075	10,966	9,034	9,279
Riverlands Sewerage		2,248	2,275	2,456	2,406
Capital expenditure					
Combined Sewerage		12,383	8,905	15,825	12,070
Riverlands Sewerage		253	33	2,359	413

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- Targeted rates – lower operating expenditure and a higher utilisation of reserves in the Annual Plan which the rates are set from.
- Subsidies and grants for operating purposes – unbudgeted operating funding from the government as part of the Three Waters Reform.
- Fees and charges – higher than LTP due to unbudgeted liquid waste fees charged for disposal directly to the Hardings Road sewer ponds.
- Fuel tax, fines, infringement fees and other receipts - lower than anticipated trade waste charges partially due to the direct disposal mentioned above. Trade Waste capital charges are budgeted here in the LTP however are recorded in Other dedicated capital funding in actual.
- Payments to staff and suppliers – lower than anticipated pump station and treatment costs.
- Finance costs – lower interest rate and lower debt requirements as the capital programme did not meet budget in previous years.
- Internal charges and overheads applied – overhead costs were higher than anticipated.
- Subsidies and grants for capital expenditure – unbudgeted capital funding from the government as part of the Three Waters Reform.
- Development and financial contributions - higher level of subdivision activity.
- Debt and Capital expenditure - favourable conditions for capital expenditure and catch-up from last year's COVID-19 lockdown.
- Other dedicated capital funding - higher level of subdivision activity and Trade Waste Capital charges which were budget in Fuel tax, fines, infringement fees and other receipts for the LTP.

Activity Group: Stormwater Drainage

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

Activities in this Group:

This Activity Group comprises a single Activity: Stormwater Drainage.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and People. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity about?

Council provides a stormwater drainage system to manage stormwater run-off from urban catchments. Collection and disposal of stormwater contributes to:

- minimising the incidence of flooding to protect the community from harm;

- minimising damage to properties from flooding;
- facilitating commercial and residential development;
- protecting the aquatic environment through the management of water quality from urban stormwater run-off; and
- reducing erosion.

The most up to date information on this Activity including detail about the individual areas served is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

The implications of COVID-19 and associated nationwide Alert Levels continued to have an effect on the delivery of Three Water services across the region in 2021-21. Lead times on the procurement of specific equipment and materials means that planning is even more critical. Delays on projects from the Alert Level Four lockdown in 2020 has had a flow-on effect into 2020-21 but has been manageable. Central government stimulus funding related to Three Waters was applied for in October 2020 and the total \$12.53 million of funding available was approved in November 2020 for specific projects to be completed by March 2022. Projects funded by this particular funding had to come from beyond the three year programme in the Long Term Plan, be able to be completed by March 2022 and have direct benefits to the provision of Three Water Services within the region.

The Stormwater Management Area Plan (SMAP) for Springlands has been adopted as part of the







Blenheim Stormwater Management Strategy and supports the Resource Consent for stormwater discharge in Springlands which was awarded on the 30 September 2020. Establishing the monitoring and reporting requirements of the resource consent are currently underway. This process will then be carried out across all Blenheim Stormwater Catchments and then developed across the region. The consent to discharge stormwater from the Springlands Management Area will expire in October 2030.

Hydraulic modelling has helped to establish a long term strategy to improve stormwater drainage for eastern Blenheim. The second stage of the Town Branch Drain upgrade is in process. The new link between the Muller Road trunk stormwater main is under construction.

Investigation and design is on-going for the upgrade and renewal of stormwater pipe and drains in Hampden Street.

The development of the Rose Manor subdivision has allowed for further application of stormwater retention systems enabling controlled discharge of stormwater to existing waterways and a level of treatment of this discharge. Use of these types of controls on stormwater will be reviewed and considered as greenfields are developed. The use of these methods within existing catchments is difficult to apply due to the area of land required. Other ways in which to manage stormwater in these areas will be considered with the development of Stormwater Management Areas in Blenheim and applied to other areas in the Marlborough Region.

Levels of Service: Stormwater Drainage

Performance Targets					
Level of Service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.6	6.3	
	Comment: Satisfaction levels remain consistent across delivery of this service.				
	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	0.30	1.90	0.04	
Comment: There was one complaint received about the performance of the stormwater system.					
System adequacy: Provide a reliable storm water service.	The number of flooding events that occur in a territorial authority district.	0	Actual number to be reported	0	
	Comment: There were no storm events recorded during the financial year.				
	For each flooding event, the number of habitable floors affected, expressed per 1000 properties connected to the territorial authority's stormwater system.	0	2.6	0	
Comment: There is no record of habitable floors being affected by flooding during the financial year.					
Discharge compliance: Minimise the environmental risks of stormwater discharge.	Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	0	0	0	
	Comment: There have been not notices, orders or convictions received.				
Response times: Provide a service that is timely and responsive to current needs.	The median response time (in hours) to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. (* The statistical median is the time in which half of calls are responded to in less time and half in longer time)	0.00 hour	1.00 hour	0.65 hour	
	Comment: The median response time for flooding related events was 39 mins, within the target response time.				

Funding Impact Statement for 2020-21 for

Stormwater Drainage

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	a.	2,110	2,175	2,071	2,071
Fees and charges		52	53	51	-
Fuel tax, fines, infringement fees and other receipts		153	143	166	166
Total operating funding		2,315	2,371	2,287	2,237
Applications of operating funding					
Payments to staff and suppliers		346	333	156	305
Finance costs		12	11	9	9
Internal charges and overheads applied		439	450	359	362
Total applications of operating funding		797	794	524	676
Surplus (deficit) of operating funding		1,518	1,577	1,763	1,561
Sources of capital funding					
Subsidies and grants for capital expenditure	b.	-	-	40	151
Development and financial contributions	c.	25	25	25	314
Increase (decrease) in debt		(29)	(31)	(32)	(32)
Lump sum contributions		205	-	-	-
Other dedicated capital funding	c.	-	-	525	830
Total sources of capital funding		(4)	(6)	558	1,263
Applications of capital funding					
Capital expenditure to meet additional demand		52	53	526	1,133
Capital expenditure to improve the level of service		277	356	270	806
Capital expenditure to replace existing assets	d.	583	20	1,636	554
Increase (decrease) in reserves		601	1,142	(110)	329
Total applications of capital funding		1,514	1,571	2,322	2,824
Surplus (deficit) of capital funding		(1,518)	(1,577)	(1,763)	(1,561)
Funding balance		-	-	-	-
Operating expenditure					
Blenheim Stormwater		1,665	1,718	1,256	1,758
Other Stormwater Schemes		638	635	615	630
Capital expenditure					
Blenheim Stormwater		297	377	2,382	2,278
Other Stormwater Schemes		615	52	50	216

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- General rates, uniform annual general charges, rates penalties – Councilors deciding on a lower rates increase because of the effects of COVID-19.
- Subsidies and grants for capital expenditure – unbudgeted capital funding from the government as part of the Three Waters Reform.
- Development and financial contributions and Other dedicated capital funding – higher level of subdivision activity.
- Capital expenditure – favourable conditions for capital expenditure and catch-up from last year's COVID-19 lockdown.

Activity Group: Water Supply

Operating costs of this Activity represents approximately 7.6% of total Activity expenditure.

Activities in this Group:

This Activity Group comprises a single Activity: Water Supply.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Council drinking water supplies are necessary so that larger communities can receive an adequate supply of potable (drinking) water which cost-effectively contributes to:

- the health of the community;
- minimisation of adverse environmental effects;

- community safety through providing for the firefighting capability of the water supply system;
- industrial and residential development.

Around 82% of the Marlborough population has access to the Council's reticulated water supplies. Underground water reticulation systems are expensive to install and maintain, so are only cost-effective with a certain level of population density. Funding upgrades (particularly to meet the New Zealand Drinking Water Standards and depreciation) has been a challenge but this has been partially resolved by the introduction of the Combined Water Scheme Charges Policy in 2017.

The most up to date information on this Activity and the assets involved, including detail on each individual scheme, is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

The implications of COVID-19 and associated nationwide Alert Levels continued to have an effect on the delivery of Three Water services across the region in 2020-21. Lead times on the procurement of specific equipment and materials means that planning is even more critical. Delays on projects from the Alert Level Four lockdown in 2020 has had a flow-on effect in to 2020-21 but has been manageable. Central government stimulus funding related to Three Waters was applied for in October 2020 and the total \$12.53 million of funding available was approved in November 2020 for specific projects to be completed by March 2022. Projects funded by this particular funding had to come from beyond the three year programme in the Long Term Plan, be able to be completed by March 2022 and have direct benefits to the provision of Three Water Services within the region.

Water Meters have been successfully installed across Renwick and Havelock with residents having a full cycle of metering, prior to being charged for their water consumption, to become familiar with the system and identify leaks within their property.

Water mains installations & renewals have been completed as follows:

- AC water main replacements in Renwick;

- water mains replaced on Muller Road as part of the Town Branch Drain Stormwater Upgrade; and
- extension of water networks for subdivisions in Boulevard Park on Taylor and Rose Manor.

Water treatment investigation and design updates

• Renwick:

The existing supply doesn't comply with the drinking water standards for New Zealand. The pipeline connection of bores in Conders Bend Road and the site of the new Renwick Water Treatment Plant has been laid.

The new Water Treatment Plant project is underway with membrane filtration selected with bacterial compliance to utilise either chlorine or UV. The new 1530m³ reservoir for treated water has been commissioned and is operational.

• Havelock:

The existing supply doesn't comply with the drinking water standards for New Zealand. A preliminary assessment of treatment options recommends cartridge filtration and UV disinfection.

Work continues to find a suitable site for a new water treatment plant. Investigation into additional sources of supply, upstream of the existing, has also been undertaken with positive results.

A second reservoir is being installed next to the existing reservoir to improve the resiliency of water supply in Havelock.

• Wairau Valley Township:






















The existing supply doesn't comply with the drinking water standards for New Zealand. Plans for the supply and installation of the new Water Treatment Plant are underway. This work is due to be completed in 2022.

• Riverlands Industrial Estates:

An alternate source of water for the Riverlands Industrial areas has been located, the property has been purchased and a bore has been installed. The new source and Water Treatment Plant will ensure that supply meets the Drinking Water Standards for New Zealand.

Levels of Service: Water Supply

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well". Comment: Satisfaction levels remain consistent across delivery of this service with prior years.	7.5	8.3	7.4	
	The total number of complaints received by the local authority about any of the following, expressed per 1000 connections to the local authority's networked reticulation system ¹ .				
	(a) drinking water clarity	0.06	1.10	0.38	
	(b) drinking water taste	0.25	1.90	0.13	
	(c) drinking water odour	0.06	0.65	0.31	
	(d) drinking water pressure or flow	0.19	1.70	0.56	
	(e) continuity of supply, and	0.13	1.30	0	
	(f) the local authority's response to any of these issues	0.25	0.65	0	
Comment: The number of complaints received around the clarity, taste, odour, pressure, supply and response to issues on the water network are below all targets.					
Safety of drinking water: Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.	The extent to which the local authority's drinking water supply complies with:				
	(a) Part 4 of the drinking-water standards (bacteria compliance criteria), and				
	Blenheim	on target	Yes	on target	
	Picton	on target	Yes	on target	
	Havelock	almost on target	Yes	on target	
	Renwick	on target	Yes	on target	
	Riverlands	on target	Yes	on target	
	Awatere	on target	No	on target	
	Wairau Valley	on target	Yes	on target	
	Comment: All supplies comply with standards.				
	(b) Part 5 of the drinking-water standards (protozoal compliance criteria).				
	Blenheim	almost on target	yes	on target	
	Picton	on target	yes	on target	
	Havelock	on target	yes	not achieved	
	Renwick	on target	yes	not achieved	
Riverlands	on target	yes	not achieved		
Awatere	on target	yes	not achieved		
Wairau Valley	on target	yes	not achieved		
Comment: There was a failure in the chlorination of the Havelock Network which resulted in this supply not complying across the financial year, this failure was low risk and has been investigated.					

Levels of Service: Water Supply

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?	
Maintenance of the reticulation network	The percentage of real water loss from the local authority's networked reticulation system ² .					
	• Blenheim	36%	37%	36%	✓	
	• Picton	30%	30%	27%	✓	
	• Havelock	38%	30%	10%	✓	
	• Renwick	39%	30%	10%	✓	
	• Awatere	5%	15%	4%	✓	
	• Wairau Valley	20%	15%	21%	✗	
	Comment: Installation of water meters in Havelock and Renwick have improved the accuracy of water loss calculations and a lot of work has been done in this financial year to improve leakage. Expecting improvements on percentages in the 2021-22 Financial year.					
Fault response times:	Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:					
Provide a service that is timely and responsive to customer needs.	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in minutes), and					
	• Blenheim	47 mins	60 mins	34 mins	✓	
	• Picton	168 mins	60 mins	95 mins	✗	
	• Riverlands	21 mins	60 mins	71 mins	⚠	
	• Renwick	19 mins	60 mins	72 mins	✗	
	• Awatere	142 mins	120 mins	171 mins	✗	
	• Havelock	71 mins	120 mins	45 mins	✓	
	• Wairau Valley	11 mins	120 mins	0 mins	✓	
		Comment: In areas where we have failed to meet the target response times there have been no complaints about our service. Accuracy in the recording of start times is a work in progress.				
	(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (in hours).					
	17.55 hrs	4 hrs	11.3 hrs	✗		
	Comment: Accuracy in recording of resolution times is not consistent across all areas and where this time has failed to be recorded, the finish time of the entire task has to be used. There have					
(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in hours), and						
	0.2 days	3 working days	0.75 days	✓		
	Comment: The median time taken to attend non-urgent call-outs is well below the target.					
(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (in hours).						
	2.0 days	10 working days	1.5 days	✓		
	Comment: The median time taken to resolve non-urgent call-outs is well below the target.					
Demand management:	The average consumption of drinking water per day per resident within the territorial authority district (in litres).					
Provide a reliable water supply service.		773	770 litres	467 litres	✓	

¹ Assumes 15,765 connections. Estimated in accordance with DIA recommended option 2. Minimum Night Flow Analysis. Riverlands not included as industrial night consumption volumes not available.

² The water loss figures shown are based on the best available information and do not include legitimate commercial/industrial night usage, day/night adjustment factor or system specific issues that are not currently monitored. Water loss has been calculated in accordance with Method Option 2 (minimum night flow analysis) recommended by the Department of Internal Affairs guidance for non-financial performance measures for water supply. **Note:** Riverlands is not measurable due to its industrial usage.

Funding Impact Statement for 2020-21 for

Water Supply

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
Targeted rates	a.	8,824	9,698	9,005	8,908
Fees and charges		167	170	163	237
Internal charges and overheads recovered		-	-	94	-
Fuel tax, fines, infringement fees and other receipts		-	-	-	37
Total operating funding		8,991	9,868	9,262	9,182
Applications of operating funding					
Payments to staff and suppliers	b.	3,027	3,350	3,024	3,457
Finance costs	c.	1,232	1,512	957	991
Internal charges and overheads applied		1,665	1,703	1,848	1,749
Other operating funding applications		40	41	33	34
Total applications of operating funding		5,964	6,606	5,863	6,231
Surplus (deficit) of operating funding		3,027	3,262	3,399	2,951
Sources of capital funding					
Subsidies and grants for capital expenditure	d.	-	-	240	2,261
Development and financial contributions	e.	285	285	285	800
Increase (decrease) in debt	f.	1,083	8,903	113	2,878
Other dedicated capital funding	e.	-	-	325	387
Total sources of capital funding		1,367	9,188	963	6,326
Applications of capital funding					
Capital expenditure to meet additional demand		1,844	5,425	700	1,985
Capital expenditure to improve the level of service		3,216	9,264	4,085	2,508
Capital expenditure to replace existing assets	f.	1,436	1,557	777	4,505
Increase (decrease) in reserves		(2,101)	(3,796)	(1,200)	278
Total applications of capital funding		4,395	12,450	4,362	9,277
Surplus (deficit) of capital funding		(3,027)	(3,262)	(3,399)	(2,951)
Funding balance		-	-	-	-
Operating expenditure					
Awatere Water		794	888	901	793
Combined Water		8,376	8,883	7,875	8,570
Riverlands Water		336	658	407	404
Capital expenditure					
Awatere Water		672	1,561	1,703	227
Combined Water		5,665	7,174	2,480	7,243
Riverlands Water		159	7,511	1,380	1,528

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- a. Targeted rates – lower than anticipated revenue from water meter charges.
- b. Payments to staff and suppliers - increased backflow prevention costs and higher reticulation connections.
- c. Finance costs – lower debt requirements as the capital programme did not meet budget in previous years.
- d. Subsidies and grants for capital expenditure - unbudgeted capital funding from the government as part of the Three Waters Reform.
- e. Development and other financial contributions - higher level of subdivision activity.
- f. Debt and Capital expenditure - delays in Havelock, Riverlands and Renwick projects.

Activity Group: Solid Waste Management

Operating costs of this Activity represent approximately 11.4% of total Activity expenditure.

Activities in this Group:

This Activity Group comprises a single Activity: Solid Waste Management.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Marlborough District Council is bound by legislation to ensure that our solid waste is

managed in an effective and efficient manner, reducing any potential environmental impact and protecting public health. Council is the main source of waste management infrastructure for the district, providing a network of six transfer stations, a central landfill, waste sorting centre, resource recovery centre, reuse centre, e-waste collection facility, hazardous waste centre, rural community recycling stations, greenwaste acceptance facility and salvage yard. They are all operated under contract to Council.

These facilities are designed and operated to ensure the minimum impact on people's amenity and the environment. By promoting the reduction, reuse and recycling of waste we will reduce our reliance on landfill for disposal and also have the ability to influence the direction of our waste management and minimisation planning. Council also collects refuse and recyclables from the kerbside in Blenheim and Picton through a contract.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.










What we did in 2020-21

In addition to the key services targeted in the Levels of Services table a number of activities have been performed during the year, summarised as:

- recycled 1,890 items of e-waste;
- served 41,177 customers at the reuse shops;
- recovered 520,705 kilograms of recycling through the rural community recycling service;
- collected 1,813 tonnes of recycling from the kerbside collection routes in Blenheim and Picton;
- participated in the WasteMINZ product stewardship working group;
- commenced the repurposing of unwanted household goods project;
- adopted the waste management and minimisation plan 2021-27;
- constructed Stage 8 at Bluegums landfill;
- trialled community clean ups in the Marlborough Sounds.

Levels of Service: Solid Waste Management

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.0	7.6	6.7	
	Comment: Dissatisfaction expressed over lack of wheelie bins and lids, crates liner trail is undertaking in 2021.				
Reduce the amount of waste sent to the landfill.	% growth in diverted material throughput at the Resource Recovery Centre (RRC).	4,367 tonnes	7.5% growth from 2017-18	4,499	
	Comment: The reduction in throughput at the resource recovery centre reflects a reduction in plastics recycling in response to local and central Government messaging.				
	% growth in sales at the Reuse Shop .	\$ 251,850	7.5% growth from 2017-18	\$438,503	
	% growth in tonnage diversion from the Waste Sorting Centre (WSC).	1,456 tonnes	7.5% growth from 2017-18	2,441	
	Comment: The waste sorting centre diversion level reflects the change in operational processing at the site post the fire event.				
	% growth in greenwaste material throughput at the Greenwaste Acceptance Facility (GAF).	18,742m ³	7.5% growth from 2017-18	24,757	
Effective operation of waste management and minimisation services.	Number of resident's complaints in regards to Bluegums Landfill operations.	7	< 12	11	
	% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	0.01%	< 1% of 2017-18	0.81%	
	Comment: All kerbside service issues are recorded and reported - the majority of these service issues are remedied on the day of occurrence.				
	Number of resident's complaints in regards to the greenwaste acceptance facility operation.	9	< 12	6	
	Number of resident's complaints in regards to the transfer stations, waste sorting centre, reuse centre, resource centre, e-waste facility, rural community recycling, coin skips and salvage yard.	36	< 36	30	

Funding Impact Statement for 2020-21 for

Solid Waste Management

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,602	1,653	1,618	1,619
Targeted rates		1,470	1,524	1,439	1,513
Subsidies and grants for operating purposes	a.	151	154	462	245
Fees and charges	b.	7,272	7,436	8,294	9,315
Fuel tax, fines, infringement fees and other receipts	c.	300	296	318	756
Total operating funding		10,795	11,063	12,131	13,448
Applications of operating funding					
Payments to staff and suppliers	d.	7,504	7,725	7,627	8,041
Finance costs		352	321	288	285
Internal charges and overheads applied	e.	1,194	1,224	1,492	1,542
Other operating funding applications	f.	493	491	615	694
Total applications of operating funding		9,543	9,761	10,023	10,562
Surplus (deficit) of operating funding		1,252	1,302	2,108	2,886
Sources of capital funding					
Increase (decrease) in debt		(562)	(594)	(635)	(637)
Gross proceeds from sales of assets		-	-	-	15
Total sources of capital funding		(562)	(594)	(635)	(622)
Applications of capital funding					
Capital expenditure to improve the level of service		-	59	-	-
Capital expenditure to replace existing assets	g.	53	564	4,286	8,160
Increase (decrease) in reserves		637	85	(2,813)	(5,897)
Total applications of capital funding		690	708	1,473	2,264
Surplus (deficit) of capital funding		(1,252)	(1,302)	(2,108)	(2,886)
Funding balance		-	-	-	-
Operating expenditure					
Landfills		4,213	4,260	4,882	7,559
Refuse Collections		1,710	1,754	1,660	1,773
Transfer Stations		2,954	3,055	2,841	3,069
Waste Minimisation		1,430	1,464	1,780	2,240
Capital expenditure					
Landfills		53	430	4,286	7,765
Refuse Collections		-	193	-	-
Transfer Stations		-	-	-	15
Waste Minimisation		-	-	-	380

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- Subsidies and grants for operating purposes – unbudgeted grants from Ministry for the Environment for the Hazardous Sorting Waste Centre.
- Fees and charges – increased revenue from dump fees because of increased volumes from commercial sectors.
- Fuel tax, fines, infringement fees and other receipts - unbudgeted funding from Ministry for the Environment to develop the Container Return Scheme.
- Payments to staff and suppliers - increased contract costs and levy payments as a consequence of higher waste tonnage and minor works to the landfill site.
- Internal charges and overheads applied – overhead costs were higher than anticipated.
- Other operating funding applications - higher than LTP as the increased waste tonnage resulted in increased levies paid to the Ministry of the Environment.
- Capital expenditure - unbudgeted purchase of carbon credits and capping of sections of the regional landfill ahead of projections due to increased waste volumes in recent years.

Activity Group: Environmental Management

Operating costs for this Group of Activities represent approximately 8.9% of total Group expenditure.

Activities in this Group:

- Environmental Policy.
- Environmental Science and Monitoring.
- Resource Consents.
- Environmental Protection.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity Group About?

Marlborough's social and economic wellbeing

relies on the use, development and protection of natural and physical resources. The Environmental Management Activity group is responsible for enabling appropriate use of land, water, air, indigenous ecosystems and the built environment, while protecting the environment within which resource use occurs. This service is delivered through the implementation of the Resource Management Act (RMA) requirements.

Each Activity delivers separate services under the RMA, but each of these services plays an integral role in a wider system of environmental

management. This system can be described as the Plan-Do-Monitor-Review cycle and is represented by the following diagram:



It is important to note that as a unitary authority, the Council has the functions of both a regional council and a territorial authority. This influences the way in which the Environmental Management Activity group delivers its services. It means that the full suite of planning documents required under the RMA must be prepared and that all resource consents required under the planning documents are processed by one consent authority. This allows the Group to integrate the management of land use (for which territorial authorities are generally responsible) with the management of other natural resources (for which regional councils are responsible), leading to reduced costs to resource users and improved environmental outcomes.

Funding Impact Statement for 2020-21 for

Environmental Management

	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	7,026	7,712	7,581	7,583
Subsidies and grants for operating purposes	-	42	-	352
Fees and charges	2,326	2,373	2,046	2,781
Internal charges and overheads recovered	89	92	111	234
Fuel tax, fines, infringement fees and other receipts	513	509	694	692
Total operating funding	9,954	10,728	10,432	11,642
Applications of operating funding				
Payments to staff and suppliers	7,254	7,951	7,278	7,806
Finance costs	20	19	16	16
Internal charges and overheads applied	2,502	2,569	2,695	2,810
Other operating funding applications	1	1	-	64
Total applications of operating funding	9,777	10,540	9,989	10,696
Surplus (deficit) of operating funding	177	188	443	946
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	49
Increase (decrease) in debt	(14)	(15)	(16)	(17)
Lump sum contributions	-	-	-	-
Gross proceeds from sales of assets	-	-	-	-
Total sources of capital funding	(14)	(15)	(16)	32
Applications of capital funding				
Capital expenditure to improve the level of service	1,028	1,095	307	304
Capital expenditure to replace existing assets	154	157	150	824
Increase (decrease) in reserves	(1,019)	(1,080)	(31)	(151)
Total applications of capital funding	163	173	427	978
Surplus (deficit) of capital funding	(177)	(188)	(443)	(946)
Funding balance	-	-	-	-

Explanation of Variances

- Explanations for this Activity Group are included in the individual Activity Funding Impact Statements.

Activity: Environmental Policy

Operating costs of this Activity represent approximately 1.1% of total Activity expenditure.

Related Community Outcomes

This Activity contributes primarily to the Community Outcome of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity is the first of the "Plan-Do-Monitor Review" cycle of Activities that play an integral role in a wider system of environmental management.

The Environmental Policy Activity involves the development and review of policy and planning provisions under the Resource Management Act (RMA) in response to resource management issues for Marlborough. These provisions are aimed at the sustainable use, development and protection of Marlborough's natural and physical resources, including land, water, air, indigenous ecosystems and the built environment. Many of the provisions are mandatory under the RMA. Council is required to prepare a Regional Policy Statement, a Regional Coastal Plan and a District Plan. It may also develop other regional plans, as necessary.

Council's four core RMA policy and planning documents are:

- Marlborough Regional Policy Statement (RPS);
- Marlborough Sounds Resource Management Plan (MSRMP);
- Wairau/Awatere Resource Management Plan (WARMP);
- Proposed Marlborough Environment Plan (MEP).

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

The Proposed Marlborough Environment Plan (MEP) was notified by the Council on 9 June 2016 and decisions on the Plan were publicly notified on 21 February 2020. All decisions were subject to appeal to the Environment Court and 51 notices of appeal were received by the Court.

In the 2020-21 year, the Environmental Policy Group was involved in processing these appeals to determine which provisions of the MEP are

beyond challenge, and can therefore be treated as operative, and which provisions remain subject to challenge. Council solicitors and staff have also been corresponding with the Court and parties to the appeals to determine an effective process by which the appeals can be addressed.

The Environment Court manages all appeal processes in accordance with their Practice Note 2014. There are typically three options. The matters subject to appeal can be resolved between the parties (informal mediation), they may be resolved through Court assisted mediation (formal mediation), or they may proceed to Court hearing (in which case the Court determines the outcome). Final directions were received by the Court on 21 December 2020.

Formal mediation on Group 1 topics (matters of national importance) commenced on 16 February and, to date, mediation has occurred for the natural character, landscape, indigenous biodiversity, public access and open space, cultural, and heritage topics. Discussions with the parties are ongoing.

The discussions and outcomes from mediation are confidential to the parties and cannot be reported. The outcomes become public if a consent memorandum from the parties resolving the appeal is provided to the Court. At that point, the provisions of the PMEOP are also updated. To date, the Court has issued seven consent orders. Details can be found on Council website: <https://eservices.marlborough.govt.nz/programmes/ListProgrammeEvents?id=2621046>

The resolution of appeals and therefore making the PMEOP operative is a priority for the Environmental Policy Group in coming years and will therefore form a significant proportion of the work for the team.

The review of the operative marine farming provisions was re-commenced by Council in March 2017. When the MEP was publicly notified Council decided to withdraw the marine farming provisions on the basis that they did not give effect to Policy 8 of the NZ Coastal Policy Statement (NZCPS). This process has involved Council appointing an Aquaculture Review Working Group.

The Group, consisting of representatives of the marine farming industry, Marlborough Sounds community, DoC, MPI and Council, completed its process in June 2019. Recommendations for

allocating coastal space and managing the effects of marine farming have been subsequently provided to the Council. Council continued to consider these recommendations in the 2020-21 year as a basis for preparing a Variation to the MEP. This task took longer than intended due to the complexity of the management regime recommended, but also due to the difficulties of undertaking public consultation in a COVID-19 environment.

Council publicly notified two variations to give effect to the outcome of the review process and the recommendations of the Aquaculture Review Working Group on 2 December 2020. These were:

- Variation 1: Marine farming; and
- Variation 1A: Fin fish farming.

The period for making submissions closed on 26 February 2021. A total of 115 submissions were received on the variations. The summary of submissions was publicly notified on 26 May 2021 with the period for making further submissions closing on the 28 July 2021. A hearing of submissions and further submissions will occur late in 2021.

Central government released significant national direction in the 2020-21 year regarding Essential Freshwater. The Essential Freshwater package consisting of the NPS for Freshwater Management, the NES for Freshwater, Regulations for Stock Access and Regulations for Water Metering was gazetted in August 2020. This is possibly the most comprehensive package of national direction to be released by central government.

Council is required to give effect to the NPS through the PMEP and enforce the NES and Regulations.

Council contracted external advice from Happen Consulting to identify the additional requirements on the Council, and the resourcing and other implications of these requirements. Happen Consulting reported to the Planning, Finance and Community Committee on 11 June 2021.

The Council, Nelson City Council and Tasman District Council have also been engaging with Te Tau Ihu iwi to commence a process of assessing what Te Mana o te Wai means in a Top of the South context.

A focus for the coming financial year is ongoing engagement with Te Tau Ihu iwi and Ngai Tahu to commence development of a work programme to provide further detail on how the Council will give effect to the NPS.


Three policies required to be inserted into plans as a result of the NPS to protect wetlands, rivers and fish passage were added to the operative plans and the PMEP on 4 November 2020.

The National Policy Statement for Urban Development 2020 was gazetted on 20 July 2020 and commenced on 20 August 2020. Council is required to give effect to the NPS through the PMEP.

Although it is now optional for Council to undertake a Housing and Business Assessment, Council has chosen to continue to do so. The previous assessment, undertaken in 2018, has been useful in informing planning in many of Council's functions in response to housing demand. Work in the 2020-21 year focussed on continuing to monitor demand and supply of housing. The results of the monitoring inform the Housing and Business Assessment, which is in preparation.

Levels of Service: Environmental Policy

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
A second generation resource management framework for Marlborough.	A variation to the MEP providing for and managing the effects of marine farming activity is publicly notified.	Not achieved	31-Dec	2-Dec	

Funding Impact Statement for 2020-21 for

Environmental Policy

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	a.	1,289	1,326	1,176	1,177
Fuel tax, fines, infringement fees and other receipts		94	87	94	94
Total operating funding		1,383	1,413	1,270	1,271
Applications of operating funding					
Payments to staff and suppliers		1,104	1,128	950	1,155
Internal charges and overheads applied		279	285	320	322
Other operating funding applications		-	-	-	-
Total applications of operating funding		1,383	1,413	1,270	1,477
Surplus (deficit) of operating funding		-	-	-	(206)
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Increase (decrease) in reserves		-	-	-	(206)
Total applications of capital funding		-	-	-	(206)
Surplus (deficit) of capital funding		-	-	-	206
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

General rates, uniform annual general charges, rates penalties – Councillors deciding on a lower rates increase because of the effects of COVID-19.

Activity: Environmental Science and Monitoring

Operating costs of this Activity represent approximately 4.2% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to achievement of Council's Vision by ensuring the natural environment is healthy. It also contributes to the Community Outcomes of Governance, Environment, Economy, People and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The Activity involves establishing and maintaining an efficient environmental resource information base to allow Council to properly discharge its resource management functions and to provide advice to the community on environmental resources and on issues affecting the resources of the district. The Activity includes the investigation, monitoring and analysis of the district's natural and physical resources (eg land, air, fresh water and coast).

This Activity is also responsible for implementing a number of non-regulatory resource management methods and programmes to promote the sustainable management of our natural and physical resources. This includes education, advocacy and support for flood and other environmental emergency responses.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

State of the Environment Monitoring

The Council released State of the Environment Reports for the following domains: Fresh Water (Surface), Recreational Bathing Water, Air Quality, Soil Quality, Biodiversity, Ground Water Quality. The information essentially helps the community gain a better understanding of our natural resources and assists to characterise the condition and trends of key natural resources to help planning decisions and foster environmental sustainability. These reports can all be viewed on <https://www.marlborough.govt.nz/environment/ribs-and-wetlands/state-of-the-environment-reporting>

Real Time Monitoring Network

The real time monitoring network consists of 110 stations across the region that measure the environmental parameters: water level and flow,

climate, groundwater, rainfall and water and air quality.

Of the 1,042,440 hours of data that could have been captured 99.99% was actually captured.

The environmental monitoring team continue to gather data using the NEMS (National Environmental Monitoring Standards) where appropriate and to invest in analysing and improving the quality of data collected across the network. This means we are starting to see improvements in the quality of data collected and held.

Fresh Water

Monthly water quality monitoring occurred at 35 river sites measuring a range of physical, chemical and biological parameters. The results over the last three years are summarised using a Water Quality Index, which shows that the majority of monitored rivers have good or fair water quality. The latest River Water Quality SoE report also compares monitoring results against the latest NPS-FM attribute limits.

From November 2020 until the end of March 2021 a further seven river sites and ten coastal beaches were sampled weekly to determine the health risk to recreational users from water borne diseases. Samples were analysed for indicator bacteria, E.coli for river samples and Enterococci for coastal samples. The majority of the sites had recreational water quality graded as fair meaning that water quality is generally suitable for recreational activities, such as swimming.

Elevated bacteria concentrations were usually caused by surface-runoff during rainfall events. However, at two sites, Governors Bay and Taylor River at Riverside, bacteria concentrations were also high during fine weather. The source of high Enterococci levels in Governors Bay is still being investigated. High bacteria levels in the Taylor River were caused by earthquake damage to sewerage infrastructure. Following recent repairs, bacteria levels decreased in the second half of the monitoring season.

Additionally, monthly monitoring allows identification of degraded rivers. These rivers are further investigated and improved through the Catchment Care Programme. The investigation results help recognise general water quality issues which then feed into the plan process.

Groundwater quality monitoring indicates that Nitrate-N concentrations at all monitored sites are currently well below the maximum allowable value for human consumption in the Drinking Water Standards for New Zealand. Long-term median Nitrate-N concentrations in groundwater at Wairau Valley, Rai River Valley and Tuamarina River Valley are moderately high from an aquatic ecology perspective. Levels of Nitrate-N in groundwater are primarily driven by land use activities, particularly artificial fertiliser use and stocking rates. Irrigated mature vineyard on the Wairau Plain leaches Nitrate-N at low levels relative to other land uses.

Monitoring results of the monthly and weekly sampling can be viewed on the LAWA website (www.lawa.org.nz).

Land Management

The Taylor River catchment Improvement Project, supported by Ministry for the Environment's Freshwater Improvement Fund, has been supporting riparian planting and fencing to reduce diffuse pollution and sedimentation of the Taylor River catchment. This programme has completed four years of work, with 38,304 native plants planted over an area of 52,489m² and 4,227 kilometers of fencing installed to protect riparian plantings to date.

The Hill Country Erosion programme, which is supported by the Ministry of Primary Industries, has enabled Council to increase resources to help build capacity and capability in protecting sensitive erosion prone soils and develop catchment care programmes designed to target interventions in partnership with landowners to improve water quality in degraded waterways. A large part of this work is relationship building within the rural community to enable positive and collaborative work between Council and landowners. The programme has supplied over 2,700 poplar poles and 3,000 natives to landowners thus far, as well as assisting with retirement fencing and reversion. The programme has completed two years of work, and delivery is expected to increase exponentially as landowner engagement grows.

An increase in government funding of \$401,000 this year has helped to build capacity and support the land management programmes.

Soil quality Monitoring reached its 20th year with soils sampled from thirteen monitoring sites including four vineyards, three pasture sites and six cropping sites representing 11 different soil types from three soil orders. While many sites show good soil quality, most farmed soils show the effects of human land use with soil quality indicators for many of these falling outside target

ranges. Elevated levels of nitrogen in dairy farming, elevated phosphorus levels in most farmed land uses combined with soil compaction can indicate an increased risk to water quality from runoff and leaching. The long-term trend analysis for all soil parameters indicates downward trends in most indicators.

Air

Monitoring carried out in the Blenheim air shed showed concentrations of PM10 that exceeded the National Environment standard (NES) for air quality on eleven separate occasions. The NES only allows one exceedance of the standard per year, as such the Blenheim air shed has breached the NES nine times.

Climate Change

The Council commissioned a report on Climate Change projections and impacts for Marlborough. The report prepared by the National Institute of Water and Atmospheric Research summarise likely changes in temperature, rainfall, drought, and sea level rise in the Marlborough District over the remainder of this century, and discusses the probable impacts of these changes on river flows, droughts, forestry, horticulture, and ecosystem and human health.

A report was also published addressing risks associated with predicted sea level rise on saline Intrusion of the Rarangi Shallow Aquifer. The information concludes that there are no signs of seawater intrusion affecting the Rarangi Shallow Aquifer based on the predictions and the continuous automated observations of conductivity and groundwater level made at the coastal sentinel well sites.

Biodiversity

The Significant Natural Areas (SNA) programme has recorded a total of 758 terrestrial sites. During the last year we worked closely with landowners to protect 12 additional sites undertaking active management interventions such as pest control and the fencing of sites. Since the inception of the programme a total of 132 sites have received a level of financial and technical assistance enabling protection of intrinsic values.

<https://www.marlborough.govt.nz/environment/biodiversity/biodiversity-publications-and-reports>

The Kotahitanga mō te Taiao Alliance supported by the Department of Conservation, Council and iwi seek to bring about transformational landscape-scale conservation outcomes. Progress continues securing funding for management support and restoration activities to help build capability for environmental protection.

Council has a partnership agreement with the Ngāti Kurī Collective which includes working collaboratively with DoC, Kaikoura, Hurunui Districts and Environmental Canterbury. Progress is being made securing partnership funding for regional scale restoration projects.

The Te Hoiere Restoration project continues in the Rai, Pelorus and Kaituna catchments. Substantial progress has been made this year including the development of an Integrated Catchment Enhancement Plan supported by extensive community consultation process. An extensive freshwater quality monitoring programme and a catchment condition survey has been completed which will enable future prioritisation of mitigation measures.

Coastal

The coastal water monitoring programme continues with sampling at 11 representative sites across Queen Charlotte Sound/Tōtaranui and Pelorus Sound/Te Hoiere on a monthly basis. The main parameters measured are nutrients, chlorophyll-a, and dissolved oxygen. These are important indicators of ecosystem health.

Subtidal areas of the Wairau Lagoon were monitored as part of the estuary state of the environment monitoring programme and found the lagoon to be in a moderate ecological state. Whilst the lagoon retains some significant areas of macrophyte and reasonable water quality, it is exhibiting clear symptoms of stress from eutrophication and sedimentation.

Surveys of important areas of marine diversity were completed as part of the ecologically significant marine site programme. Six existing sites were resurveyed and five new sites were identified. Some of the existing sites have reduced ecological value. Overall, the newly identified sites and boundary adjustments represent a 100 hectare increase in ecologically significant marine site area in Marlborough.

Council's investment into coastal environment research and information gathering continues including the collection of multibeam data for the seabed habitat mapping of the Te Hoiere/Pelorus Sound. A number of new nautical charts have been produced to ensure safe navigation for commercial and recreational users. Fisheries New Zealand have utilised the data and provided funding to develop a benthic terrain map of the survey area.

Levels of Service: Environmental Science and Monitoring

Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Monitoring, investigations, gather and analyse information, and report on the state of Marlborough's natural resources including: Fresh Water, Land, Air and Coastal.	Timeliness of completion data integrity audits and quality coding (in accordance with National Environmental Monitoring Standards (NEMS).	30-Jun-20	30-Jun-21	30-Jun-21	
	Number of technical SoE monitoring report cards completed.	7	6	6	
	Timeliness completion of resource investigations and reporting to Council.	30-Jun-20	30-Jun-21	30-Jun-21	
Effective real time environmental monitoring network is operated.	Percentage availability of the Environmental monitoring network.	99.5%	99.0%	99.99%	
Promotion of resource management programmes to help maintain or improve the condition of the environment.	Increase in the number of sites classified as Significant Natural Areas on private land that are either protected by management interventions or legal covenants.	120	104	132	
	Comment: The total number of projects that have received protection from management interventions is 132. There are 89 terrestrial sites that have a form of legal protection.				
Encourage the community and industry to look after and restore the environment through communication, education and advocacy.	Marlborough Environmental Awards are held biennially.	NA	Awards held	Awards held	
	Comment: The Awards Function was held on the 23 April.				
	Number of planned communication programmes with Industry/Community sector groups annually.	19	5	16	

Funding Impact Statement for 2020-21 for

Environmental Science and Monitoring

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	a.	3,967	4,484	4,342	4,343
Subsidies and grants for operating purposes	b.	-	42	-	352
Fees and charges		5	5	-	26
Internal charges and overheads recovered		66	68	65	65
Fuel tax, fines, infringement fees and other receipts	c.	288	295	432	428
Total operating funding		4,326	4,894	4,840	5,214
Applications of operating funding					
Payments to staff and suppliers	d.	3,205	3,738	3,310	3,613
Finance costs		20	19	16	16
Internal charges and overheads applied	e.	923	948	1,155	1,187
Other operating funding applications		1	1	-	63
Total applications of operating funding		4,149	4,706	4,481	4,879
Surplus (deficit) of operating funding		177	188	358	335
Sources of capital funding					
Subsidies and grants for capital expenditure		-	-	-	49
Increase (decrease) in debt		(14)	(15)	(16)	(17)
Total sources of capital funding		(14)	(15)	(16)	32
Applications of capital funding					
Capital expenditure to improve the level of service		1,025	1,092	304	304
Capital expenditure to replace existing assets	f.	154	157	150	325
Increase (decrease) in reserves		(1,016)	(1,076)	(112)	(262)
Total applications of capital funding		163	173	342	367
Surplus (deficit) of capital funding		(177)	(188)	(358)	(335)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- General rates, uniform annual general charges, rates penalties – Councillors deciding on a lower rates increase because of the effects of COVID-19.
- Subsidies and grants for operating purposes – unbudgeted government funding for the Te Hoiere restoration project and Catchment Care programme.
- Fuel tax, fines, infringement fees and other receipts – unbudgeted revenue for water quality sampling and for staff time provided to another organisation.
- Payments to staff and suppliers – delays in contributions to landowners for the Catchment Care and Land Management programmes.
- Internal charges and overheads applied - overhead costs were higher than anticipated.
- Capital expenditure – delays in the processing of the Pelorus Sound multibeam data.

Activity: Resource Consents

Operating costs of this Activity represent approximately 2.1% of total Activity expenditure.

Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, Environment, Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity involves discharging Council's statutory obligations under the Resource Management Act 1991 (RMA). The RMA sets out a range of powers, duties and functions, and the statutory processes that must be followed when processing and determining applications for a resource consent. Consistent with the RMA's purpose, this Activity is about the promotion of the sustainable management of natural and physical resources and the administration of the Marlborough Sounds and the Wairau/Awatere Resource Management Plans (which will be superseded by the Proposed Marlborough Environment Plan once this is operative).

Specifically this Activity processes five different types of resource consents:

- land use consents;
- water permits;
- discharge permits;

- subdivision consents; and
- coastal permits.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21





Received 928 applications for resource consent, less than the 1046 applications received in 2019/20. Of these:

- 838 were for new resource consents;
- 84 were for variations to resource consent conditions;
- 5 were for extension to lapse dates; and
- 1 was an objection to conditions/charges.

Issued 1,084 decisions, slightly less than the 1181 decisions issued in 2019/20. Of these:

- 965 were for new applications for resource consent;
- 114 were for variations to resource consent conditions;
- 4 were for extension to lapse dates; and
- 1 was for an objection to conditions/charges.

Levels of Service: Resource Consents

Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	5.6	6.0	4.9	
	Comment: Concerns expressed over the time taken and poor communication. For explanations see next comment.				
Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers' needs.	% of resource consent applications processed within statutory timeframes.	90.9%	100%	85%	
	Comment: Reasons why timeframe compliance has not been achieved include: - volume, complexity and poor quality of applications received; - operating under three Plans; - the challenges of new systems and processes; - staff resources (loss through retirement and resignation of experienced planners); and - the global pandemic and associated lockdowns/restrictions on normal operations.				
	% of objections under section 357(b) compared to total number of applications processed ¹ .	0.1%	< 0.5%	0.1%	
Provide consistent, appropriate and timely information to applicants and the public on the RMA, resource consent and approval process.	% of incomplete applications rejected under the requirements of section 88 of the RMA.	3.6%	< 5.0%	1.2%	

¹ RMA, section 357(b) - Right of objection in relation to imposition of additional charges or recovery costs.

Funding Impact Statement for 2020-21 for

Resource Consents

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	a.	930	962	1,185	1,185
Fees and charges	b.	1,716	1,751	1,334	1,962
Internal charges and overheads recovered	c.	23	24	46	156
Fuel tax, fines, infringement fees and other receipts		67	63	95	99
Total operating funding		2,736	2,800	2,660	3,402
Applications of operating funding					
Payments to staff and suppliers		1,895	1,936	1,901	2,017
Internal charges and overheads applied	d.	841	864	674	738
Total applications of operating funding		2,736	2,800	2,575	2,755
Surplus (deficit) of operating funding		-	-	85	647
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to improve the level of service		3	3	3	-
Capital expenditure to replace existing assets	e.	-	-	-	465
Increase (decrease) in reserves		(3)	(3)	81	181
Total applications of capital funding		-	-	85	647
Surplus (deficit) of capital funding		-	-	(85)	(647)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- General rates, uniform annual general charges, rates penalties – lower Fees and Charges in the Annual Plan which the rates are set from.
- Fees and charges – unbudgeted marine farm application revenue and higher revenue for other consent applications than anticipated.
- Internal charges and overheads recovered – higher than anticipated resource consents for Council activities.
- Internal charges and overheads applied – lower overhead allocation that budgeted.
- Capital Expenditure – unbudgeted vehicle purchases following the end of lease contracts.

Activity: Environmental Protection

Operating costs of this Activity represent approximately 1.2% of total Activity expenditure.

Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, Environment, People, Living and Economy. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The primary purpose of this section is to implement statutory responsibilities under section 35 of the Resource Management Act 1991 (RMA) which contribute towards the sustainable management of our natural and physical resources. This includes the monitoring and enforcement of activities within the district.

Council monitors the effect of implementing its resource management plans by monitoring compliance with the conditions of resource consent conditions and permitted activity standards.

The key objectives for the Activity are:

- To provide an active compliance monitoring and enforcement regime to sustainably manage Marlborough's natural and physical resources.

- To provide feedback and information on resource use and sufficient environmental information to enable other objectives to be met.
- To integrate programmes with Environmental Science & Monitoring and align with anticipated environmental outcomes set in the Proposed Marlborough Environment Plan (MEP).

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

Complaints - received 559 RMA complaints in regard to coastal, land use, land and water body disturbance, water take, discharge to air, land and fresh and marine water.

Monitoring Resource Consents – monitored 3,529 individual Resource Consents, this is in addition to any consents which were monitored as part of a complaint's investigation. A number of consents required follow up monitoring due to non-compliance with conditions of consent.

Enforcement – issued 28 abatement notices, 15 infringements notices and initiated one prosecution.

Levels of Service: Environmental Protection

Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	5.8	6.5	6.5	✓
Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.	Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or Resource Management Plans and consent conditions.	29-Aug-19	31-Aug-20	27-Aug-20	✓
		Improved or unchanged compliance level	Improved or unchanged compliance level	Improved or unchanged compliance level	✓
	Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	21-Nov-19	30-Nov-20	19-Nov-20	✓
		Improved or unchanged compliance level	Improved or unchanged compliance level	Improved or unchanged compliance level	✓
	Report on resource consents for forestry in the district	21-Nov-19	Annually	19-Nov-20	✓
		Improved or unchanged compliance level	Improved or unchanged compliance level	Improved or unchanged compliance level	✓

Funding Impact Statement for 2020-21 for

Environmental Protection		Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding						
			840	940	878	878
			605	617	712	793
	a.		-	-	-	13
			64	64	73	71
			1,509	1,621	1,663	1,755
Applications of operating funding						
			1,050	1,149	1,117	1,021
	b.		459	472	546	563
	c.		-	-	-	1
			1,509	1,621	1,663	1,585
			-	-	-	170
Sources of capital funding						
			-	-	-	-
Applications of capital funding						
			-	-	-	34
			-	-	-	136
			-	-	-	170
			-	-	-	(170)
			-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- Fees and charges –higher than expected increased monitoring administration charges.
- Payments to staff and suppliers - lower than anticipated staff costs.
- Internal charges and overheads applied - overhead costs were higher than anticipated.

Activity Group: Regulatory

Operating costs for this Group of activities represent approximately 10.3% of total Group expenditure.

Activities in this Group:

- Biosecurity (Pest Management).
- Building Control.
- Environmental Health.
- Animal Control.
- Harbours.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living.

What is this Activity Group About

Council is charged with carrying out a number of statutory functions on behalf of Central

Government. These responsibilities are devolved to Local Government by statute. The Regulatory Group contains a diverse range of Activities driven by various statutes which often have very little in common with each other.

The most up to date information on this Activity Group is contained in the 2021-31 Long Term Plan.

Funding Impact Statement for 2020-21 for

Regulatory

	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,311	3,495	3,477	3,574
Targeted rates	-	-	97	97
Subsidies and grants for operating purposes	56	-	-	-
Fees and charges	4,587	4,672	4,617	4,791
Internal charges and overheads recovered	-	-	-	147
Fuel tax, fines, infringement fees and other receipts	441	435	558	4,958
Total operating funding	8,395	8,602	8,749	13,567
Applications of operating funding				
Payments to staff and suppliers	6,072	6,211	6,251	10,614
Finance costs	22	36	18	15
Internal charges and overheads applied	1,959	2,012	2,257	2,313
Other operating funding applications	91	92	89	146
Total applications of operating funding	8,144	8,351	8,615	13,088
Surplus (deficit) of operating funding	251	252	134	479
Sources of capital funding				
Increase (decrease) in debt	503	(21)	488	389
Total sources of capital funding	503	(21)	488	389
Applications of capital funding				
Capital expenditure to improve the level of service	-	73	-	-
Capital expenditure to replace existing assets	527	428	795	903
Increase (decrease) in reserves	227	(271)	(173)	(35)
Total applications of capital funding	756	231	622	868
Surplus (deficit) of capital funding	(253)	(252)	(134)	(479)
Funding balance	-	-	-	-

Explanation of Variances

- Explanations for this Activity Group are included in the individual Activity Funding Impact Statements.

Activity: Biosecurity (Pest Management)

Operating costs of this Activity represent approximately 4.6% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to Community Outcomes of Environment, Economy, People and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

Under the Biosecurity Act 1993 the Council has leadership responsibilities to prevent, reduce, or eliminate adverse effects from harmful organisms which are in New Zealand but not Marlborough, or are present in the region and are a significant threat. Marlborough has a long history of pests impacting on our economy and the environment, and the potential of new pest threats is ongoing and requires an active regime in order to understand and manage those threats.

The ways in which Council undertakes its activities include:

- Promoting the alignment of pest management in the region.
- Facilitating the development and alignment of regional pest management plans and regional pathway management plans in the region.
- Promoting public support for pest management and facilitating communication and cooperation among people involved in pest management activities to enhance the effectiveness, efficiency, and equity of programmes.
- Monitoring to determine whether or not pests are present and undertaking surveillance of pests, and unwanted organisms.
- Investigating, eradicating or managing pests in accordance with relevant pest management plans.

The guiding framework and principles for biosecurity are outlined in the Marlborough District Council Biosecurity Strategy. A key component in the Strategy is the use of a Regional Pest Management Plan (RPMP). The RPMP highlights the priority programmes and sets clear, achievable objectives for specific harmful organisms.

The RPMP defines programmes for a number of plant and animal species. These organisms are declared pests in accordance with the Biosecurity Act 1993. The programme for each species is clearly outlined and has both objectives and outcomes that align with the National Policy

Direction for Pest Management.

The Council also provides a range of non-regulatory biosecurity services through the facilitation of community partnerships, conducting research, supporting biological control initiatives and promoting voluntary control of a range of other harmful organisms.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan and the RPMP.

What we did in 2020-21

A summary of key achievement is given below, in most cases further detail on what occurred during the implementation of the Regional Pest Management Plan and subsequent programmes in 2020-21 is outlined in the [Biosecurity Operational Plan Report 2020-21](#).

High threat pest plants

A number of RPMP programmes see Council delivering services aimed at managing pest plant species that are in the early stages of establishment but carry significant risks to Marlborough. Examples include saffron thistle, moth plant, purple loosestrife and tall wheat grass. All programmes for high threat pest plants were successfully delivered in 2020-21.

Outside of the RPMP, investigations were also instigated to assess the prevalence of wilding kiwifruit in the region.

Mediterranean fanworm

Council's operational response to new marine pest threats is being delivered through the implementation of the RPMP programme for Mediterranean fanworm (fanworm). In 2020-21 an intensive ongoing surveillance programme has continued focussing on key vessel hub areas and other locations where fanworm has been detected on vessels within the region.

The surveillance effort by Council is bolstered by a summer survey programme delivered by the Top of the South Marine Biosecurity Partnership contractor. This work serves multiple purposes with a high degree of interaction with vessel owners/skippers and in-water surveillance of both boats and structures in the marine environment.

Chilean needle grass

The RPMP programme aimed at keeping Chilean needle grass (CNG) under intensive management

continues to be a large focus of Biosecurity. In 2020-21 Council continued to increase time and resource into its programme to utilise local contractors working on destroying CNG and undertaking surveillance during the key growing season. Outside of this season spread risks remain in terms of the movement of contaminated machinery or other activities occurring on affected properties.

Another component of work has progressed in terms of documenting management plans for affected properties to clearly outline the role and inputs of both Council and occupiers.





Wilding conifers

Council is coordinating investment into controlling wilding conifers in the region. This year has seen a large increase in the size and scope of programmes, as well as successful initiatives

being led by active community trusts in Marlborough.

The National Wilding Conifer Control Programme (NWCCP) investment led to a further scaled up programme being delivered at Molesworth to the value of \$3 million. It was also the first year with a new dedicated project management model and contracts centred with Council. A smaller programme, utilising the same model, was also started in the Waihopai in the order of \$400 thousand. With NWCCP funding through Council, successful programmes were also delivered by the Marlborough Sounds Restoration Trust and South Marlborough Landscape Restoration Trust.

In addition, Council continues to support (by way of a core annual grant) both the Marlborough Sounds Restoration and South Marlborough Landscape Restoration Trusts.

Levels of Service: Biosecurity					
Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.5	6.4	
	Comment: Minor variances from historic trends.				
Implementation of the Regional Pest Management Plan (RPMP).	Operational Plan targets relating to the RPMP are met.	89%	95%	97%	
	Comments: See Council website - Biosecurity Operational Plan Report 2020-21.				
Delivery of non-RPMP biosecurity services and/or initiatives.	Operational Plan targets relating to non-RPMP biosecurity services and/or initiatives are met.	100%	95%	100%	
	Comments: See Council website - Biosecurity Operational Plan Report 2020-21.				
Prepare an annual report on the Operational Plan.	Timeliness completion of annual Operational Plan report to the Environment Committee.	29-Aug-19	31-Oct-20	8-Oct-20	
	Comments: Environment Committee Agenda 8 October 2020.				

Funding Impact Statement for 2020-21 for

Biosecurity

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		1,456	1,596	1,594	1,594
Fees and charges		12	13	3	3
Fuel tax, fines, infringement fees and other receipts	a.	118	117	162	4,257
Total operating funding		1,586	1,726	1,759	5,854
Applications of operating funding					
Payments to staff and suppliers	b.	1,209	1,343	1,372	5,423
Internal charges and overheads applied		331	339	406	408
Other operating funding applications		60	60	60	31
Total applications of operating funding		1,600	1,742	1,838	5,862
Surplus (deficit) of operating funding		(14)	(16)	(79)	(8)
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
Capital expenditure to replace existing assets	c.	-	-	-	139
Increase (decrease) in reserves		(14)	(16)	(79)	(146)
Total applications of capital funding		(14)	(16)	(79)	(8)
Surplus (deficit) of capital funding		14	16	79	8
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- a. Fuel tax, fines, infringement fees and other receipts – unbudgeted government funding for the National Conifer Control programme.
- b. Payments to staff and suppliers – unbudgeted costs for the National Conifer Control programme.
- c. Capital Expenditure – unbudgeted vehicle purchases following the end of lease contracts.

Activity: Building Control

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

Related Community Outcomes

This Activity contributes to the Community Outcomes of Economy and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity is important for the health and safety of the residents, workers and visitors to the Marlborough District because the main purpose of the Building Act and Regulations is the health and safety of building users. The efficient processing of building consents is a key focus of this Activity to ensure we are responsive to customer needs.

This Activity involves giving effect to the Building Act 2004. This Act charges Council with several responsibilities which are set out in two separate categories: as a Territorial Authority (TA) and as a Building Consent Authority (BCA). Council's role is to ensure compliance and to meet the requirements of the relevant Acts and Regulations.

The most significant component of this Activity is to receive, process, grant, and issue Building Consent applications, followed by inspecting work for compliance and issuing Code Compliance Certificates. The standard of compliance required is set out in the Building Regulations and means of compliance are outlined in the New Zealand Building Code. Council is also required to have Building Consent Authority accreditation.

This Activity also involves other functions under separate legislation including:

- monitoring swimming pool fencing under the Building (Pools) Amendment Act 2016;
- investigating building related complaints under the Local Government Act and the Building Act 2002; and
- administering the requirements in the Earthquake Prone Buildings Amendment Act 2016.

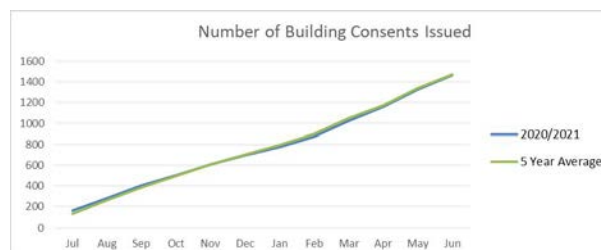
The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

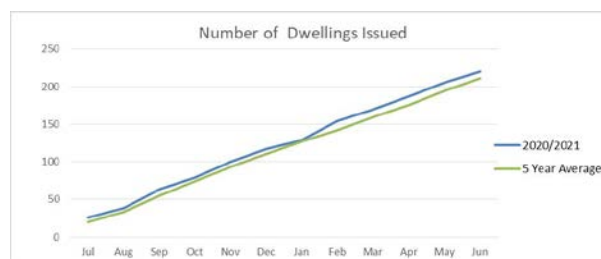
Building Consent Authority Activity:

- **Building Consents** issued in the 2020/2021 year totalled 1,467. This figure is close to last

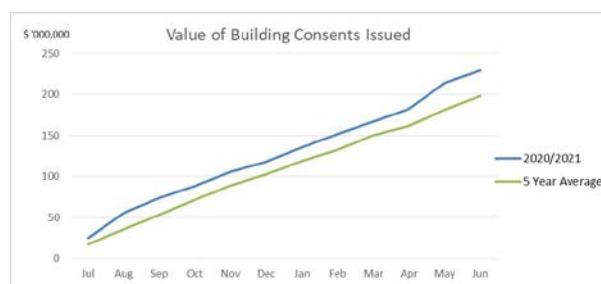
year's 1,378 and is on par with the five year average. Ninety six percent were issued within statutory timeframes of 20 working days.



- **Dwelling Building Consents** issued in the 2020/2021 year totalled 220. This figure is close to last year's 219, and slightly higher than the five year average, which is a reflection of the nationwide activity in the residential building sector which Marlborough has also experienced.



- **Value** of all building consents for 2020/21 was \$220 million, an increase of \$23 million from the previous year. This was a result of some large commercial construction projects been consented and an increase in activity in the residential sector.



- **Code Compliance Certificates (CCC)** for completed projects totalled 1,385 which was an increase of 231 from the previous year. Ninety seven percent of all CCC's issued were issued within statutory timeframe of 20 working days.



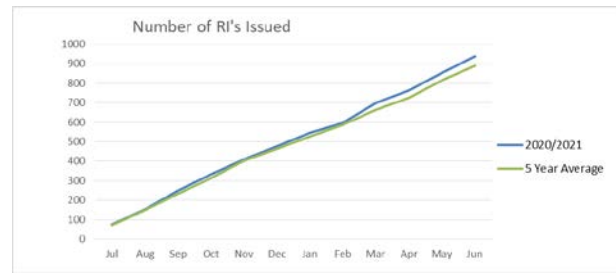
- **Inspections** - The Building Control Group undertook 5,161 inspections this year compared to 4,822 in the previous year. The average booking time for inspections was 3.5 days. Distance, mode of transport and complexity of consented projects also has a major effect on the BCA's ability to meet demand for inspections. Last year's inspection numbers were down due to none been carried out during lockdown.



- **Building Consent Authority (BCA) Accreditation** – As part of the bi-annual accreditation process the BCA undertake monthly audits. These audits review the group's policies and procedures against the requirements of the Building (Accreditation of Building Consent Authorities) Regulations 2006. These audits are undertaken by the group's externally contracted Quality Manager and actioned by the Senior Team.

Territorial Authority Activity:

- **Project Information Memorandums (PIMs) and Related Information (RI) activity** - The PIM/RI team provided planning/rivers/roads and services information for all building consents (except log fire consents). 26 PIMs and 931 RI's were issued this year. This RI's issued was close to last year's 940 RI's, and an increase of PIMs issued this year as only eight were issued last year.



- **Building Warrant of Fitness (BWoF) and Compliance Schedule Role** – Section 12(2) (g) and (h) of the Building Act 2004 requires the TA to administer and enforce the annual BWoF system. Levels of service (LoS) for this role require 20% of all building with BWoF's to have site audits completed each year. The Building Control group has slipped in its level of service in this role over the past years for a variety of reasons, including precedence been giving to the Earthquake Prone Building Amendment Act, and maternity leave. New staff now appointed will see an increase in activity going forward.

Year	BWoF Achieved
2020/2021	6%
2019/2020	9%
2018/2019	16%

- The group continues to concentrate its efforts on restoring Council records for existing and historic compliance schedules.
- MBIE undertook a High Level monitoring report of the TA functions of Compliance schedule, BWoFs and Pool Barriers. The finding and recommendations from this report have now been implemented.
- **Site Audits for the Fencing of Swimming Pools** – Section 162D of the Building Act 2004 requires that residential pools within the TA's jurisdiction are inspected at least once every three years. During the year 2020/21 32% of all residential pools had site inspections completed. The 33% of pools required to be inspected by the Act is calculated on a calendar year and this will be achieved by the end of the year. Although a number of pool audits still continue to fail, there was a decreasing level of non-compliance in the 2020/2021 inspection round. This can largely be attributed to the effort by the pool compliance team over previous years. Notices to fix continue to be issued to non-complying owners.

The level of compliance sought by Council under the new Act's provisions and under the "grand fathering" process has increased over the past years as determinations from the Ministry of Business, Innovations and Employment (MBIE) provide a clear message of how Councils are expected to meet their obligations under the Building Act.

- **Auto Pool Covers** - The issue of auto pools covers is still in the MBIE determination arena. Pool owners with existing exemptions are still running within their allotted limited life exemption issued under the repealed Fencing of Swimming Pools Act 1987. Those pools that were non-complaint prior to the Act change continue to be dealt with. Notices to fix are in place. Some non-compliant pool owners are reluctant to take positive action due to a proposed court challenge of a determination issued by MBIE which ruled that automatic pool covers did not meet the requirement of F9-Restricting Access to Residential Pools, of the Building Code.
- **Earthquake Prone Buildings Amendment Act (EPBAA)** – The regulations and methodology for this Act were released on 1 July 2017. The group completed the first stage of the Act's requirements by identifying "Priority Buildings" as prescribed under the Act during 2018/2019 financial year. A further requirement of this Act is for the TA's in high







seismic areas, which includes Marlborough, to identify all earthquake prone buildings by 1 July 2022. This work is now nearly complete and is expected to be completed by the end of the calendar year.

In 2020/21 17 requests were made by the group for earthquake engineering assessments. 13 Earthquake Prone Building Notices were issued.

This work continues to periodically require new requests for engineering assessments and for new EPB Notices to be issued as they arise. Council is noticing that some of the assessments are still coming in very close to the cut off of 34% of New Building Standard (NBS). In these circumstances Council is requiring a peer review to be provided before a decision is made as to whether the building is earthquake prone.

- **High Level Monitoring Assessment** MBIE carried out a High-Level Monitoring Assessment of the TA functions of Building Warrant of Fitness and Swimming Pool Compliance was audited by MBIE to ensure that the TA functions were carried out as required. As a result of this assessment the recommendations have been implemented and accepted by MBIE.

Levels of Service: Building Control

Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	5.7	6.3	5.2	
	Comment: Dissatisfaction was expressed with speed, cost and "red tape". The group: <ul style="list-style-type: none"> - is currently testing a technology development which may in future reduce cost and speed up inspections for applicants in outlying areas. - provides regular updates to the industry especially on regulatory changes and encourages reciprocal professional engagement to improve levels of service. 				
Provide a service that is responsive to customer needs and minimise risks to public safety.	% of Building Consents applications granted within 20 working days of receipt of the application.	98%	100%	96%	
	Comment: This figure is considered acceptable by IANZ and MBIE.				
	% of Code Compliance Certificates issued within 20 working days of receipt of application.	97%	100%	97%	
	Comment: This figure is considered acceptable by IANZ and MBIE.				
	% of swimming pools inspected annually.	33.3%	33.3%	32.0%	
	Comment: this target is based on the Statutory requirement to audit 33.3% per calendar year, that requirement will be achieved.				
	% of Building Warrants of Fitness audited annually.	8.6%	20.0%	6.0%	
	Comment: This target has not been met for several years due to the focus on earthquake prone buildings (EQB). As the EQB project is concluding audits will increase in numbers going forward.				
Provision of Land Information Memoranda.	Number of liability claims made because of incomplete or inaccurate information supplied.	1	< 3	0	

Funding Impact Statement for 2020-21 for

Building Control

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	a.	529	505	551	648
Targeted rates	b.	-	-	97	97
Subsidies and grants for operating purposes		56	-	-	-
Fees and charges		3,198	3,265	3,223	3,259
Internal charges and overheads recovered	c.	-	-	-	103
Fuel tax, fines, infringement fees and other receipts		54	50	88	114
Total operating funding		3,837	3,820	3,959	4,221
Applications of operating funding					
Payments to staff and suppliers	d.	2,590	2,537	2,617	2,851
Internal charges and overheads applied	e.	1,195	1,230	1,338	1,385
Other operating funding applications		20	21	20	100
Total applications of operating funding		3,805	3,788	3,974	4,336
Surplus (deficit) of operating funding		32	33	(15)	(115)
Sources of capital funding					
Total sources of capital funding					
Applications of capital funding					
Capital expenditure to replace existing assets	f.	-	-	-	178
Increase (decrease) in reserves		32	33	(15)	(293)
Total applications of capital funding		32	33	(15)	(115)
Surplus (deficit) of capital funding		(32)	(33)	15	115
Funding balance		-	-	-	-
Operating expenditure					
Building Control		3,603	3,580	3,746	4,005
LIMs		203	207	228	239

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- a. General rates, uniform annual general charges, rates penalties – increase rates share to cover expenditure.
- b. Targeted rates - targeted Residential Pool Inspections implemented after the 2018-28 LTP was adopted.
- c. Internal charges and overheads recovered – building consents for Council activities that are not budgeted in the LTP.
- d. Payments to staff and suppliers – higher staffing levels to meet legislative requirements.
- e. Internal charges and overheads applied – overhead costs were higher than anticipated.
- f. Capital Expenditure – unbudgeted vehicle purchases following the end of lease contracts.

Activity: Environmental Health

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

Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, People, Economy, and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity protects public health through registration, inspection and verification of operators, and the investigation of complaints, as required by the Health Act 1956 and Food Act 2014. The Activity also promotes public health and food safety by undertaking education activities and providing written information to the public.

The Environmental Health Officers also administer the Sale and Supply of Alcohol Act 2012, which requires the issuing of alcohol licences, monitoring of compliance with licence conditions and licensing of Class 4 venues under the Gambling Act 2003. Staff also investigate nuisance complaints such as noise, smoke, odours, pests, poor living conditions and hazardous substances.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

Registrations of businesses under the **Health Act 1956 and the Food Act 2014** continued.

- All hair salons, campgrounds, offensive trades and funeral directors were inspected in accordance with the requirements of the Health Act 1956.
- Food businesses were verified in accordance with the method and time frames required under the Food Act 2014 along with any investigation required for unsafe or unsuitable food. This involved verifying 298 premises.
- Education materials including quarterly newsletters were developed and made available to our customers.

The Inspectoral role under the **Sale and Supply of Alcohol Act 2012** was also carried out. This included:

- Enquiring into, and reporting on, the impacts of issuing/renewing On, Off, Club or Special Licences under the Act.
- Actively monitoring on licences with over 90% receiving a compliance visit.
- All new applicants for a Managers Certificate being interviewed to ascertain their suitability and new and renewed applicants for these Certificates being reported on.
- Newsletters being developed and made available when there were matters that needed to be advised to our licence holders.

Nuisance and unsanitary living complaints were also investigated and dealt with.

Levels of Service: Environmental Health

Performance Targets					
Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.	% of registered premises inspected once a year.	100%	100%	100%	✓
	Number of annual inspection of markets and events with 10 or more food stalls.	14	≥ 12	13	✓
	% of complaints of critical nature (e.g. food poisoning) actioned within one working day.	100%	100%	100%	✓
	% of complaints of a non-critical nature assessed within seven working days.	100%	100%	100%	✓
Administer Food Control Plans under the Food Act 2014.	Register businesses required under Food Act 2014 in Food Control Plans and National Programmes.	100%	100%	100%	✓
	Audit registered business as scheduled in the Food Act 2014 and Regulations.	98%	100%	100%	✓
Carryout the functions of Licensing Inspector controlling the sale and supply of alcohol to the public with the aim of contributing to the reduction of alcohol abuse.	% of "On Licences" ¹ inspected once a year.	91%	90%	93%	✓
Provide a service for investigation of noise complaints.	Report on performance of noise control contract.	29/08/2019	30/09/2020	27/08/2020	✓
	Assess complaints concerning unreasonable noise within one working day.	100%	90%	100%	✓

¹ An "on-license" allows the sale or supply of liquor to any person present on the premises, for consumption on the premises.

Funding Impact Statement for 2020-21 for

Environmental Health	Notes:	2019-2020	2020-2021	2020-2021	2020-2021
		Long Term Plan	Long Term Plan	Annual Plan	Actual
		\$000s	\$000s	\$000s	\$000s
Sources of operating funding					
	a.	195	203	120	120
		363	370	357	430
		-	-	-	1
		17	16	10	10
Total operating funding		575	589	488	561
Applications of operating funding					
		417	424	316	398
		157	161	169	175
Total applications of operating funding		574	585	485	573
Surplus (deficit) of operating funding		1	4	2	(12)
Sources of capital funding					
Total sources of capital funding		-	-	-	-
Applications of capital funding					
		4	4	3	16
		(3)	-	(1)	(29)
Total applications of capital funding		1	4	2	(12)
Surplus (deficit) of capital funding		(1)	(4)	(2)	12
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- a. General rates, uniform annual general charges, rates penalties – Councillors deciding on a lower rates increase because of the effects of COVID-19

Activity: Animal Control

Operating costs of this Activity represent approximately 0.7% of total Activity expenditure.

Related Community Outcomes

This Activity contributes primarily to the Community Outcomes of Governance, Environment, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The objective for the Activity is to encourage responsible dog ownership which allows owners to enjoy their dogs without infringing on the enjoyment and safety of others. This involves the promotion of responsible dog ownership and protection of the community from danger, distress and nuisance caused by dogs. The Dog Control Act 1996 (DCA) is the primary legislative tool used in this Activity, together with related regulations including the Impounding Act 1955 and Council Dog Control Bylaws.

This Activity also provides services in relation to wandering livestock on public land and roads.

The Animal Control function has been contracted out to Maataa Waka Ki Te Ihu Trust since 1998. Council retains the administration of the contract and makes decisions on classification of dogs and owners and objections to infringements. Council's Enforcement and Prosecution Committee makes decisions on undertaking prosecutions and hear any objections to classifications.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

As at 30 June 2021, the Marlborough district had a total of 10,639 active dogs* (last year 10,416) which included 2,816 dogs registered as working dogs (last year 2,790) and 7,823 dogs registered as non-working dogs (last year 7,626). Working dogs includes farm dogs primarily used for herding stock, disability assist dogs, police dogs and companion dogs. Active dogs are defined as alive and currently living at the address listed in the database.

Council undertook a review of the Dog Control Policy and Dog Control Bylaw. The review looked at dog access to all public places and included Council reserves which have been created since the bylaws were previously reviewed. The proposed Policy and Bylaw went out for public

consultation on 18 September 2020 and submissions closed on 9 November 2020. There were 679 submissions received. Hearings were held on 30 November and 1 December 2020. The new Marlborough District Council Dog Control Policy and Bylaw were adopted by full Council on 24 June 2021 and come into effect on 1 August 2021.

Pro-active activities carried out by Animal Control during the year include:

- A dog safety education course was available free of charge to schools and groups of primary school aged children. The purpose of this course is to promote safety around dogs as well as responsible dog ownership and care. There were 30 presentations to pre-school and primary schools and five presentations to teenagers/adults. Five public events were also attended by the Education Officer.
- Involvement in a collaborative interactive safety programme that has developed from within the Marlborough Child Safety Group and is based on the "Clued up Kids" project. Over one week in November year 5/6 students from Marlborough Schools are taken in small groups on a 15 minute rotating circuit of eight safety sets scattered around Brayshaw Park (i.e. Police, St Johns, Rail Safety, Water Safety, Emergency Response, Personal Safety, Dog Safety, Cycle Safety, ATV Safety, Home Hazards and Fire Safety). In 2020 a total of 15 schools and 703 primary school age children attended this event.
- A microchipping campaign was undertaken to increase compliance with the microchipping requirements for the 874 dogs that were not microchipped. Working dogs or dogs born before 1 July 2006 are not required to be microchipped. In April 2021 the total number of dogs microchipped was 8102. There was a \$15 microchipping special at Animal Control during the month of May (normally the service is \$25). By 30 June 2021 the total number of dogs microchipped was up to 8592 with 444 dogs still to be microchipped.
- establishment of a Pounds Hounds Facebook page to advertise any lost dogs and found dogs which have been impounded and they are unable to identify their owners as the dogs are not microchipped or wearing their registration tag and/or the owners have not updated their contact details.

A total of 2,859 complaints were received. The majority of complaints related to found, roaming, barking and lost dogs. All complaints were attended, investigated and necessary action taken. There were 64 complaints relating to dog attack, bite or rushing at a person compared with 53 in the previous reporting period. These are the most time consuming complaints to investigate and determine what enforcement action should be taken.

A total of 239 infringements were issued compared with 205 in 2019/2020. The most common infringement notice was for failure to register a dog with 151 such infringements issued.

There was a marked increase in the number of infringement notices for failure to keep a dog controlled with 51 issued compared with 17 for 2019/2020.

Four people were disqualified from dog ownership and two new dogs were classified as dangerous.

Council undertook three separate prosecutions under the Dog Control Act 1996; one for a dog attack on stock, one for a dog attack on another dog and one for a dog attack on a person. In each case there were guilty pleas to all charges laid and the court ordered destruction of the dogs involved.

Levels of Service: Animal Control

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.9	7.2	6.6	
	Comment: Minor variances from historic trends.				
Provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).	Level of compliance with Animal Control contract.	No significant deviations	No significant deviations from contract specification	No significant deviations from contract specification	
	Compliance with DCA requirements by preparing and publishing a report annually.	29/08/2019	30/09/2020	27/08/2020	

Funding Impact Statement for 2020-21 for

Animal Control

	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	144	150	150	150
Fees and charges	573	574	572	661
Fuel tax, fines, infringement fees and other receipts	85	86	85	96
Total operating funding	802	810	807	907
Applications of operating funding				
Payments to staff and suppliers	690	716	704	755
Internal charges and overheads applied	65	66	82	84
Other operating funding applications	11	11	9	3
Total applications of operating funding	766	794	796	842
Surplus (deficit) of operating funding	36	16	11	65
Sources of capital funding				
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Increase (decrease) in reserves	36	17	11	66
Total applications of capital funding	36	16	11	65
Surplus (deficit) of capital funding	(36)	(16)	(11)	(65)
Funding balance	-	-	-	-
Operating expenditure				
Dog Control	682	705	713	763
Other Animal Control	89	93	90	87
Capital expenditure				
Dog Control	-	-	-	-

Activity: Harbours

Operating costs of this Activity represent approximately 1.3% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, Economy, People, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

The purpose of the Harbours Activity is to ensure Council meets its statutory obligations as a Harbour Authority to ensure maritime safety in the region.

As provided for under the Maritime Transport Act, the Council has appointed a Harbourmaster to meet its responsibility for maritime safety in the port and harbour.

The Harbourmaster leads the Harbours Activity and is supported by a team of four full-time staff including a Deputy Harbourmaster, two Maritime Officers and an Administration Officer. Additional personnel are employed in the summer months on a casual basis to support safer boating initiatives.

In addition to maritime safety, the Harbours Activity is responsible for ensuring the region maintains an adequate Oil Spill Response Capability as required under the Maritime Transport Act 1994. As with maritime safety, this requires close collaboration with Maritime New Zealand.

The foundation of all Harbours Activity is the Harbour Safety Management System. This is a risk based approach to managing all known hazards and risks in the harbour and the system constantly evolves to meet the changing risk profile of the harbour.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

- Harbours continued to build on the recommendations provided by the Transport Accident Investigation Commission following the grounding of the Azamara Quest in 2016. Specifically, work is underway to enable pilotage of ships to resume in Tory Channel/Kura Te Au which is essential to ensure shipping activity in the region is safe and resilient.
- Continued to embed the revised Harbour Safety Management System and Harbour Safety Plan into daily operations. These new systems underpin all harbours activity with a view to ensuring we are able to effectively manage maritime risk in the region. Documentation describing the Harbour Safety Management System and Harbour Safety Plan is provided on the MDC website.
- The MDC Harbour Safety Management System (SMS) was subjected to peer review to ensure Marlborough is managing maritime safety in a manner consistent with the Port and Harbour Safety Code. The peer review panel was composed of representatives from Maritime New Zealand and other Ports and Councils. The panel found MDC to be Code Consistent in August 2020.
- Launched and completed phase two of a digital Harbour Incident Management System build intended to develop the exiting platform beyond minimum viable product status. The system now integrates more fully with wider MDC systems and facilitates staff efforts to share information and work together to respond effectively to incidents and accidents.
- Continued to progress a collaborative risk review of shipping risk in Tory Channel/Kura Te Au. Shipping companies have been afforded the opportunity to provide their own perspective on an optimal safe passage plan. The next phase is an independent assessment of this proposal which may result in amendments and thereafter, consultation with the wider community to more broadly assess the risks of the proposal. This work aims to ensure appropriate measures for controlling risk are in place and will influence regulatory controls on Tory Channel/Kura Te Au as related to ships and shipping.
- Progress continued on our project to resolve the uncertainty presently associated with Tory Channel/Kura Te Au tides and currents which is fundamental to ensuring safe shipping in the region. This included installation of three separate tide stations in three distinct locations, two in Tory Channel/Kura Te Au and one at the Northern Entrance to Queen Charlotte Sound/Totaranui. Information providing live tide data and real time and predicted current models will be freely available to all mariners in the region during

2021/2022. Crucially the data is also being used to simulate shipping for safety and planning purposes by MDC and other third parties including ferry companies and oil rig operators.

- Reviewed options to improve navigation safety and environmental outcomes associated with mooring activity in Marlborough Sounds. As part of this work a request for information (RFI) was made of local, national and international mooring providers. Options to improve mooring matters in Marlborough will be considered through 2021-2022 and beyond.
- Progress continued on the expansion and development of the fixed speed camera equipment to monitor vessel activity in high risk areas. Compliance and enforcement strategies and processes were refined so as to ensure data collected from these units meets evidential standard. This enabled infringements to be issued on multiple occasions where non-compliance was observed remotely. This reflects a step change in on water enforcement as waterways are now able to be remotely regulated with greater effectiveness.
- Aids to Navigation continued to be maintained to the operational standard as specified by the International Association of Lighthouse Authorities.
- Summer patrols commenced from Labour weekend 2020 through to Easter 2021 with daily patrols being implemented from the week before Christmas through to the end of January. As in the previous year extra patrols were carried out in the Havelock/Pelorus Sound/Te Hoiere area.
- Close collaboration with Maritime New Zealand was continued through the 'no excuses' campaign which promotes a common compliance approach across New Zealand.

This year \$27,000 of funding was secured from Maritime New Zealand to support safer recreational boating in Marlborough during the 20/21 summer. Projects included provision of a recreational Jet Ski operators training course and the use of a drone to broadcast summer safety messages.

- Council's Boat Safety and Tides brochure (formerly the Safe Sounds Boating brochure) was published and a total of 7,500 distributed.
- Regular audits of mussel farms were undertaken to ensure compliance with lighting and marking requirements, 61 farms, compared to the target of over 200, were audited. The target of 200 mussel farms was not achieved for two reasons. First, resourcing was necessarily diverted to developing the salmon farm navigation safety audit programme and secondly, effort was applied to understanding the considerable impact that provisions proposed in the Marlborough Environment Plan will have on marine farm lighting.
- Oil spill response exercises continued to be undertaken in accordance with Maritime New Zealand requirements and so as to ensure sufficient response capability remains in the region.
- The Marlborough Regional Oil Spill Response Plan was fully revised so as to better align with the intent of New Zealand's National Oil Spill Response Strategy and the revised version has been approved by the Director of Maritime New Zealand.
- Expanded our Harbours team to include the MDC Coastal Scientist with a view to exploring more collaborative, innovative and efficient options to deliver on navigation safety and environmental management projects within the Coastal Marine Area.

Levels of Service: Harbours

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well". Comment: 82% of residents who provided a rating were satisfied (7.0 on average).	7.2	7.4	7.0	
Provide a safe environment for all users through effective public education.	Distribute 7000+ Marlborough Safe Navigation and Tides Brochures. Comment: Over 7,500 copies distributed.	Brochure ready and distributed	Annually	Brochure ready and distributed	
	Increase number of Cruise Guide App users by 5% annually based on Google Analytics. Comment: This metric is under review as technical ability to monitor user change is not readily available.	Number of users not obtainable	1,073	Number of users not obtainable	
	Complete 1000 safe boating surveys through face to face on water interactions.	1,021	1,000	1,017	
	Undertake 15 targeted 'no excuses' enforcement days per year in high risk areas. Comment: All scheduled enforcement days completed.	18	15	15	
	Comply with the Harbours Maritime Transport Operators Plan.	Maintain compliance with the MTOP system as certified by Maritime New Zealand. Carry out annual review. Comment: MTOP remains current, internal review complete for this year.	Review completed	Annually	Completed
Ensure that Port and Harbour Safety Code requirements are met.	Complete annual self-assessment and annual review of SMS, Risk Assessment, General Direction, and Harbourmaster Notices. Comment: Self assessment completed in June 2021.	Review completed	Annually	Completed	
	Under take a minimum of two risk review meetings with Port Marlborough Marine Services.	2	2	6	
	Safety Management System verified by external review panel as compliant with the Code.	Confirmed	Self-assessment completed	Confirmed	
	Comment: Confirmed to be Code Consistent by external panel of industry peers in August 2020.				
Removal of Wrecks	All wrecks removed in a reasonable timeframe (target 30 days) and navigation warnings provided when necessary. Comment: All (new) wrecks removed within timeframe.	30 Days	30 Days	30 Days	
Marine Farm Audits	Audit marine farm lighting on minimum of 200 farms annually. Comment: Audits level not achieved as emphasis and focus was on salmon farms. These types of farms require more time per site. Also effort in this space was applied to consideration of the proposed aquaculture provisions in the MEP and implications in marine farm lighting.	120	200	61	
	Audit mooring arrangements on all Fin Fish farms annually. Comment: All sites audited through 20-21.	Completed	Annually	Completed	
	Pilotage	Review of the Certified Marlborough Pilot Exemption (PEC) Certificate Training Program.	Review completed	Annually	Completed
	Check of Pilot and PEC Master Currency	Completed	Quarterly	Completed	

Levels of Service: Harbours

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide navigation aids to International Light House Authority (IALA) standard.	Availability of lights must meet or exceed IALA standards. Each category of light has a set availability target.				
	• Cat 1	99.9%	≥ 99.8%	100%	✓
	• Cat 2	99.9%	≥ 99.0%	99.5%	✓
	• Cat 3	99.9%	≥ 97.0%	100%	✓
Oil Spill Response	Meet all annual requirements as specified by the Maritime New Zealand Oil Spill Response Service.	Requirements met	Annually	Requirements met	✓

Funding Impact Statement for 2020-21 for

Harbours

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		987	1,041	1,062	1,062
Fees and charges		441	450	462	438
Internal charges and overheads recovered		-	-	-	43
Fuel tax, fines, infringement fees and other receipts	a.	167	166	213	481
Total operating funding		1,595	1,657	1,737	2,024
Applications of operating funding					
Payments to staff and suppliers		1,166	1,191	1,242	1,187
Finance costs		22	36	18	15
Internal charges and overheads applied		211	216	262	261
Other operating funding applications		-	-	-	12
Total applications of operating funding		1,399	1,443	1,522	1,475
Surplus (deficit) of operating funding		196	214	215	549
Sources of capital funding					
Increase (decrease) in debt	b.	503	(21)	488	389
Total sources of capital funding		503	(21)	488	389
Applications of capital funding					
Capital expenditure to improve the level of service		-	73	-	-
Capital expenditure to replace existing assets		523	424	792	570
Increase (decrease) in reserves		176	(304)	(89)	367
Total applications of capital funding		699	193	703	938
Surplus (deficit) of capital funding		(196)	(214)	(215)	(549)
Funding balance		-	-	-	-

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- Fuel tax, fines, infringement fees and other receipts – unbudgeted contribution towards the Tide and Current project.
- Increase (decrease) in debt - capital expenditure being funded by debt rather than reserves as budgeted in the Annual Plan.

Activity Group: Regional Development

Operating costs of this Activity represents approximately 5.1% of total Activity expenditure.

Activities in this Group:

This Activity Group comprises a single Activity; Regional Development.



Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2021-31 Long Term Plan provides the most up to date information on how this Activity contributes to each outcome.

What is this Activity About?

This Activity supports the regional economy to achieve long term economic growth for the benefit of the Marlborough community. It is about identifying where the direction of growth could be, how we could get there and what needs to be done. It is important to recognise that regional development is not just about supporting businesses, but also about ensuring people have the skills and knowledge to play their part in the development of Marlborough's economy and to benefit from the wealth created.

Local government makes long-term and strategic investment decisions that impact on the nature and structure of the local economy. It undertakes planning and manages regulatory functions,

infrastructure and services that impact on business and investment decisions.

Council also directly provides some services for the benefit of the regional economy:

- economic development, marketing and tourism;
- Marlborough Research Centre;
- parking;
- irrigation; and
- the Small Townships Programme.

Economic development

In Marlborough, economic development comprises two activities:

- Marlborough Smart + Connected (industry) (S+C); and
- Smart Business Marlborough (SBM).

Marlborough Smart+Connected is an industry and community focused initiative to develop strong leadership groups which develop and

implement strategies. Council's role is to assist in the establishment, review and maintenance of the groups and to participate in implementation where appropriate. (S+C community is discussed under the 'Community Support' Activity in the People Group.)

Smart Business Marlborough (SBM) consists of a range of specific economic development initiatives to support local businesses as outlined below:

- development advice;
- Business Trust Marlborough;
- information resources; and
- international connections.

Council participated in the development of the Te Tauihu intergenerational strategy with partners in Nelson and Tasman. The strategy has long term goals related to wellbeing. The document can be viewed at www.tetauihu.nz

Marketing and tourism

Destination marketing services are undertaken on Council's behalf by the Destination Marlborough Trust Incorporated. Destination Marlborough exists to grow and support a sustainable visitor economy that contributes to achieving a Smart and Connected economy for Marlborough.

Regional Events Strategy

Council has developed a Regional Events Strategy with the support of the events sector to identify opportunities for growing events in the region and increasing the commercial return to local businesses. A key focus of the role is to assist communication within the events sector, and to help promote the many events offered in the region to locals and visitors alike. The Follow ME* website is the primary tool alongside targeted promotional documents such as the Summer Events Guide and Marlborough Arts Month. Council has also established the Commercial Events Fund to assist with the development of existing and new events to grow the economic and other benefits of hosting events in the region.

Marlborough Research Centre

This Activity is delivered by the Marlborough Research Centre Trust (MRC), and provides support for public good research, regional prosperity and environmental sustainability in support of Marlborough's primary industries.

Parking

A large number of businesses are located in or close to the main town centres of Blenheim and Picton. The ability for customers, staff and visitors

to access these businesses is supported by the provision of convenient and affordable car parks. Council provides, operates and maintains more than 1,900 on and off-street parks in Blenheim and Picton.

This provision of car parking in the Blenheim and Picton town centres is guided by parking strategies for each town, which were updated in 2017.

Irrigation

Sourcing water for irrigation is of critical importance to our primary industries, particularly in areas of water shortage such as south Marlborough. To meet that need, Council has developed an irrigation scheme for the Southern Valleys to the south of Renwick for horticultural, farming and rural residential properties which covers an area of approximately 4,500 hectares.

A proposed irrigation scheme for the Flaxbourne area, covering just over 1200 hectares and with an estimated cost between \$10.5 million and \$16 million, is under consideration. It will provide similar benefits to the Southern Valleys scheme and it will be paid for by the beneficiaries through a targeted rate. Council has agreed to support the development of this scheme subject to a number of conditions:

- securing sufficient water;
- satisfactory final design, estimates and funding;
- securing 100% commitment to fund the scheme from landowners and/or the Crown Irrigation Fund; and
- the actual cost of construction being within the funding secured.

In principle Council supports other community irrigation schemes if environmental effects can be managed and mitigated. For more details on Southern Valley's Irrigation Scheme, please see the 2021-31 Long Term Plan.

Small Townships Programme

The Small Townships Programme (STP) provides a strategic planning and design process for improving public amenities in small townships as part of the implementation of the Growing Marlborough Strategy.

The purpose of this programme is to:

- design liveable towns with an attractive central space;
- enable freedom of movement, connectivity and accessibility;

- strengthen a sense of place and unique identity; and
- enhance the use and enjoyment of, and pride in, outdoor public spaces.

The most up to date information on this Activity is contained in the 2021-31 Long Term Plan.

What we did in 2020-21

Economic development

The local economy has been affected as COVID-19 has impacted on supply chains, spending, staff availability and revenue. The Council established the TEAM COVID-19 economic recovery group to help mitigate the impact and provided \$965,000 funding to enable projects in areas of need.

- Council's economic development team led the Marlborough economic response to the COVID-19 pandemic. The TEAM Group comprised public and private sector representatives and iwi, and it published three reports detailing the impact and responses to the pandemic implemented locally. The Group ensured wide participation from private, public and community sector to ensure the effort was co-ordinated and effective. The TEAM Group received a commendation at the Economic Development New Zealand awards in May 2021 for its work.
- TEAM funded 29 projects by June 2021. The outputs were many and varied but all addressed some of the issues being caused by COVID-19. Outputs included supporting 63 events (attracting over 44,000 attendees), assisting 107 businesses with advice, 40 young people with employment support, three regional campaigns, two tourism initiatives and seven town activation days. Over \$30 million of government funding for 'shovel ready' and Provincial Growth Fund funding was attracted.
- The Te Tauihu Intergenerational Strategy was completed and launched in November 2020. Partners are working on the implementation of the strategy.
- Council began the development of an economic wellbeing strategy that will shape the future activities to support economic development, and the activities undertaken by industry partners. Three new areas of support were identified – technology, food and screen alongside support for existing sectors.
- Screen Marlborough office completed four film permits to enable filming activity, organised three talent development workshops, responded to three international film enquiries and continued development of promotional material for the screen office.

Marketing and tourism

The visitor economy has been hard hit by the COVID-19 pandemic as international visitors were not able to visit New Zealand and domestic travel has been restricted by lockdowns. Consequently, Destination Marlborough responded to support local tourism related businesses in a number of ways.

- Make it Marlborough partnership with Marlborough Chamber of Commerce – six month campaign encouraging Marlburians to purchase, procure and support local businesses.
- 'Brilliant Backyard' campaign targeting Marlborough locals encouraging stay and spend in the region.
- 'Local invitation' campaign - Additional funding from MBIE through the Strategic Asset Protection Programme enabled DM to upweight MDC funding to undertake a year round 'always on' marketing campaign with 'firework' moments targeted to geographic locations, travel periods and events.
- Delivered over six months of training and capability building workshops as part of the industry capability programme with over 200 operators attending.
- Business Events conferencing bids were above target with 17 new conferences won for the region.
- Despite loss in international visitation Marlborough i-SITE sales turnover reached budget as did the i-SITE's NPS for customer satisfaction, and the Havelock i-SITE was open for its fifth summer season.
- Despite border closure over 1800 international travel trade were trained virtually on Marlborough and Marlborough products.
- Organisation providing ongoing COVID support to operators and industry.
- Additional funding from MBIE through the Strategic Asset Protection Programme has enabled Destination Marlborough to commence work on a regional Destination Management Plan.
- Year-end March 2021 Domestic visitor spend in Marlborough was 17% up on YE March 2020, ahead of 3% Nationally. (Out of 32 regions Marlborough is consistently in the top 10 for monthly domestic spend growth).
- Representing sector and Marlborough industry on interim Regional Skills and Leadership Group and TEAM - Tourism, Retail and Hospitality.

- Representation on boards of i-SITE New Zealand, Regional Tourism New Zealand and New Zealand Cruise Association

Marlborough Research Centre

- Further major campus development to complete 'Te Pokapū Wāina o Aotearoa – the New Zealand Wine Centre' has got underway. MRC secured Provincial Growth Funds (PGF) of \$3.79 million with a similar amount to be funded by MRC, including a contribution and provision of financial guarantee from Council.
- MRC funded a range of projects to benefit the wine sector via its relationship with Plant and Food Research, supported the NZ Drylands Forestry Project, and assisted wasp control works.

Parking

- The year was a challenging one for the Parking Activity. Following the nation-wide lockdown in March 2020, Council adopted two Hours Free parking from May to September 2020 in both Blenheim and Picton CBD's. The aim was to invigorate the CBD and assist the retail and service communities in returning to business as usual as quickly as possible. In October 2020 Council decided to move to First Hour Free parking for the remainder of the financial year. This initiative has now been introduced permanently across all MDC car parks.
- Following increased vandalism and anti-social behaviour in the Alfred Street Car Park Building, the car park has now been brought under the Blenheim CBD CCTV system and several new cameras installed. This allows for real-time monitoring, increased vantage of previous blind spots and improved efficiency for reporting to New Zealand Police.
- With First Hour approved in Marlborough, it was forecast that the parking budget would see a substantial loss in collection revenue. The last increase in parking tariffs was in 2015, and it was agreed to review parking fees again.

From 30 June 2020, Council increased parking tariffs to the following:

- Zone 1/On-street - \$1.80/hr;
- Zone 2/4hr parking - \$1.20/hr;
- Zone 3/All-day parking (Including car park building) - \$1.20/hr and \$4.80/day;
- Zone 4/Picton – \$1.20/hr or \$6/day;
- Permit/Lease parking – \$1080/annum; and
- Leased undercover parking in car park building - \$1445/annum.

All charges inclusive of GST.

- Council introduced a permit system for leased parkers. In time this will move to an electronic system to communicate directly with parking enforcement technology. Staff are currently working through the parameters for this transition.
- In May 2021 the Nelson Marlborough District Health Board (NMDHB) set-up a temporary COVID-19 vaccination centre on Henry Street in the Blenheim CBD. The NMDHB requested leniency around parking enforcement for those patients parking in timed spaces for the duration of their appointment. In response Council has temporarily increased 12 x P15 parking spaces to P30 which will remain in place until March 2022.

Irrigation

- The Resource Consent application for the Flaxbourne Irrigation scheme was lodged on 28 August 2020.












Small Townships Programme

The following Small Townships Programme projects were completed in 2020/21:

- Motuweka pathway, Havelock;
- Renwick Village Green; and
- Canvastown playground.

Levels of Service: Regional Development

Performance Targets

Level of service	Key performance indicator	2019-20 Actual	2020-21 Target	2020-21 Actual	How did we do?
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
	• Economic Development	5.7	6.4	5.7	
	• Tourism	6.4	7.0	6.3	
	• Marlborough Research Centre	7.0	7.1	No longer being rated	
	• Parking	6.0	6.5	6.0	
	• Irrigation	6.2	6.6	6.3	
Comment: We decided to drop this measure because the majority of funding for running Marlborough Research centre is from third party sources, not a direct responsibility of Council.					
Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.	Implement performance reporting framework reporting.	N/A	30-Jun	Not achieved	
	Comment: Performance reporting project completion delayed due to COVID-19.				
Manage Marlborough Research Centre contract to ensure service quality and value.	Reporting to Council % of MDC funded projects achieved.	98%	80%	100%	
Effective promotion of Marlborough as a visitor destination	Implement performance reporting framework reporting.	N/A	30-Jun	Not achieved	
	Comment: Performance reporting project completion delayed due to COVID-19. 12 out of 17 targets in DM Annual Plan were achieved (four of the five KPI's not achieved were due to COVID impacts).				
Provision of convenient and affordable car parks to support CBD businesses.	Occupancy rates of off-street car parks in Blenheim ¹ :				
	• Kerbside	36.5%	65%	67%	
	• Off street (Queen Street and Clubs only)	52%	65%	58%	
	• Parking building	27%	45%	64%	
Comment: Parking activity has returned to normal occupancy levels this year following the Covid-19 lockdown period in 2019-20.					
Support for land based industries through the supply of irrigation water.	Number of events that cause a loss of supply during the season for more than 48 hours due to infrastructure breakdown.	0	≤ 1	0	

¹ These three targets reflect the objective of increasing the occupancy rate for the car park building in turn of freeing up parking on the other listed areas.

Funding Impact Statement for 2020-21 for

Regional Development

	Notes:	2019-2020 Long Term Plan \$000s	2020-2021 Long Term Plan \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Sources of operating funding					
General rates, uniform annual general charges, rates penalties		2,204	2,266	2,091	2,291
Targeted rates		1,888	1,996	1,739	1,988
Subsidies and grants for operating purposes	a.	-	-	-	161
Fees and charges	b.	1,495	1,528	1,823	1,728
Internal charges and overheads recovered		-	-	-	-
Fuel tax, fines, infringement fees and other receipts	c.	498	489	256	294
Total operating funding		6,085	6,279	5,908	6,462
Applications of operating funding					
Payments to staff and suppliers	d.	3,453	3,569	3,597	4,031
Finance costs	e.	1,574	1,638	525	533
Internal charges and overheads applied		727	744	781	806
Other operating funding applications		409	413	1,266	437
Total applications of operating funding		6,163	6,364	6,169	5,807
Surplus (deficit) of operating funding		(78)	(85)	(260)	655
Sources of capital funding					
Increase (decrease) in debt	f.	3,821	(1,548)	(612)	(848)
Other dedicated capital funding		-	-	-	4
Total sources of capital funding		3,821	(1,548)	(612)	(844)
Applications of capital funding					
Capital expenditure to meet additional demand		82	84	80	-
Capital expenditure to improve the level of service		5,125	-	816	358
Capital expenditure to replace existing assets	g.	185	76	6	19
Increase (decrease) in reserves		(1,649)	(1,793)	(1,774)	(567)
Total applications of capital funding		3,743	(1,633)	(872)	(189)
Surplus (deficit) of capital funding		78	85	260	(655)
Funding balance		-	-	-	-
Operating expenditure					
Economic Development		982	1,011	2,076	1,767
Marketing and Tourism		1,264	1,280	1,283	1,280
Research Centre		344	349	369	370
Irrigation Schemes		2,373	2,753	1,420	1,377
Parking		1,895	1,823	1,781	1,751
Capital expenditure					
Economic Development		-	-	-	-
Irrigation Schemes		5,266	-	816	361
Parking		126	160	86	15

Explanation of the funding impact variance between 2020-21 Actual and the 2020-21 budget contained in the 2018-28 Long Term Plan:

- Subsidies and grants for operating purposes – unbudgeted government funding for the Te Taihū Portfolio Manager.
- Fees and charges – lease parking being budgeted in Fuel tax, fines, infringement fees and other receipts.
- Fuel tax, fines, infringement fees and other receipts – lease parking in actual being in Fees and charges.
- Payments to staff and suppliers – unbudgeted costs for The Economic Action Marlborough (TEAM) supporting Marlborough in the COVID-19 recovery.
- Finance costs – delays in the construction of the Flaxbourne Irrigation scheme.
- Increase (decrease) in debt – higher than anticipated operating surplus.
- Capital Expenditure – costs associated with the Flaxbourne Irrigation scheme originally budgeted in 2018-19 and 2019-20 of the LTP.

Community Outcomes and Well Beings

Community Outcomes are statements that describe the sort of community Marlborough could be in the future, as a result of actions that get taken now and in years to come. The current group of Community Outcomes were written to take into account the Marlborough Smart and Connected vision and strategic framework. Council's contribution to achieving the community outcomes and the vision is summarised in the table below. A more detailed assessment is included in each activity statement.

In 2019 the Government reinstated the "four Well Beings", i.e. social, economic, environmental and cultural. Each of Council's Activities contributes to one or more of these Well Beings. The following table identifies for each Activity the "well beings" that it makes a positive contribution towards. It is not believed that any Activity makes a negative contribution to any of the Well Beings.

Council Activities	Community Outcomes						Four Well Beings			
	Governance	Environment	People	Economy	Connectivity	Living	Social	Economic	Environmental	Cultural
Democratic Process	✓	✓	✓	✓		✓	✓	✓	✓	✓
Culture and Heritage	✓		✓	✓		✓	✓			✓
Community Support	✓	✓	✓		✓	✓	✓		✓	✓
Housing for Seniors	✓		✓		✓	✓	✓			
Library Services	✓		✓	✓		✓	✓	✓	✓	✓
Emergency Management	✓	✓	✓	✓		✓	✓	✓	✓	
Community Facilities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
The Provision of Roads and Footpaths		✓	✓	✓	✓	✓	✓	✓	✓	
Flood Protection and Control Works		✓	✓	✓	✓	✓	✓	✓	✓	
Sewerage Including Treatment and Disposal		✓		✓		✓	✓	✓	✓	
Stormwater Drainage		✓	✓	✓			✓	✓	✓	
Water Supply		✓		✓		✓	✓	✓	✓	
Solid Waste Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Environmental Policy	✓	✓	✓	✓	✓	✓		✓	✓	
Environmental Science and Monitoring	✓	✓	✓	✓		✓		✓	✓	
Resource Consents	✓	✓		✓		✓		✓	✓	
Environmental Protection	✓	✓	✓	✓				✓	✓	
Biosecurity		✓	✓	✓		✓		✓	✓	
Building Control	✓		✓	✓		✓	✓	✓	✓	
Environmental Health	✓		✓	✓		✓	✓	✓	✓	✓
Animal Control	✓	✓	✓		✓	✓	✓		✓	
Harbours	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Regional Development	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Part 3: Financial Statements

- Statement of Comprehensive Revenue and Expense
- Statement of Changes in Net Assets/Equity
- Statement of Financial Position
- Statement of Cash Flows
- Notes to Financial Statements
- Funding Impact Statement

Statement of Comprehensive Revenue and Expense

For the year ended 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2021	2020	2021	2021	2020
		\$000s	\$000s	\$000s	\$000s	\$000s
Revenue:						
Rates, excluding targeted water rates	3	69,256	67,653	69,719	69,483	68,113
Targeted rates for metered water supply	3	2,644	2,326	2,866	2,531	2,571
Subsidies and grants	4	26,199	8,310	26,199	10,349	8,310
Development and financial contributions	4	6,402	3,173	6,402	3,572	3,173
Gains	5	9,173	9,813	236	4,884	9,813
Finance revenue	7	6,377	652	4,567	1,720	1,457
Other revenue	4	78,346	75,951	48,476	33,575	47,230
Total revenue	2	198,397	167,878	158,465	126,114	140,667
Expenditure:						
Personnel costs	6	32,040	31,823	24,577	24,657	24,267
Finance costs	7	3,542	7,826	2,371	3,876	5,958
Depreciation and amortisation		32,476	30,353	28,118	27,967	26,285
Other expenses	8	93,067	90,774	82,918	63,801	74,988
Total operating expenditure	2	161,125	160,776	137,984	120,301	131,498
Surplus before tax		37,272	7,102	20,481	5,813	9,169
Income tax expense/(credit)	9	4,374	(1,128)	-	-	-
Surplus after tax		32,898	8,230	20,481	5,813	9,169
Other comprehensive revenue and expense:						
Gain on property revaluations		78,239	1,568	78,239	32,571	646
Impairment on property revaluation		-	(1,012)	-	-	(1,012)
Deferred tax on property valuations		-	(259)	-	-	-
Total other comprehensive revenue and expense	23	78,239	297	78,239	32,571	(366)
Total comprehensive revenue and expense		111,137	8,527	98,720	38,384	8,803

Statement of Changes in Net Assets/Equity

For the year ended 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2021	2020	2021	2021	2020
		\$000s	\$000s	\$000s	\$000s	\$000s
Balance at 1 July		1,830,091	1,821,564	1,700,185	1,720,456	1,691,382
Total comprehensive revenue and expenses		111,137	8,527	98,720	38,384	8,803
Balance at 30 June	23	1,941,228	1,830,091	1,798,905	1,758,840	1,700,185

The accompanying notes form part of these financial statements.

For explanations of major variances refer to note 31 – Variances explanations.

Statement of Financial Position

As at 30 June	note:	Group		Council		
		Actual 2021 \$000s	Actual 2020 \$000s	Actual 2021 \$000s	Budget 2021 \$000s	Actual 2020 \$000s
Assets:						
Non-current assets:						
Property, plant and equipment	10	1,913,013	1,797,249	1,804,058	1,809,037	1,686,257
Intangible assets	11	14,904	10,883	14,597	9,512	10,464
Forestry assets	12	17,080	21,116	17,080	17,750	21,116
Other financial assets:						
- Investment in CCO's	13	-	-	6,000	6,000	6,000
- Other	13	1,861	1,737	56,501	76,711	53,377
Investment property	14	116,498	101,823	10,950	10,500	10,750
Total non-current assets		2,063,356	1,932,808	1,909,186	1,929,510	1,787,964
Current assets:						
Cash and cash equivalents	15	9,625	19,112	1,822	111	16,027
Debtors and other receivables	16	17,133	17,803	14,688	11,064	13,061
Other financial assets	13	12,492	12,299	12,492	11,263	12,299
Inventory	17	641	625	336	329	301
Non-current assets held for sale	18	1,656	576	1,656	-	576
Total current assets		41,547	50,415	30,994	22,767	42,264
Total assets		2,104,903	1,983,223	1,940,180	1,952,277	1,830,228
Liabilities:						
Non-current liabilities:						
Borrowings	19	52,000	57,000	52,000	166,864	57,000
Provisions	20	7,272	4,974	3,486	1,889	1,725
Derivative financial instruments	28	6,226	12,073	3,567	4,160	7,467
Deferred tax liability	9	15,637	13,041	-	-	-
Total non-current liabilities		81,135	87,088	59,053	172,913	66,192
Current liabilities:						
Borrowings	19	55,200	43,200	55,200	-	43,200
Provisions	20	632	904	632	-	354
Creditors and other payables	21	23,331	18,492	23,797	17,958	17,986
Employee entitlements	22	3,367	3,140	2,593	2,566	2,311
Derivative financial instruments	28	10	243	-	-	-
Current tax liabilities	9	-	65	-	-	-
Total current liabilities		82,540	66,044	82,222	20,524	63,851
Total liabilities		163,675	153,132	141,275	193,437	130,043
Net assets		1,941,228	1,830,091	1,798,905	1,758,840	1,700,185
Equity:						
Accumulated funds	23	754,952	712,109	672,896	678,317	642,750
Other reserves	23	1,186,276	1,117,982	1,126,009	1,080,523	1,057,435
Total equity	23	1,941,228	1,830,091	1,798,905	1,758,840	1,700,185

The accompanying notes form part of these financial statements.
For explanations of major variances refer to note 31 – Variance explanations.

Statement of Cash Flows

For the year ended 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2021	2020	2021	2021	2020
		\$000s	\$000s	\$000s	\$000s	\$000s
Cash flows from operating activities:						
Receipts from rates revenue		71,923	69,773	72,608	72,014	70,479
Receipts from other revenue		107,142	83,367	73,400	42,707	51,737
Goods and Services Tax (net)		(497)	(426)	(497)	-	(426)
Interest received		300	704	667	1,720	1,457
Payments to suppliers and employees		(112,777)	(110,722)	(96,340)	(88,060)	(95,368)
Interest paid		(3,525)	(3,765)	(2,371)	(3,832)	(2,693)
Income tax paid		(2,244)	(2,270)	-	-	-
Net cash flow from operating activities		60,322	36,661	47,467	24,549	25,186
Cash flows from investing activities:						
Proceeds from sale of property, plant and equipment		91	25	64	6,000	7
Proceeds from sale of non-current property held for sale		10	1,264	10	-	1,264
Sale of investments		12,262	13,097	12,262	-	13,097
Advances received		2,977	1,698	295	-	765
Dividends received		7	81	2,883	2,995	3,150
Purchase of property, plant and equipment		(63,543)	(34,062)	(61,977)	(66,439)	(30,975)
Purchase of intangible assets		(6,652)	(6,236)	(6,619)	-	(6,196)
Purchase of investment property		(6,371)	(5,080)	-	-	-
Purchase of forestry assets		(7)	(267)	(7)	-	(267)
Acquisition of investments		(12,439)	(13,242)	(12,439)	(6,667)	(13,242)
Advances made		(3,144)	(1,665)	(3,144)	-	(1,665)
Net cash flow from investing activities		(76,809)	(44,387)	(68,672)	(64,111)	(34,062)
Cash flows from financing activities:						
Proceeds from borrowings		14,500	1,500	14,500	39,571	1,500
Repayment of borrowings		(7,500)	(765)	(7,500)	-	(765)
Net cash flow from financing activities		7,000	735	7,000	39,571	735
Net increase / (decrease)		(9,487)	(6,991)	(14,205)	9	(8,141)
Cash, cash equivalents and bank overdrafts:						
At the beginning of the year		19,112	26,103	16,027	102	24,168
At the end of the year	15	9,625	19,112	1,822	111	16,027

The accompanying notes form part of these financial statements.

Reconciliation of Net Surplus/(Deficit) after Tax to Net Cash Flow from Operating Activities

For the year ended 30 June	Group		Council	
	Actual 2021 \$000s	Actual 2020 \$000s	Actual 2021 \$000s	Actual 2020 \$000s
Surplus after tax	32,898	8,230	20,481	9,169
Add/(less) non-cash items:				
Depreciation and amortisation expense	32,476	30,353	28,118	26,285
Decrease in forestry value due to harvest	2,124	2,797	2,124	2,797
Vested assets revenue	(2,779)	(5,065)	(2,779)	(5,065)
Movement in deferred tax	2,596	(3,428)	-	-
Increase in runway seal and rescue fire service provision	(13)	1,014	-	-
Movement in provisions	2,039	323	2,039	323
Carbon credits surrendered	1,195	844	1,195	844
(Gains) in fair value of biological assets	1,919	(6,627)	1,919	(6,627)
(Gains) / losses in fair value of investment property	(9,137)	4,338	(200)	(2,529)
(Gains) / losses on fair value of investments	-	(7)	-	(7)
(Gains) / losses on derivative financial instruments	(6,080)	4,168	(3,900)	3,265
	24,340	28,710	28,516	19,286
Add/(less) items classified as investing or financing activities:				
(Gains) / losses on disposal of property, plant and equipment and non-current assets held for sale	482	2,058	457	2,076
(Increase) in capital creditors	(3,244)	(441)	(3,244)	(441)
Other (increases)/decreases	259	502	(2,883)	(3,150)
	(2,503)	2,119	(5,670)	(1,515)
Add/(less) movements in working capital items:				
(Increase) in debtors and other receivables	916	(4,284)	(1,627)	(1,529)
Increase/(decrease) in inventory	(17)	8,131	(35)	8,120
Increase/(decrease) in creditors and other payables	5,101	1,962	5,520	74
Income tax (receivable) / payable	(468)	28	-	-
(Increase) in employee entitlements	55	(14)	282	(198)
	5,587	5,823	4,140	6,467
Less items reclassified as investing activities	-	(8,221)	-	(8,221)
Net cash inflow from operating activities	60,322	36,661	47,467	25,186

Notes to Financial Statements

1. Statement of Accounting Policies for the year ended 30 June 2021

Marlborough District Council (Council) is a unitary authority located in New Zealand that is governed by the Local Government Act 2002 (LGA). The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Marlborough District Council Group (MDC Group) consists of the ultimate parent, Marlborough District Council (Council) and:

- Council's 88.5% share of the joint operation Marlborough Regional Forestry (MRF) which is accounted for in these financial statements as an activity of Council; and
- Council's wholly owned subsidiary MDC Holdings Ltd (MDCHL). The wholly owned subsidiaries of MDCHL include:
 - Marlborough Airport Ltd; and
 - Port Marlborough NZ Ltd which in turn has two wholly owned subsidiaries: PMNZ Marina Holdings Ltd and Waikawa Marina Trustee Ltd; and
- Marlborough Housing for the Elderly Trust.

The primary objective of the MDC Group is to provide goods and services and benefit to the community rather than making a financial return. Accordingly, Council has designated itself and the MDC Group as public benefit entities (PBEs).

These financial statements of the MDC Group are for the year ended 30 June 2021.

The financial statements were authorised for issue by Council on 3 November 2021.

1.1. Basis of preparation

The financial statements have been prepared on the going concern basis and accounting policies been applied consistently throughout the period.

(i) Statement of compliance

The financial statements of MDC Group have been prepared in accordance with Tier 1 NZ PBE Accounting Standards and the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 which includes the compliance with New Zealand generally accepted accounting practices (NZ GAAP).

(ii) Measurement base

The financial statements have been prepared on a historical cost basis adjusted for the revaluation of certain assets.

(iii) Functional and presentational currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000s). The functional currency of MDC Group is New Zealand dollars.

(iv) The impact of COVID-19

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) to be a pandemic.

New Zealand introduced a four-tier alert system in March 2020 to manage and minimise the risk of COVID-19 in New Zealand, with the highest Alert Level 4 effectively being a lock-down of individual households and all non-essential services.

The COVID-19 pandemic has continued to affect New Zealand through the 2020-21 financial year and into the 2021-22 financial year. For more information see note 32.

Council

At all levels, Council continued providing essential services and a large number of other services to the Community. However, some activities of Council such as the processing of Building and Resource consents were disrupted, especially during the higher Alert Levels.

Council has the statutory responsibility to help the district through this crisis. A number of Council staff transferred to the Emergency Centre to help and provide essential services and accommodation for various Marlborough residents. Council has taken a number of steps during difficult time to do what it can to limit the damage being felt by local businesses and residents.

To assist with the economic recovery of Marlborough from the impact of COVID-19 Council has:

- established The Economic Action Marlborough Group (TEAM) and allocated \$865,000 in May 2020 and a further \$100,000 allocated in April 2021 to support the economic recovery of Marlborough during this crisis;
- free parking for the first 2 hours in the Blenheim CBD until September 2020 reducing to 1 hour free parking from October 2020;
- provided rent concessions of \$72,000 in 2019-20 and \$204,000 for 2020-21;
- granted \$620,000 to community facilities providers; and
- distributed \$720,000 of the \$930,000 emergency funding allocated for 2020-21 to help Marlborough from the impact of COVID-19. The remaining funds will be retained and refocused on visitor economy projects and projects to support labour shortages.

MDC Group entities

MDC Holdings Ltd (MDCHL)

The COVID-19 pandemic had little to no impact on the financial performance or financial position of MDCHL, during 2021 year. In the 2022 year MDCHL is expecting to maintain budgeted dividend receipts from its subsidiary port Marlborough limited.

Port Marlborough New Zealand Ltd (PMNZL)

The port is an essential service provider and continued operations throughout the heightened alert levels of the 2020 and 2021 COVID-19 response. With the exception of cruise ship activity, Group revenues have not been adversely impacted by COVID-19 disruptions.

The previously buoyant cruise sector has been completely inactive through the year due to border closures and a government ban on cruise activity. We continue to work with industry in preparation for safe return of cruise, in whatever form that may take and whenever it may occur. The loss of cruise revenue has been offset by log exports, which reached record levels during the year.

Marlborough Airport Ltd (MAL)

This year has been an unprecedented year and extremely challenging time for MAL. Back in April 2020 our passenger numbers dropped to less than 1% of the same month in the previous year.

Alert level disruptions have continued at various times during the year, albeit with significantly less impact on traveller numbers than the initial lock downs had.

However, being a domestic only airport our passenger numbers have recovered strongly and total passenger numbers for the year ended 20 June 2021 reached 75% of those in June 2019 which was the last full pre-COVID 19 year. Domestic airline capacity has remained relatively strong, especially in the last quarter of the year where seat capacity was close to pre-COVID 19 levels and passenger number reached above 90%.

As part of its COVID-19 response MAL continued to abate rentals for its rental car and retail tenants out to 31 March 2021. These abatements ceased in the last quarter as trading levels have continued to improve. All other areas of the business have largely operated normally.

With regard to MAL's annual report, COVID-19 has specifically impacted certain areas of financial reporting. Where applicable these impacts have been disclosed in the relevant notes in the financial statements based on information available at the time of preparation.

Whilst there is still great uncertainty around future impacts of COVID-19, the scheduled capacity for the next six months remains strong and the Directors' consider MAL's long-term business fundamentals also remain positive.

Despite the widespread economic impact of COVID-19 Council has not provided any financial assistance to its controlled entities. While the entities controlled by Council experienced an overall drop in revenue for the 2021 year their diverse and balanced business portfolios provided a good degree of resilience to the challenges of the current economic environment.

(v) Changes in accounting policies relevant to Council and MDC Group

The amendment below is effective for the 2020-21 financial reporting period. There were no effects for Council and MDC Group from these changes.

- Amendments to PBE IAS 12 Uncertainty over Income Tax treatments.

The amendment requires an entity to determine whether uncertain tax positions are assessed separately or as a group, and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

The amendment is applicable for periods beginning on or after 1 January 2020.

(vi) Standards issued and not yet effective, and not early adopted

The standards and amendments below have been issued. However, they are not yet effective and have not been early adopted:

- PBE IPSAS 41 Financial instruments
PBE IFRS 9 was issued as an interim standard by NZASB replacing PBE IPSAS 29 (Financial instruments: recognition and measurement) to address concerns relating to mixed groups. However, it will be superseded by PBE IPSAS 41 as the latter is more closely based on for-profit entities' financial instruments standard compared to PBE IFRS 9.
This new standard is effective for annual periods beginning on or after 1 January 2022, with early application permitted. Council plans to apply this standard in preparing its 30 June 2023 financial statements. Council and MDC Group have not yet assessed the effects of the new standard.
- PBE IPSAS 40 PBE Combinations
PBE IPSAS 40 replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. This new standard is effective for the year ending 30 June 2022 and is applied prospectively. Council will not early adopt this amendment.
- PBE FRS 48 Service Performance Reporting
This new standard introduces high-level requirements in relation to service performance information and is effective for annual periods beginning on or after 1 January 2022. Council plans to apply this standard in preparing its 30 June 2023 financial statements. Council and group have not yet assessed the effects of the new standard; however, as Councils are bound by legislation to report on Service Performance it is likely that we are already compliant with most requirements of PBE FRS 48.

- Amendments to PBE IPSAS 2 Cash flow statements
The amendments include additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
The amendments are applicable for periods beginning on or after 1 January 2021. Council plans to apply the new standards in preparing its 30 June 2022 financial statements. There are no effects for Council and MDC Group from these amendments apart from the additional disclosures required.

1.2. Accounting policies - critical accounting estimates, assumptions and judgments

The preparation of financial statements in conformity with NZ PBE Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, at the time. The estimates and assumptions used may differ from the subsequent actual results.

Professional judgement is also exercised to determine whether the substance of a transaction is non-exchange or exchange. For non-exchange revenue there is a recognition of a liability to the extent of unfulfilled conditions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- estimating the fair value of land, buildings, and infrastructural assets – see Note 10.
- estimating the fair value of forestry assets – see Note 12.
- estimating the landfill aftercare provision – see Note 20.

1.3. Significant accounting policies summary

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Council and entities controlled by Council. The consolidated financial statements are prepared by adding together like items on a line by line basis. All significant inter-company transactions and balances between the MDC Group entities are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of Council's controlled entities to bring all differences to reporting and accounting policies into line with those used by other members of the MDC Group.

Council considers that it controls another entity when it is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding arrangements Council enters into, group voting rights, and pre-determination mechanisms. Council reassesses whether or not it controls another entity if facts and circumstances change.

Council has no significant restrictions in binding arrangements (e.g., statutory, contractual and regulatory restrictions) on its ability to access or use the assets and settle the liabilities of the controlled entities.

(ii) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a

GST- inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) is included as part of receivables or payables.

The net GST paid to, or received from the IR, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows. Commitments and contingencies are disclosed exclusive of GST.

(iii) Cost Allocation

The costs of providing support services for each Council Activity are allocated to each Activity using direct and indirect cost allocations:

- direct costs are those costs directly attributable and charged to an Activity; and
- indirect costs are those costs that cannot be identified in an economical feasible manner with a specific Activity and are charged to the Activities using cost drivers such as actual usage, staff numbers and floor area.

(iv) Budget Figures

The budget figures are those approved in Council's 2020-21 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

(v) Dividends

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

(vi) Exchange and non-exchange revenue

Most of the Council's revenue is from non-exchange transactions accounted for under PBE IPSAS 23 (i.e. rates, subsidies and grants, provision of services partial cost recovery/subsidised, vested assets). Exchange transactions are recognised under PBE IPSAS 9 (i.e. water billing revenue, financial/development contributions, provision of services full cost recovery, sale of goods, interest and dividends).

2. Summary Revenue and Expenditure for Group Activities

	Council		
	2020-21 Actual \$000s	2020-21 Budget \$000s	2019-20 Actual \$000s
Revenue:			
People	17,181	11,873	12,146
Community facilities	13,123	12,919	11,444
Roads and footpaths	25,298	23,015	20,386
Flood protection and control works	9,044	7,998	7,981
Sewerage	17,312	12,031	13,184
Stormwater drainage	3,341	2,512	3,188
Water supply	12,463	9,648	9,564
Solid waste management	13,318	12,131	13,042
Environmental management	10,851	10,321	9,620
Regulatory	13,135	8,750	9,880
Regional development	6,282	5,908	6,002
Total activity revenue	141,348	117,108	116,437
Plus other revenue (including forestry)*	22,722	14,924	30,847
Less internal revenue	(5,605)	(5,917)	(6,617)
Total revenue	158,465	126,114	140,667
Expenditure:			
People	14,033	12,841	14,639
Community facilities	13,034	13,899	12,840
Roads and footpaths	26,011	22,128	22,072
Flood protection and control works	6,249	5,652	6,887
Sewerage	11,685	11,491	11,509
Stormwater drainage	2,388	1,871	2,284
Water supply	9,766	9,181	10,729
Solid waste management	14,642	11,163	12,612
Environmental management	11,224	10,255	10,513
Regulatory	13,207	8,818	10,196
Regional development	6,545	6,929	5,848
Total activity expenditure	128,784	114,228	120,129
Plus other expenditure (including forestry)*	14,805	11,991	17,986
Less internal expenditure	(5,605)	(5,918)	(6,617)
Total expenditure	137,984	120,301	131,498

*Council's "other revenue" and "other expenditure" in the summary revenue and expenditure for groups of activities includes:

	Council		
	2020-21 Actual \$000s	2020-21 Budget \$000s	2019-20 Actual \$000s
Other revenue			
MRF revenue	4,975	34	5,439
MRF gain on revaluation of biological assets	-	384	6,627
Internal interest	5,605	5,917	6,617
General revenues rates contribution (^)	-	(3,569)	-
Boulevard Park on Taylor development	-	-	484
MDC Holdings Ltd dividend	2,876	2,899	3,069
Commercial property	2,017	1,173	4,381
Other interest	667	2,616	1,458
Gain on derivatives	3,900	-	-
Subvention income	760	-	760
Other revenue	1,922	5,470	2,012
Total other revenue	22,722	14,924	30,847

(^) In Budget the General revenues rates contributions is offset in Other revenue while in actuals it is distributed amongst Council Activities.

	Council		
	2020-21 Actual \$000s	2020-21 Budget \$000s	2019-20 Actual \$000s
Other expenditure			
MRF expenses	5,322	4,798	3,269
MRF loss on revaluation due to harvest	2,124	-	2,797
Interest expense	2,371	4,698	2,693
Loss on derivatives	-	-	3,265
Commercial property	1,340	1,023	2,525
Penalties and rates remissions	689	730	716
Insurance	667	655	588
Other expenses	2,292	87	2,133
Total other expenditure	14,805	11,991	17,986

3. Rates Activity

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Rates, excluding rates for metered water supply:					
People	9,060	9,119	9,060	9,087	9,119
Community facilities	10,032	9,758	10,032	10,030	9,758
Roads and footpaths	11,079	10,799	11,079	11,007	10,799
Flood protection and control works	4,483	4,369	4,483	4,478	4,369
Sewerage	8,283	8,497	8,283	8,289	8,497
Stormwater drainage	2,071	2,066	2,071	2,071	2,066
Water supply	6,895	6,748	6,895	7,067	6,748
Solid waste management	3,132	2,823	3,132	3,058	2,823
Environmental management	7,583	7,006	7,583	7,581	7,006
Regulatory	3,672	3,464	3,672	3,575	3,464
Regional development	3,426	3,462	3,426	3,237	3,462
Total activity rates	69,716	68,111	69,716	69,481	68,111
Plus non-activity rates	3	2	3	2	2
Less related party rates eliminated	(463)	(460)	-	-	-
Total gross rates revenue	69,256	67,653	69,719	69,483	68,113
Less rates remissions	(405)	(670)	(405)	(851)	(670)
Rates, excluding targeted water rates net of remissions	68,851	66,983	69,314	68,632	67,443
Targeted Rates for Metered Water Supply					
Targeted rates for metered water supply	2,644	2,326	2,866	2,531	2,571

Accounting Policy

Rates are set annually by Council resolution and relate to a financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Revenue is measured at the fair value of consideration received or receivable. Rates revenue is recognised by Council as being revenue when Council has set the rates and provided the rates assessment. Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its Rates Remission Policy.

4. Subsidies, contributions and other revenue

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Subsidies and grants:					
Waka Kotahi roading subsidies	11,808	6,948	11,808	9,501	6,948
Shovel ready government funding	6,142	-	6,142	-	-
Three waters government funding	6,260	-	6,260	-	-
Other donations and grants	1,989	1,362	1,989	847	1,362
Total subsidies and grants	26,199	8,310	26,199	10,349	8,310
Development and financial contributions:					
Capital contributions	-	252	-	300	252
Other contributions	12	267	12	244	267
Development contributions	6,353	2,576	6,353	2,928	2,576
Development impact levies	37	78	37	100	78
Total development and financial contributions	6,402	3,173	6,402	3,572	3,173
Other revenue:					
User charges	22,120	22,060	22,126	20,519	22,166
Regulatory revenue	4,625	4,674	5,087	5,176	5,155
Infringements and fines	1,056	644	1,056	642	644
Vested assets	2,779	5,065	2,779	1,139	5,065
Rendering of services	24,332	23,451	-	-	-
Rental revenue from investment properties	10,807	9,525	731	1,978	-
MRF revenue	4,975	5,439	4,975	34	5,439
Subvention income	108	-	868	-	760
Other revenue	7,544	5,093	10,854	4,087	8,001
Total other revenue	78,346	75,951	48,476	33,575	47,230

Accounting Policy

Subsidies and grants

The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as non-exchange revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other donations and grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied. These include government contributions received towards three waters infrastructure, shovel ready projects, the upkeep of Returned Servicemen Association cemetery plots, senior housing, community safety and environmental control.

Development and financial contributions

Development and financial contributions are recognised as exchange revenue when received. Otherwise, Development and financial contributions are allocated to the appropriate Reserve until such time Council provides, or is able to provide, the service.

Other revenue

Provision of services partial cost recovery/subsidised

Revenue from a subsidised sale of services is recognised as non-exchange revenue. Revenue from a contract to provide services is recognised by reference to the outstanding obligations of the contract at reporting date.

Provision of services full cost recovery

Significant revenue from full cost recovery sale of services is recognised as exchange revenue. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at reporting date.

Accounting Policy

Vested assets

Assets vested in Council, with or without conditions, are recognised as non-exchange revenue, at fair value, when control over the assets is obtained.

Sales of goods

Proceeds from sales of goods are included in Other revenue and are recognised as exchange revenue when goods are delivered and title has passed.

Insurance revenue

Insurance receipts are included in Other revenue and arise mainly from earthquake related material damage claims. These receipts have been recognised on as exchange revenue when its receipt is considered virtually certain and reliably measured. Refer to note 30 – Earthquake impacts.

5. Gains

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Non-financial instruments gains:					
Property, plant and equipment gains on disposal	36	4	36	4,500	4
Non-current assets held for sale gains on disposal	-	646	-	-	646
Investment property revaluation gain (note 14)	9,137	2,529	200	-	2,529
Forestry revaluation gain (note 12)	-	6,627	-	384	6,627
Total non-financial instruments gains	9,173	9,806	236	4,884	9,806
Financial instruments gains:					
Gain on fair value of investments	-	7	-	-	7
Total financial instruments gains	-	7	-	-	7
Total gains	9,173	9,813	236	4,884	9,813

6. Personnel

6.1. Personnel Costs

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Salaries and wages and related entitlements	31,899	31,579	24,731	24,620	24,317
Defined employer contribution plan	1,344	1,346	1,049	1,022	1,052
Salaries capitalised	(1,203)	(1,102)	(1,203)	(985)	(1,102)
Total personnel costs	32,040	31,823	24,577	24,657	24,267

Accounting Policy

Defined contribution schemes

Employer contributions to Kiwi Saver and the National Provident Fund are defined contribution superannuation schemes, and are expensed.

6.2. Chief Executive

The incumbent Chief Executive received the following remuneration:

Salary
Vehicle, superannuation and other
Total Chief Executive compensation

Council	
Actual 2020-21	Actual 2019-20
\$000s	\$000s
330	303
19	22
349	325

6.3. Elected Representatives

Elected representatives received the following remuneration:	Group		Council	
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Actual 2019-20 \$000s
Mayor:				
John Leggett*	145	149	134	138
Councillors:				
Jenny Andrews	42	41	42	41
Jamie Arbuckle	46	58	46	58
Cynthia Brooks	46	45	46	45
David Croad	43	30	43	30
Brian Dawson	43	42	43	42
Geoff Evans	-	12	-	12
Barbara Faulls	47	31	47	31
Michael Fitzpatrick	45	43	45	43
Trevor Hook*	5	34	-	29
Gerald Hope	46	44	46	44
Francis Maher	46	32	46	32
David Oddie*	60	72	54	66
Mark Peters*	62	58	51	47
Terry Sloan	-	15	-	15
Thelma Sowman	40	28	40	28
Nadine Taylor	68	55	68	55
Total elected representatives' remuneration	784	789	751	756

Remuneration includes payment for attendance at resource consent hearings.

*The Mayor and Councillor Mark Peters were directors of MDCHL during the reporting periods 2020-21 and were paid directors' fees by MDCHL of \$11,128 each (2019-20: \$11,128). Councillor David Oddie was paid \$11,228 in 2021 and \$6,592 in 2019-20 to reflect the part year of his appointment. Councillor Trevor Hook was paid \$4,536 in 2019-20 to reflect the part year of his appointment.

6.4. Staff Employed Full Time Equivalent

At balance date the Council employed 237 full time employees (2019-20: 240) with the balance of staff representing 56 (2019-20: 46) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

6.5. Individuals receiving total annual remuneration of:

	2020-21		2019-20
less than \$60,000	101	less than \$60,000	100
\$60,000 to \$79,999	78	\$60,000 to \$79,999	66
\$80,000 to \$99,999	80	\$80,000 to \$99,999	88
\$100,000 to \$119,999	36	\$100,000 to \$119,999	30
\$120,000 to \$159,999	13	\$120,000 to \$139,999	7
\$160,000 to \$219,999	8	\$140,000 to \$159,999	8
\$220,000 to \$359,999	3	\$160,000 to \$219,999	8
Total	319	\$220,000 to \$359,999	2
		Total	309

Total remuneration includes the estimated values of non-financial benefits provided to employees.

Prior year figures have been restated to correctly consolidate bands from the bottom up.

7. Finance Costs

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Finance revenue:					
Interest revenue:					
Term deposits and bonds	264	657	258	(348)	645
Community loans	1	-	1	-	-
Related party loans	32	(5)	408	2,068	812
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	6,080	-	3,900	-	-
Total interest revenue	6,377	652	4,567	1,720	1,457
Finance costs:					
Interest expense:					
Interest on borrowings	3,542	3,658	2,371	3,876	2,693
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	-	4,168	-	-	3,265
Total finance costs	3,542	7,826	2,371	3,876	5,958

Accounting Policy

Interest rate swaps are measured at fair value with gains or losses on re-measurement recognised through the surplus or deficit.

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

8. Other Expenses

The following items are included in Other expenses in the Statement of Comprehensive Revenue and Expense and are required to be separately disclosed:

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Other expenses:					
Fees to auditors:					
Audit New Zealand for:					
- audit of Council's financial statements	144	137	144	145	137
- audit of the 2021-31 LTP	109	-	109	120	-
Deloitte for audit of Port Marlborough NZ Ltd and Marlborough Airport Ltd financial statements	113	100	-	-	-
Grants and donations	5,257	4,431	5,172	6,549	4,345
Insurance premiums	4,220	3,748	2,614	2,798	2,414
Impairment adjustment of receivables (note 16)	10	35	14	-	(2)
Directors' fees	251	264	-	-	-
Property plant and equipment loss on disposal	493	2,592	493	-	2,592
Property plant and equipment impairment	-	134	-	-	134
Direct operating expenses of investment properties	3,982	3,377	46	90	-
Loss on forestry valuation (note 12)	1,919		1,919		
Loss on Investment property valuation (note 14)	-	6,681	-	-	-
Payments under operating leases	594	659	517	515	583

Accounting Policy

Discretionary and non-discretionary grants

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has provided an invoice.

9. Tax

9.1 Relationship between tax expense and accounting profit	Group		Council	
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Actual 2019-20 \$000s
Surplus before tax	37,272	7,102	20,481	9,169
Tax at 28% (2020: 28%)	10,400	1,988	5,735	2,567
Plus/(less) tax effect of:				
Non-deductible expenditure	159	(18)	-	-
Non-taxable (income)/expense	(5,423)	(1,937)	(5,735)	(2,567)
Reinstatement of building depreciation	-	(614)	-	-
Prior year adjustment	(137)	-	-	-
Income tax expense/(credit)	4,999	(581)	-	-
Comprising:				
Current tax expense	1,915	2,300	-	-
Adjustments to current tax in prior years	(137)	-	-	-
Deferred tax expense	2,596	(3,428)	-	-
Total tax expense/(credit)	4,374	(1,128)	-	-
Income tax recognised in comprehensive income				
Deferred tax on property revaluations	-	(259)	-	-
9.2 Current tax assets/(liabilities)				
Tax (payable)/receivable	-	65	-	-

Any amount of income derived by a local authority is exempt from income tax, except for income derived from Council Controlled Organisations or port activity as per section CW39 Income Tax Act 2007.

9.3 MDC Group deferred tax asset/(liability)	Council tax losses \$000s	Property, plant & equipment \$000s	Investment property \$000s	Intangibles	Financial instruments \$000s	Provisions \$000s	Total \$000s
Balance at 1 July 2019	1,160	(15,759)	(3,559)	(133)	1,096	985	(16,210)
(Charged)/credited to surplus	143	1,122	1,553	24	247	339	3,428
Charged to other comprehensive income	-	(259)	-	-	-	-	(259)
Balance at 30 June 2020	1,303	(14,896)	(2,006)	(109)	1,343	1,324	(13,041)
(Charged)/credited to surplus	(568)	507	(1,926)	23	(611)	(21)	(2,596)
Balance at 30 June 2021	735	(14,389)	(3,932)	(86)	732	1,303	(15,637)

Due to its non taxable status Council as parent has not recognised a deferred tax asset in relation to tax losses of \$2,625,000 (2019-20: \$4,654,000). However, the asset has been recognised at Group level.

Accounting Policy

Income tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax are recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

10. Property, Plant and Equipment

	Current year														
	Cost/ Accumulated valuation 1-Jul-2020 \$000s	Accumulated depreciation 1-Jul-2020 \$000s	Carrying amount 1-Jul-2020 \$000s	WIP & other reclassifications Cost \$000s	Additions \$000s	Disposals \$000s	Disposals depreciation adjustment \$000s	Impairment \$000s	Depreciation \$000s	Transfer adjustment \$000s	Revaluation cost adjustment \$000s	Revaluation depreciation adjustment \$000s	Cost/ Accumulated revaluation 30-Jun-2021 \$000s	Accumulated depreciation 30-Jun-2021 \$000s	Carrying amount 30-Jun-2021 \$000s
2020-21 MDC Group															
10.1 Infrastructural assets															
Work in progress	13,508	-	13,508	(7,094)	21,818	(48)	-	-	-	-	-	-	28,184	-	28,184
Infrastructure land	15,870	-	15,870	-	807	-	-	-	-	3,275	-	-	19,952	-	19,952
Land under roads	138,059	-	138,059	-	208	-	-	-	-	-	-	-	138,267	-	138,267
Flood protection and controlled works	220,751	203	220,954	67	1,439	-	-	213	-	-	-	-	222,257	416	221,841
Road and footpaths	598,863	1	598,864	118	12,363	-	-	11,078	-	12,131	(11,078)	-	623,475	-	623,475
Sewerage schemes other	122,896	-	122,896	100	3,439	-	-	2,774	-	(2,181)	(2,774)	-	124,254	-	124,254
Sewerage treatment and facilities	47,688	-	47,688	1	-	-	-	766	-	300	(766)	-	47,989	-	47,989
Stormwater drainage schemes	83,513	-	83,513	1,561	1,816	-	-	1,723	-	(721)	(1,723)	-	86,169	-	86,169
Water supply schemes - other	134,890	-	134,890	4,527	2,898	(77)	-	3,041	-	(838)	(3,041)	-	141,400	-	141,400
Water treatment and facilities	20,684	-	20,684	-	18	-	-	-	919	(411)	(919)	-	20,291	-	20,291
Wharf infrastructure	51,329	1,916	49,413	-	-	-	-	1,599	-	187	-	-	51,516	3,515	48,001
	1,448,051	2,120	1,445,931	(721)	44,807	(125)	-	22,113	187	11,555	(20,301)	1,503,754	3,931	1,499,823	
10.2 Operational assets															
Work in progress	3,625	-	3,625	(287)	13,380	(8)	-	-	-	(4,107)	-	-	12,603	-	12,603
Buildings	88,239	2,460	85,779	188	3,636	(99)	(92)	2,987	1,454	5,985	(4,015)	99,309	1,430	97,879	
Forest crops	991	-	991	-	-	-	-	-	-	-	-	991	-	991	
Improvements at fair/market value	27,285	1,842	25,443	-	420	-	-	967	10	(3,904)	-	23,812	2,809	21,003	
Land	133,259	-	133,259	46	227	-	-	-	-	31,529	-	165,061	-	165,061	
Landfill	6,582	3,971	2,611	-	6	-	-	751	-	-	-	6,588	4,722	1,866	
Library books	1,911	815	1,096	(2)	241	-	-	349	-	-	-	2,150	1,164	986	
Other structures and improvements	45,974	6,969	39,005	723	3,303	(31)	-	1,287	-	-	-	49,969	8,256	41,713	
Office equipment, furniture and fittings	5,780	3,817	1,963	2	721	(413)	(390)	613	-	-	-	6,090	4,040	2,050	
Plant, machinery and equipment	20,086	11,353	8,733	20	2,672	(734)	(590)	1,599	1,000	-	-	23,044	12,362	10,682	
	333,732	31,227	302,505	690	24,606	(1,285)	(92)	8,553	(1,643)	33,610	(4,015)	389,617	34,783	354,834	
10.3 Restricted assets															
Buildings	13,737	248	13,489	31	219	(306)	(6)	282	-	713	(524)	14,394	-	14,394	
Land	35,324	-	35,324	-	1,116	-	-	-	-	7,521	-	43,961	-	43,961	
	49,061	248	48,813	31	1,335	(306)	(6)	282	-	8,234	(524)	58,355	-	58,355	
Total operational and infrastructural assets	1,830,844	33,595	1,797,249	-	70,748	(1,716)	(988)	30,948	(1,456)	53,399	(24,840)	1,951,726	38,714	1,913,013	

	Prior year											Carrying amount 30-Jun-2020 \$'000s	
	Cost/ Accumulated valuation 1-Jul-2019 \$'000s	Carrying amount 1-Jul-2019 \$'000s	WIP & other reclassifications Cost \$'000s	Additions \$'000s	Disposals \$'000s	Disposals depreciation adjustment \$'000s	Disposals \$'000s	Impairment Depreciation \$'000s	Depreciation \$'000s	Transfer adjustment \$'000s	Revaluation cost adjustment \$'000s		Revaluation depreciation adjustment \$'000s
2019-20 MDC Group													
10.1 Infrastructural assets													
Work in progress	8,264	8,264	(3,221)	8,573	(108)	-	-	-	-	-	-	13,508	13,508
Infrastructure land	15,530	15,530	1	37	-	-	-	-	-	302	-	15,870	15,870
Land under roads	137,323	137,323	-	736	-	-	-	-	-	-	-	138,059	138,059
Flood protection and controlled works	217,456	217,456	1,517	2,568	-	(790)	203	-	-	-	-	220,549	220,549
Road and footpaths	620,620	620,620	(630)	8,731	-	-	10,660	-	-	(30,158)	(10,659)	598,863	598,862
Sewerage schemes other	120,873	120,873	(234)	3,038	(26)	(2)	2,456	-	-	(755)	(2,454)	122,896	122,896
Sewerage treatment and facilities	46,436	46,436	563	107	-	-	725	-	-	582	(725)	47,688	47,688
Stormwater drainage schemes	80,874	80,874	1,061	1,153	(66)	(2)	1,646	-	-	490	(1,644)	83,513	83,513
Water supply schemes - other	132,451	132,451	180	1,823	(808)	(22)	2,926	-	-	1,245	(2,904)	134,690	134,690
Water treatment and facilities	20,858	20,858	-	41	(5)	-	900	-	-	(210)	(900)	20,694	20,694
Wharf infrastructure	51,269	50,945	60	-	-	-	1,582	-	-	-	-	51,329	49,413
	1,451,954	324	1,451,630	26,807	(1,013)	(26)	21,108	(790)	(28,504)	(19,286)	1,448,051	2,120	1,446,931
10.2 Operational assets													
Work in progress	4,024	4,024	(4,822)	4,436	(13)	-	-	-	-	-	-	3,625	3,625
Buildings	86,409	82,828	190	1,347	(1,401)	(15)	2,827	-	-	2,664	(2,693)	88,239	85,779
Forest crops	981	981	-	-	-	-	-	-	-	-	-	981	981
Improvements at fair/market value	26,811	25,405	547	442	(2)	(1)	998	-	-	(513)	(501)	27,285	25,443
Land	131,131	131,131	-	1,008	-	-	-	-	-	1,651	-	133,259	133,259
Landfill	6,273	3,264	224	85	-	-	707	-	-	-	-	6,582	2,611
Library books	2,351	1,078	-	197	(637)	(492)	229	-	-	-	-	1,911	815
Other structures and improvements	44,376	38,662	480	1,143	(94)	(25)	1,270	(134)	203	-	-	45,974	39,006
Office equipment, furniture and fittings	5,822	4,010	-	744	(786)	(780)	587	-	-	-	-	5,780	1,963
Plant, machinery and equipment	19,245	10,846	8,369	1,270	(981)	(960)	1,467	-	-	-	-	20,086	11,353
	326,433	28,909	(2,829)	10,672	(3,914)	(2,273)	8,025	(134)	(3,228)	3,832	(3,434)	333,732	302,905
10.3 Restricted assets													
Buildings	9,286	9,106	3,208	713	-	-	253	(88)	-	618	(185)	13,737	13,469
Land	32,488	32,468	24	248	-	-	-	-	-	2,984	-	35,324	35,324
	41,754	180	41,574	961	-	-	253	(88)	-	3,202	(185)	49,061	48,813
Total operational and infrastructural assets	1,820,141	29,413	1,790,728	38,440	(4,927)	(2,299)	29,366	(1,012)	(3,228)	(21,470)	(22,905)	1,830,644	1,797,249

	Current year													
	Cost/ Accumulated valuation 1-Jul-2020	Carrying amount 1-Jul-2020	WIP & other reclassifications Cost	Additions	Disposals	Disposals depreciation adjustment	Impairment	Depreciation	Transfer adjustment	Revaluation cost adjustment	Revaluation depreciation adjustment	Cost/ Accumulated revaluation 30-Jun-2021	Accumulated depreciation 30-Jun-2021	Carrying amount 30-Jun-2021
2020-21 Council														
10.1 Infrastructural assets														
Work in progress	13,507	13,507	(7,094)	21,819	(48)	-	-	-	-	-	-	28,184	-	28,184
Infrastructure land	15,870	15,870	-	807	-	-	-	-	-	3,275	-	19,952	-	19,952
Land under roads	138,059	138,059	-	208	-	-	-	-	-	-	-	138,267	-	138,267
Flood protection and controlled works	220,751	220,548	67	1,439	-	213	-	-	-	-	-	222,257	416	221,841
Road and footpaths	598,863	598,863	118	12,363	-	11,078	-	-	-	(11,078)	-	623,475	-	623,475
Sewerage schemes other	122,896	122,896	100	3,439	-	2,774	-	-	-	(2,774)	-	124,254	-	124,254
Sewerage treatment and facilities	47,688	47,688	1	-	-	766	-	-	300	(766)	-	47,989	-	47,989
Stormwater drainage schemes	83,513	83,513	1,561	1,816	-	1,723	-	-	(721)	(1,723)	-	86,169	-	86,169
Water supply schemes - other	134,890	134,890	4,527	2,898	(77)	3,041	-	-	(838)	(3,041)	-	141,400	-	141,400
Water treatment and facilities	20,684	20,684	-	18	-	919	-	-	(411)	(919)	-	20,291	-	20,291
	1,396,721	1,396,518	(721)	44,808	(125)	20,514	-	20,514	11,555	(20,301)	1,452,238	416	1,451,822	
10.2 Operational assets														
Work in progress	2,343	2,343	(287)	11,162	(8)	-	-	-	(1,456)	-	-	11,754	-	11,754
Buildings	72,338	70,350	188	3,636	(47)	2,027	-	-	-	(4,015)	-	82,100	-	82,100
Forest crops	991	991	-	-	-	-	-	-	-	-	-	991	-	991
Improvements at fair/market value	6,096	4,621	-	420	-	216	-	-	(3,904)	-	-	2,612	1,691	921
Land	113,394	113,394	46	227	-	-	-	-	31,529	-	-	145,197	-	145,197
Landfill	6,581	2,610	-	7	-	751	-	-	-	-	-	6,588	4,722	1,866
Library books	1,910	1,095	(2)	242	-	349	-	-	-	-	-	2,150	1,164	986
Other structures and improvements	45,974	39,005	723	3,303	(31)	1,287	-	-	-	-	-	49,969	8,256	41,713
Office equipment furniture and fittings	5,779	3,817	2	722	(413)	(390)	-	613	-	-	-	6,090	4,040	2,050
Plant, machinery and equipment	9,352	4,797	20	2,657	(588)	(446)	-	788	-	-	-	11,441	5,139	6,302
	264,759	240,926	690	22,376	(1,087)	6,031	-	6,031	33,610	(4,015)	318,892	25,012	293,881	
10.3 Restricted assets														
Buildings	13,737	13,489	31	219	(306)	282	-	-	-	(524)	-	14,394	-	14,394
Land	35,324	35,324	-	1,116	-	-	-	-	-	7,521	-	43,961	-	43,961
	49,061	48,813	31	1,335	(306)	282	-	282	8,234	(524)	58,355	-	58,355	
Total operational and infrastructural assets	1,710,541	1,686,257	-	68,519	(1,518)	(842)	-	26,827	(1,456)	(24,840)	1,829,486	25,428	1,804,068	

2019-20 Council	Prior year													Carrying amount 30-Jun-2020 \$000s	
	Cost/ Accumulated valuation depreciation 1-Jul-2019 \$000s	Carrying amount 1-Jul-2019 \$000s	WIP & other reclassifications Cost		Additions \$000s	Disposals \$000s	Disposals depreciation adjustment \$000s	Impairment \$000s	Depreciation \$000s	Transfer adjustment \$000s	Revaluation cost adjustment \$000s	Revaluation depreciation adjustment \$000s	Cost/ Accumulated revaluation depreciation 30-Jun-2020 \$000s		
			\$000s	\$000s											
10.1 Infrastructural assets															
Work in progress	8,263	8,263	(3,221)	8,573	(108)	-	-	-	-	-	-	-	13,507	-	13,507
Infrastructure land	15,530	15,530	1	37	-	-	-	-	-	302	-	-	15,870	-	15,870
Land under roads	137,323	137,323	-	736	-	-	-	-	-	-	-	-	138,059	-	138,059
Flood protection and controlled works	217,466	217,466	1,517	2,568	-	(790)	203	-	-	-	-	-	220,751	203	220,548
Road and footpaths	620,620	620,620	(330)	8,731	-	-	10,660	-	-	(30,158)	(10,660)	-	598,863	-	598,863
Sewerage schemes other	120,873	120,873	(234)	3,038	(26)	(2)	2,466	-	-	(755)	(2,454)	-	122,896	-	122,896
Sewerage treatment and facilities	46,436	46,436	563	107	-	-	725	-	-	582	(725)	-	47,688	-	47,688
Stormwater drainage schemes	80,874	80,874	1,061	1,153	(65)	(2)	1,646	-	-	490	(1,644)	-	83,513	-	83,513
Water supply schemes - other	132,451	132,451	180	1,823	(809)	(22)	2,926	-	-	1,245	(2,904)	-	134,880	-	134,880
Water treatment and facilities	20,858	20,858	-	41	(5)	-	900	-	-	(210)	(900)	-	20,684	-	20,684
	1,400,684	1,400,684	(463)	26,807	(1,013)	(26)	19,516	(790)	-	(28,504)	(19,287)	203	1,396,721	203	1,396,518
10.2 Operational assets															
Work in progress	3,662	3,662	(3,665)	2,259	(13)	-	-	-	-	-	-	-	2,343	-	2,343
Buildings	68,355	67,483	63	1,347	(1,389)	(15)	2,002	-	-	2,962	(1,871)	1,988	72,338	1,988	70,350
Forest crops	991	991	-	-	-	-	-	-	-	-	-	-	991	-	991
Improvements at fairmarket value	5,797	4,550	-	441	-	-	228	-	-	(142)	-	-	6,086	1,475	4,621
Land	111,266	111,266	-	1,008	-	-	-	-	-	1,651	-	-	113,394	-	113,394
Landfill	6,272	3,008	224	85	-	-	707	-	-	-	-	-	6,581	3,971	2,610
Library books	2,350	1,272	-	197	(637)	(492)	229	-	-	-	-	-	1,910	815	1,095
Other structures and improvements	44,376	38,652	480	1,143	(94)	(25)	1,270	(134)	203	-	-	-	45,974	6,969	39,005
Office equipment, furniture and fittings	5,821	1,811	-	744	(786)	(780)	587	-	-	-	-	-	5,779	3,817	1,962
Plant, machinery and equipment	8,837	4,883	29	1,251	(765)	(764)	668	-	-	-	-	-	9,352	4,787	4,555
	268,727	236,649	(2,769)	8,475	(3,684)	(2,066)	5,691	(134)	(328)	4,471	(1,871)	23,832	264,758	23,832	240,926
10.3 Restricted assets															
Buildings	9,286	9,106	3,208	713	-	(88)	253	-	-	618	(185)	248	13,737	248	13,489
Land	32,488	32,488	24	248	-	-	-	-	-	2,584	-	-	35,324	-	35,324
	41,754	41,574	3,232	961	(88)	-	253	(88)	-	3,202	(185)	248	49,061	248	48,813
Total operational and infrastructural assets	1,701,165	1,678,907	-	36,243	(4,697)	(2,092)	25,460	(1,012)	(328)	(20,831)	(21,343)	24,263	1,710,540	24,263	1,686,257

10.1 MDC Group assets under construction

Property, plant and equipment in the course of construction by class of asset are detailed below:

MDC Group	2020-21 \$000s	2019-20 \$000s
Asset Class		
Roads and footpaths	644	502
Sewerage treatment and facilities	1,890	1,038
Sewerage other	9,250	1,290
Water other	4,988	5,477
Water treatment and facilities	1,043	294
Stormwater	1,319	1,355
Flood protection and control works	2,634	1,180
Buildings	11,971	3,101
Landfill	3,650	422
Other structures and improvements	2,396	1,649
Land	63	296
Wharf infrastructure	-	117
Plant machinery and equipment	542	195
Fair value improvements	397	217
Total	40,787	17,133

The larger 2020-21 items include:

- buildings – new Blenheim library and Lansdowne Sports Hub;
- flood protection - stage 2 of the Town Branch drainage upgrades and the Upper Conders/SVIS upgrade;
- stormwater – Muller road link to the town branch drainage system;
- water other – Renwick water treatment upgrade, together with the Flaxbourne irrigation project;
- sewerage other – Blenheim sewer upgrade project; and
- sewerage treatment – Havelock and Seddon treatment upgrades.

10.2 Council depreciation and amortisation by Group of Activities

	2020-21 \$000s	2019-20 \$000s
People	949	814
Community facilities	2,150	2,082
Roads and footpaths	10,929	10,509
Flood protection and control works	217	206
Sewerage	3,525	3,181
Stormwater drainage	1,736	1,648
Water supply	3,625	3,487
Solid waste management	1,070	979
Environmental management	725	362
Regulatory	241	171
Regional development	738	703
Total	25,905	24,142

The above information is provided to meet the requirement of section 5(4) of the Local Government (Financial Reporting Regulations 2014). It does not include all of Council's depreciation and amortisation expense eg; MRF and investment activities.

10.3 Council Core Infrastructure Asset Disclosures

2020-21	Closing	Additions	
	Book Value	Constructed	Vested
	\$000s	\$000s	\$000s
Asset Class			
Flood protection and controlled works	221,841	3,032	-
Road and footpaths	623,475	11,983	771
Sewerage schemes-other	124,254	10,705	850
Sewerage treatment and facilities	47,989	864	-
Stormwater drainage	86,169	2,139	768
Water schemes-other	141,400	7,340	243
Water treatment and facilities	20,291	678	-

Flood protection and controlled works do not include additional assets held in other classes, for example land.

10.4 Valuation uncertainty disclosure

In the 2021 year there has been no valuation uncertainty included in valuations completed for property, plant and equipment for the group.

In the 2020 year MAL freehold car park and land improvements and buildings were valued by WSP, independent registered valuers and associates of the NZ Institute of Valuers who have experience in the location and category of the items being valued. Due to the impact of COVID-19 WSP stated in its report that it expected market prices on construction costs and optimisation of assets, as being the two key factors that could possibly impact the value of Marlborough Airport Ltd assets.

However, initial forecasts were that construction costs for infrastructure assets would increase by just 2 to 4 percent which would be in the expected range over the next 12 months. In terms of passenger optimisation, although a drop off in demand for airport assets was expected in the short-term, that being a domestic airport this had little impact in the medium to long term. Recent passenger data at Alert level 1 supports that case. Subsequent revaluations will be performed on a three yearly basis.

In the 2020 year MRF land was valued by Alexander Hayward Ltd, an independent registered valuer. The valuation has been subject to material valuation uncertainty due to unknown future impact that COVID-19 might have on markets. The valuer has stated that a high degree of caution should be attached to the valuation above what would normally be the case. The valuer has recommended that that valuation is reviewed periodically by Council. MRF land is revalued annually."

Impairment

No impairment losses (2019-20: \$1.012 million) were recognised this year. The main impairment in the 2019-20 relates to the deterioration of the Wairau River edge protection works at six sites together with some changes in useful life of broadband structures and public conveniences. The impairment losses were recognised through the appropriate revaluation reserve and through other comprehensive revenue and expense in accordance with the accounting policy.

Infrastructural assets

Roads, bridges, carparks, wharves, street lighting, street berms and street furniture assets were independently valued at optimised depreciated replacement cost as at 30 June 2021 by Kevin Wu and reviewed by Aaron Hartland of WSP New Zealand Ltd.

River control and drainage assets were valued at depreciated replacement cost as at 30 June 2019. The river control and drainage valuation was performed by Council's Rivers and Drainage Engineer. Alexander Hayward Ltd conducted an independent peer review of the valuation.

Water, sewer and stormwater assets were valued at depreciated replacement cost and optimised depreciated replacement cost where possible as at 30 June 2021. The valuation was

performed by Council's engineering staff directly associated with managing these assets. An independent review of the valuation was conducted by Alexander Hayward Ltd.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the optimised depreciated replacement cost method. These include:

- estimating any obsolescence or surplus capacity of the asset;
- estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets from which unit rates are determined. Unit rates can vary based on asset location, topography and ground conditions;
- estimates are made when determining the remaining useful life over which the assets will be depreciated. These estimates can be affected by local conditions, for example, weather patterns, and traffic growth. If useful lives do not reflect the consumption of the benefits of the asset, then Council could be under or over estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.

To minimise this risk Council has determined the infrastructural asset useful lives with reference to NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of Councils' asset management planning activities, which gives Council further assurance over the useful life estimates; and

- the physical deterioration and condition of the assets, for example Council could be carrying an asset at an amount that does not reflect its physical condition. This is particularly so for those assets, which are not visible for example stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a number of physical inspections and condition modelling assessments of assets.

Land under roads was independently valued on a fair value basis as at 30 June 2009 by Lex Hayward of Alexander Hayward Ltd.

Land and buildings including restricted land and buildings

Council land was independently valued by QV Valuations (Registered Valuers) as at 30 June 2021. The basis of valuation is fair value with reference to highest and best use as at 30 June 2021.

Properties in the course of construction for production, rental or administrative purposes, or otherwise, are carried at cost, less any recognised impairment loss. Cost includes professional fees and other costs incurred to bring the asset into use.

Council's forest (soil erosion prevention) was independently valued at 30 June 2019 by Merrill & Ring New Zealand Ltd.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Buildings were independently valued by Alexander Hayward Ltd (Registered Valuers) as at 30 June 2021. The basis of valuation for commercial and Council property buildings was fair value. Assets acquired subsequent to valuation are shown at cost less depreciation.

Other buildings including halls, museums, memorials and public conveniences were valued at fair value using depreciated replacement cost because no reliable market data is available for such replacement cost is determined using a number of significant assumptions.

Significant assumptions include:

- the replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus

capacity;

- the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information;
- for Council's earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost.
- the remaining useful life of assets is estimated; and
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates are applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake-prone buildings and the associated lost rental during the time to undertake the strengthening work.

Improvements on land

These are generally in the nature of playground equipment and other similar recreational structures on Council land and MRF improvements. MRF improvements are stated at fair value while other assets are stated at cost less any accumulated depreciation and impairment losses.

Landfill

Council has amortised the cost of the Blenheim landfill development over its remaining 27 year life and charged the amortisation to operating costs. The amortisation rate is based on volume utilisation divided by the estimated capacity of the landfill site.

Library books and parking meters

These are stated at cost less accumulated depreciation plus additions at cost.

Accounting Policy

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and any impairment losses. Council's property, plant and equipment consist of:

- **infrastructural assets** – these are fixed utility systems such as road networks, sewer systems and water systems. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.
- **operational assets** – these assets enable the ongoing operations. These include land, buildings, landfill, library books, plant and equipment and motor vehicles.
- **restricted assets** – these are mainly parks and reserves that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Additions

Additions in the periods between valuations are recorded at cost, except for vested assets. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use. Certain infrastructural assets and land have been vested in Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation which is their deemed cost. Vested infrastructural assets are initially valued based on the actual quantities of infrastructural components vested and the current "in the ground" cost of providing identical services and this is their deemed cost.

Disposals

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

Accounting Policy

When revalued assets are sold the amounts included in the asset revaluation reserve in relation to those assets are transferred to accumulated funds.

Revaluation of property, plant and equipment is accounted for on a class of asset basis

The net revaluation results are included in other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. When the net revaluation decrease exceeds the asset revaluation reserve balance, this decrease is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then credited to the revaluation reserve for that class of asset.

Depreciation

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

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

Infrastructural assets	Life (in years)	Rate
Flood protection and controlled works (pump stations, dams)	1 - 100	1 - 100%
Roads and footpaths	1 - 110	0.9 - 100%
Sewerage network including treatment	2.5 - 100	1 - 40%
Stormwater drainage schemes	1 - 100	1 - 100%
Water supply schemes – other	1 - 100	1 - 100%
Water treatment and facilities	1 - 100	1 - 100%

Operational assets	Life (in years)	Rate
Buildings	1 - 100	1 - 100%
Landfill	3.68 - 40	2.5 - 27.2%
Library books including audio books	5 - 13.34	7.5 - 20%
Other structures and improvements	3.23 - 100	1 - 31%
Office equipment, furniture and fittings	3.01 - 13.33	7.5 - 33.2%
Plant, machinery and equipment	2.23 - 100	1 - 45%

Restricted assets	Life (in years)	Rate
Buildings	5 - 100	1 - 20%

Assets not depreciated

The following assets are not depreciated in line with Council's depreciation policy:

- infrastructural assets - Assets under construction, infrastructure land, sewerage oxidation ponds and roading infrastructure including land under roads, roads and carpark formation, sealed roads subbase and street berms.
- operational assets - Assets under construction, forest crops and land.
- restricted assets - land.

Impairment of assets

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. When the impairment loss exceeds the balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

Accounting Policy

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

11. Intangible Assets

An Intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected.

	Group total	Group Carbon credits	Software	Council total	Council Carbon credits	Software
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cost:						
Balance at 1 July 2019	12,027	530	11,497	10,812	530	10,282
Additions	6,288	1,173	5,115	6,248	1,173	5,075
Transfer adjustments	(203)	-	(203)	(203)	-	(203)
Disposals	(827)	(657)	(170)	(760)	(657)	(103)
Balance at 30 June 2020	17,285	1,046	16,239	16,097	1,046	15,051
Additions	6,336	4,490	1,846	6,303	4,490	1,813
Disposals	(879)	(879)	-	(879)	(879)	-
Balance at 30 June 2021	22,742	4,657	18,085	21,521	4,657	16,864
Accumulated amortisation and impairment:						
Balance at 1 July 2019	5,569	87	5,482	4,875	87	4,788
Amortisation expense	967	-	967	825	-	825
Disposals	(134)	-	(134)	(67)	-	(67)
Balance at 30 June 2020	6,402	87	6,315	5,633	87	5,546
Amortisation expense	1,436	-	1,436	1,291	-	1,291
Balance at 30 June 2021	7,838	87	7,751	6,924	87	6,837
Carrying amount:						
Balance at 1 July 2019	6,458	443	6,015	5,937	443	5,494
Balance at 30 June 2020	10,883	959	9,924	10,464	959	9,505
Balance at 30 June 2021	14,904	4,570	10,334	14,597	4,570	10,027

11.1. Intangible assets under construction

Council had a total of \$1.2 million in intangibles under construction (2019-20: \$4.0 million). The main item is the LiDAR project.

Accounting Policy

Software acquisition and development

Software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs, maintenance and web related costs are recognised in the surplus or deficit when incurred.

Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are de-recognised when they are used to satisfy carbon emission obligations.

Accounting Policy

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of computer software, the major class of intangible assets, is 5 to 10 years 10% to 20%.

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. For further details, refer to the policy for impairment of property, plant, and equipment in note 10 - Property, plant and equipment. The same approach applies to the impairment of intangible assets

12. Forestry Assets (including jointly held assets)

Forestry assets are predominantly owned and managed by MRF. The forestry estate is managed through a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (KDC) (11.5%). The MRF estate covers 3,290 stocked hectares as at 30 June 2021 (2019-20: 3,145).

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Balance at 1 July	21,116	17,019	21,116	17,366	17,019
Increase due to additions	7	267	7	398	267
Gains arising from changes attributable to physical changes (note 8)	(392)	4,669	(392)	-	4,669
Gains arising from changes attributable to log price changes (note 8)	(1,527)	1,958	(1,527)	-	1,958
Decreases due to harvest	(2,124)	(2,797)	(2,124)	(14)	(2,797)
Balance at 30 June	17,080	21,116	17,080	17,750	21,116

Council's share of jointly controlled assets and any liabilities incurred jointly with KDC are recognised on a proportionate basis and classified according to their nature.

The estate consists of six forest blocks - Para, Pukaka, Strachan Peak, Koromiko, Waikakaho and Speeds. The planted area consists predominantly of radiata pine with small areas planted with other species. As at 30 June 2021 the weighted average age of the forest estate is 10.7 years old. (2019-20: 10.4)

Independent registered valuer Colliers has valued MRF's land and improvements as at 30 June 2021. Forme Consulting Group Ltd has prepared the forestry crop valuations as at 30 June 2021 based on methodology recommended by the New Zealand Institute of Forestry. For this valuation a discount rate of 6.5%, applied to pre-tax cash flows, has been used in line with rates used by similar forest valuations within New Zealand. The sensitivity of crop value to discount rate is shown below:

	as at 30 June 2021			as at 30 June 2020		
	6%	6.5% (as used)	7%	7%	7.5% (as used)	8%
Discount rate:						
Tree crop value (\$000s)	22,198	19,299	16,830	26,652	23,860	21,396
MDC Group 88.5% share (\$000s)	19,645	17,080	14,895	23,587	21,116	18,935

Key financial risks arise from increase in costs associated with logging/loads, cartage harvesting costs, sale price for forestry and risks of changing demand from export markets.

Where Council transacts with the joint operation, unrealised profits and losses are eliminated to the extent of Council's share in the joint operation, except to the extent that unrealised losses provide evidence of impairment of the asset.

MRF Joint Operation	Council and Group	
	2020-21 \$000s	2019-20 \$000s
Current assets	195	769
Non-current assets	28,788	31,915
Current liabilities	125	422
Income	5,010	12,100
Expenses	7,480	6,100

Accounting Policy

For joint operations, the Council and group recognises its direct right to the assets, liabilities, revenues and expense of joint operations and its share of any jointly held or incurred assets, liabilities, revenue, and expenses. Assets, liabilities, revenues, and expenses relating to Council's interest in a joint operation are accounted for in line with Council's accounting policies and included in the relevant line items of the Council and group financial statements.

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

13. Other Financial Assets

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Current portion:					
Term deposits and bonds with maturities of 4-12 months	12,492	12,299	12,492	11,263	12,299
Total current portion	12,492	12,299	12,492	11,263	12,299
Non-current portion:					
Term deposits and bonds with maturities 12 months plus	249	265	249	1,400	265
Community loans	14	18	14	14	18
Loan to joint operation MRF	-	-	-	3,983	-
Unlisted shares in subsidiaries (investment in CCOs)	-	-	6,000	6,000	6,000
Advance to MDCH	-	-	54,640	69,860	51,640
NZ Local Government Insurance Corporation and the LGFA shares	1,597	1,453	1,597	1,453	1,453
Shares other	1	1	1	1	1
Total non-current portion	1,861	1,737	62,501	82,711	59,377
Total other financial assets	14,353	14,036	74,993	93,974	71,676

The carrying value of term deposits and bonds approximates their fair value. Financial assets are classified into the following categories for the purpose of measurement:

- term deposits and bonds which are held to maturity investment; and
- loans and receivables and investments in Council Controlled Organisations and similar entities.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Accounting Policy

Investments in subsidiaries and similar entities

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

Term deposits, loans to subsidiaries and community organisations

These investments are measured at their amortised cost, using the effective interest method less impairment. Where applicable, interest accrued is added to the investment balance. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. At year end they are assessed for indicators of impairment.

Impairment is established when there is objective evidence that the MDC Group will not be able to collect amounts due according to the original terms of the receivable. MDC Group has no impairment for the year ended 30 June 2021 (30 June 2020: Nil).

14. Investment Property

	Group		Council		
	Actual 2020-21	Actual 2019-20	Actual 2020-21	Budget 2020-21	Actual 2019-20
	\$000s	\$000s	\$000s	\$000s	\$000s
Balance at 1 July	101,823	92,472	10,750	10,500	-
Additions from acquisition	5,538	5,282	-	-	-
Transfer from property plant and equipment	-	-	-	-	-
Fair valuation gains/(losses) (notes 5 and 8)	9,137	(4,152)	200	-	2,529
Transfer from inventory	-	8,221	-	-	8,221
Balance at 30 June	116,498	101,823	10,950	10,500	10,750

14.1 Valuation basis

The fair value of investment property at 30 June 2021 has been arrived at on the basis of a valuation carried out at that date by the following independent registered valuers:

- Port Marlborough NZ Ltd - Crighton Anderson Property and Infrastructure Ltd trading as Colliers International (2019-20: Crighton Anderson Property and Infrastructure Ltd trading as Colliers International);
- Marlborough Airport Ltd - Alexander Hayward Ltd (2019-20: Alexander Hayward Ltd); and
- Council - Alexander Hayward Ltd (2019-20: Alexander Hayward Ltd).

The fair value of investment property has been determined using the capitalisation of net income and discounted cash flow methods. These methods are based upon assumptions including future rental income, anticipated maintenance costs and appropriate discount rates.

The rates adopted are post tax and range between 5.75% and 7% for Council and 5.45% and 9.5% (2019-20: 6% and 9.5%) for Port Marlborough NZ Ltd and 6.75% (2019-20: 7.5%) for Marlborough Airport Ltd.

14.2 MDC Group valuation uncertainty disclosure

Due to the uncertain impact of COVID-19 on market values the valuation of investment properties for MAL and PMNZL reported on the basis of having 'significant valuation' uncertainty. In the valuation for MAL Alexander Hayward stated as a consequence that a "high degree" of caution should be attached to the valuation than normally would be (2019-20: significant valuation uncertainty).

Similarly, PMNZL valuers stated that “the real estate market that the subject property is transacted is being impacted by the uncertainty that the COVID-19 outbreak has caused. The landscape and market conditions are changing daily at present. At the date of valuation we consider that there is a significant market uncertainty. This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the valuer could not reasonably have been aware of as at the date of valuation)” (2019-20: significant valuation uncertainty).

Accounting Policy

Investment property is property held primarily to earn rentals and/or for capital appreciation. Investment property is initially measured at cost and subsequently measured at fair value at each reporting date.

Investment properties are valued individually and not depreciated. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

15. Cash and Cash Equivalents

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Cash at bank and on hand	9,625	19,112	1,822	111	16,027
Total cash and cash equivalents	9,625	19,112	1,822	111	16,027

Cash and cash equivalents included in the Statement of Cash flows comprise of the following Statement of Financial Position amounts:

Cash on hand and balances with banks	9,625	6,112	1,822	111	3,027
Short term investments	-	13,000	-	-	13,000
Total as per statement of cash flows	9,625	19,112	1,822	111	16,027

Accounting Policy

Cash and cash equivalents include cash on hand, balances with banks, other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

16. Debtors and Other Receivables

	Group		Council	
	Actual 2020-21	Actual 2019-20	Actual 2020-21	Actual 2019-20
16.1 Debtors and other receivables from non-exchange transactions	\$000s	\$000s	\$000s	\$000s
Rates receivables	1,178	1,201	1,178	1,201
GST	1,665	1,168	1,665	1,168
Other	2,143	606	2,143	606
Total non-exchange debtors and other receivables	4,986	2,975	4,986	2,975
16.2 Debtors and other receivables from exchange transactions				
Trade receivables	5,096	3,578	5,096	3,578
Related party receivables	-	-	934	844
Prepayments and other sundry receivables	7,126	5,675	3,697	5,675
Gross exchange debtors and other receivables	12,222	9,253	9,727	10,097
Less provision for impairment	(75)	(65)	(25)	(11)
Total exchange debtors and other receivables	12,147	9,188	9,702	10,086
16.3 Total debtors and other receivables				
Gross total debtors and other receivables	17,208	17,868	14,713	13,072
Less provision for impairment	(75)	(65)	(25)	(11)
Total debtors and other receivables	17,133	17,803	14,688	13,061
16.4 Impairment information				
Individual impairment	75	65	25	11
Total provision for impairment	75	65	25	11
Past due >120 days	75	65	25	11
Total individual impairment	75	65	25	11
At 1 July	65	30	11	13
Additional provisions made during the year (note 8)	75	65	25	11
Provisions reversed during the year (note 8)	(65)	(30)	(11)	(13)
At 30 June	75	65	25	11

Accounting Policy

Short-term receivables are recorded at the amount due, less any impairment provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

There is no concentration of credit risk with respect to receivables as the MDC Group has a large number of customers (refer to note 28.3 – Financial instrument risk).

Council has provided a sum of \$24,616 (2019-20: \$10,995) for the impairment of trade debtors. The provision has been based on an analysis of previous year's losses and a review of specific debtors.

	2020-21			2019-20		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
16.5 Ageing profile of total receivables						
Group						
Not past due	14,295	-	14,295	15,989	-	15,989
Past due 1-60 days	2,195	-	2,195	1,139	-	1,139
Past due 61-120 days	267	-	267	362	-	362
Past due >120 days	451	75	376	378	65	313
Total	17,208	75	17,133	17,868	65	17,803
Council						
Not past due	11,800	-	11,800	11,193	-	11,193
Past due 1-60 days	2,195	-	2,195	1,139	-	1,139
Past due 61-120 days	267	-	267	362	-	362
Past due >120 days	451	25	426	378	11	367
Total	14,713	25	14,688	13,072	11	13,061

17. Inventory

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Held for distribution inventory:					
Goods held for maintenance	328	345	23	-	21
Commercial inventory:					
Quarry rock and gravel	313	280	313	329	280
Total inventory	641	625	336	329	301

Accounting Policy

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method.

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

18. Non-current assets land and buildings held for sale

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Non-current assets held for sale are:					
Land and Buildings	1,656	576	1,656	-	576
Total non-current assets held for sale	1,656	576	1,656	-	576

Accounting Policy

Non-current assets (or disposal groups) classified as held for sale are separately disclosed in the Statement of Financial Position at the lower of their carrying amount and fair value less costs to sell.

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

19. Borrowings

19.1 Council

Westpac facility

Secured loans can be raised under a \$20 million (2019-20: \$20 million) wholesale advance facility agreement with Westpac New Zealand Ltd (Westpac). The loans are secured via security stock issued by Council under a Debenture Trust Deed. Council has the option to renew the facility in March 2022.

Council has utilised \$4 million as at 30 June 2021 (2019-20: Nil)

New Zealand Local Government Funding Agency Ltd (LGFA)

Total borrowing with the LGFA is \$103.2 million (2019-20: \$100.2 million). The breakdown is provided in the table below.

LGFA borrowings	2020-21		2019-20	
	\$000s	Interest rate	\$000s	Interest rate
Current portion	51,200	\$41.2 million variable at 0.57%-1.05% \$10 million fixed at 0.70%	43,200	\$39.2 million variable at 0.48%-0.88% \$4 million fixed at 6%
Non-current portion	52,000	\$42 million variable at 0.66%-1.17% \$10 million fixed at 2.82%-5.5%	57,000	\$47 million variable at 0.67%-1.49% \$10 million fixed at 2.82%-6.00%
Total	103,200		100,200	

Council holds \$38 million in interest rate swaps (2019-20: \$34 million) fixed at a weighted average rate of 3.60% (2019-20: 4.02%) and with the following maturities: \$14 million in 2025, \$10 million in 2026 and \$14 million in 2027.

19.2 MDCHL

During the year interest rates ranged between 0.57% and 5.21% (2019-20: 0.48%- 5.21%).

19.3 Internal borrowings

Information about internal borrowings is provided in Activity Funding Group Impact Statement sections. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

Accounting Policy

All borrowing costs are recognised as an expense in the period in which they are incurred and are calculated using effective interest method.

All loans and borrowings are initially recognised at fair value of the consideration received net of issue costs associated with the borrowing.

20. Provisions

	Group		Council	
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Actual 2019-20 \$000s
Current portion:				
Rescue fire service	-	550	-	-
Rates postponement provision	2	2	2	2
Carbon credits	630	352	630	352
Total current portion	632	904	632	354
Non-current portion:				
Landfill aftercare provision	3,386	1,625	3,386	1,625
Riskpool	100	100	100	100
Runway reseal provision	3,786	3,249	-	-
Total non-current portion	7,272	4,974	3,486	1,725
Total provisions	7,904	5,878	4,118	2,079

Provision movements	Group	Runway reseal	Rescue fire service	Council	Riskpool	Carbon credits	Landfill aftercare	Rates postponement
Balance at 1 July 2020	5,878	3,249	550	2,079	100	352	1,625	2
Additional provisions made	2,523	537	(550)	2,536	-	630	1,906	-
Amounts used	(497)	-	-	(497)	-	(352)	(145)	-
Balance at 30 June 2021	7,904	3,786	-	4,118	100	630	3,386	2

Accounting Policy

Provisions are recognised when the MDC Group has a present obligation as a result of a past event, a reliable estimate can be made for the amount of the obligation and it is probable that MDC Group will be required to settle that obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date and are discounted to present value where the effect is material.

Riskpool

This provision recognises \$100,000 for a final New Zealand Mutual Liability Riskpool call before its wind up which is anticipated to be in 2024.

Carbon credits

This provision recognises an additional provision of \$629,000 (2019-20: \$350,000) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2021.

Landfill closure and aftercare liability

The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements and an inflation factor of 2% (2019-20: 2.5%) and a discount rate of 3.4% (2019-20: 5.5%).

Council has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. Post-closure responsibilities include: treatment and monitoring of leachate, groundwater and surface monitoring, gas monitoring and recovery, implementation of remedial measures such as needing for cover and control systems, ongoing site maintenance for drainage systems, and final cover and vegetation. The uninflated cash outflows for landfill post-closure monitoring and maintenance are estimated at an average of \$140,746 per annum to occur in perpetuity (2019-20: \$50,000).

Council renewed the resource consent in 2009 for seven of its closed landfill sites. The remaining site was consented in 1998.

Current landfill

Council gained the resource consent in November 1995 to operate the Bluegums landfill. Closure responsibilities occur at the closure of each stage of the landfill and upon final closure. Due to increased quantity of waste delivered to the landfill Council's recent landfill capacity review has provided an updated closure of the stage currently in use and closure of the entire landfill for 2048. This was previously forecast to be in 2057. A number of waste minimisation initiatives are planned to reduce the amount of waste being sent to landfill, including increased kerbside recyclables collection, diversion of food waste from landfill and the Waste Sorting Facility. For more information refer to the Solid Waste Management Activity section.

The cash outflows for landfill post-closure are expected to occur in 27 to 57 years' time. The estimated liability for closure and post-closure is \$4.65 million (2019-20: \$1.48 million).

The following major assumptions have been made in calculating the provision:

- the remaining capacity of the site is 1.84 million cubic metres (2019-20: 1.91 million cubic metres) (refuse, clean fill and cover);
- the revised estimated remaining life is 27 years (2019-20: 36 years) based on historical volume information; and
- the granting of resource consent renewals.

To provide for these estimated costs of aftercare of the currently used Blenheim landfill, a charge is made each year based on the net present value of the after care cost which it is estimated will be incurred following the closure of the landfill.

Runway reseal

The provision reflects MAL cash flows obligation to maintain the runway under their license agreement with New Zealand Defence Force.

The provision for resealing was reviewed in March 2020 by Beca Ltd which undertook a desktop feasibility assessment and prepared a high level Rough Order Cost (ROC) estimate of the surfacing of the runway.

Business and Economic Research Ltd (BERL) price level adjustors plus a 2% interest factor were applied to the ROC to calculate the amount to be provided each year up until 2025, when the runway is expected to be resealed.

21. Creditors and Other Payables

Creditors and other payables from exchange and non-exchange transactions	Actual	Actual	Actual	Budget	Actual
	2020-21	2019-20	2020-21	2020-21	2019-20
	\$000s	\$000s	\$000s	\$000s	\$000s
Trade and other payables	13,178	12,861	10,048	8,235	9,050
Accrued expenses	6,082	1,756	6,082	2,085	1,756
Income in advance	3,149	2,920	3,149	2,802	2,920
Deposits	922	955	922	1,340	955
Related party payables	-	-	3,596	3,496	3,305
Total creditors and other payables	23,331	18,492	23,797	17,958	17,986

The majority of creditors and other payables are considered to be exchange transactions.

Accounting Policy

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

22. Employee Entitlements

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2020-21	2019-20	2020-21	2020-21	2019-20
	\$000s	\$000s	\$000s	\$000s	\$000s
Current portion					
Accrued pay	122	76	122	629	76
Annual leave and sick leave	2,996	2,788	2,222	1,655	1,959
Retirement and long service leave	249	276	249	282	276
Total current portion	3,367	3,140	2,593	2,566	2,311
Total employee entitlements	3,367	3,140	2,593	2,566	2,311

Accounting Policy

Provision is made in respect of the MDC Group liability for retiring gratuity allowances, annual and long service leave and sick leave. The retiring gratuity liability and long service leave liability are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

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

A sick leave gifting policy was adopted by Council in August 2018. The value of Council's sick leave gifting has been accessed but no material impact or changes have been made to the current level of provision.

Sick leave, annual leave, vested long service leave and non-vested long service leave and retirement gratuities that are expected to be settled within 12 months of balance date are classified as current.

23. Equity and Capital Management

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Accumulated funds					
Balance at 1 July	712,109	701,456	642,750	631,220	631,158
Transfers (to)/from Reserves	7,602	(494)	7,602	38,333	(494)
Transfers (to)/from Restricted Reserves	1,518	1,597	1,518	2,951	1,597
Transfers from Property Revaluation Reserves on disposal	825	1,320	545	-	1,320
Surplus for the year	32,898	8,230	20,481	5,813	9,169
Balance at 30 June	754,952	712,109	672,896	678,317	642,750
Ordinary and Council created Reserves					
Balance at 1 July	62,313	61,819	59,697	53,846	59,203
Transfers (to)/from accumulated funds	(7,602)	494	(7,602)	(38,333)	494
Reclassification to Restricted Reserves	-	-	-	-	-
Balance at 30 June	54,711	62,313	52,095	15,513	59,697
Restricted Reserves					
Balance at 1 July	3,216	4,813	3,216	4,813	4,813
Transfers (to)/from accumulated funds	(1,518)	(1,597)	(1,518)	(2,951)	(1,597)
Reclassification from ordinary Reserves	-	-	-	-	-
Balance at 30 June	1,698	3,216	1,698	1,862	3,216
Restricted Reserves consists of:					
Development Contribution Reserve	(1,574)	(1,502)	(1,574)	(2,879)	(1,502)
Land Subdivision Reserve	3,272	4,718	3,272	4,741	4,718
Property Revaluation Reserve					
Balance at 1 July	1,052,453	1,053,476	994,522	1,030,577	996,208
Net revaluation gains	78,239	556	78,239	32,571	(366)
Deferred tax recognised directly in other comprehensive revenue and expense	-	(259)	-	-	-
Transfers to accumulated funds on disposal of property	(825)	(1,320)	(545)	-	(1,320)
Balance at 30 June	1,129,867	1,052,453	1,072,216	1,063,148	994,522
Total Reserves	1,186,276	1,117,982	1,126,009	1,080,523	1,057,435
Total equity	1,941,228	1,830,091	1,798,905	1,758,840	1,700,185

23.1 Ordinary reserves

		2020-21			
Ordinary Reserves	Activities to which the reserve is applied	Opening Balance at 1 July 2020	Transfer to reserve	Transfer from reserve	Closing Balance at 30 June 2021
		\$000s	\$000s	\$000s	\$000s
Emergency events	Infrastructural assets including roading network and Wairau floodplain river protection.	14,261	193	(3,209)	11,244
Port Marlborough NZ Ltd special dividend	All activities.	4,313	194	(194)	4,313
Infrastructure upgrade	Infrastructure such as water and sewerage and other activities as determined by Council from time to time.	9,572	4,934	(2,803)	11,703
Forestry and land development	All activities.	13,780	1,637	(5,854)	9,563
People	People focused services including youth, elderly, community services, housing and energy efficiency, democratic participation, safety and learning.	(2,607)	2,082	(1,356)	(1,882)
Community facilities	Community facilities.	(1,184)	711	(302)	(776)
Roads and footpaths	Roads and footpaths.	7,771	5,506	(5,677)	7,600
Flood protection	Flood protection.	1,237	783	(2,490)	(470)
Sewerage	Sewerage.	(86)	6,983	(4,630)	2,267
Stormwater drainage	Stormwater drainage.	6,750	1,736	(1,272)	7,214
Water supply	Water supply.	56	5,395	(4,267)	1,185
Solid waste management	Solid waste management.	3,042	2,801	(7,781)	(1,938)
Environmental management	Environmental management.	(68)	725	(1,144)	(487)
Regulatory	Regulatory.	950	290	(564)	676
Regional development	Regional development.	(653)	543	(385)	(495)
Other non-activity	All activities.	2,563	3,195	(3,382)	2,378
Total Ordinary Reserves 2021		59,697	37,708	(45,310)	52,095

Restricted Reserves	Activities to which the reserve is applied	Opening Balance at 1 July 2020	Transfer to reserve	Transfer from reserve	Closing Balance at 30 June 2021
		\$000s	\$000s	\$000s	\$000s
Land subdivision	Community Facilities	4,718	2,511	(3,958)	3,272
Roads and Footpaths	Development contribution	-	248	(63)	184
Sewerage	Development contribution	(1,862)	1,198	(1,547)	(2,212)
Stormwater	Development contribution	29	314	-	343
Water supply	Development contribution	331	(237)	17	111
Total Restricted Reserves 2021		3,216	4,034	(5,551)	1,698

Purpose of Council's Reserves

Special Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Emergency events: This Reserve is to protect Council's infrastructural assets: roads, water, sewerage and river protection.

PMNZL special dividend: This Reserve contains unspent elements of a \$10 million special dividend available to the Blenheim Vicinity, Picton Vicinity and General Rural geographic rating areas, or the interest on any unspent balance to be used to subsidise general rates in those areas.

Infrastructure upgrade: Reserve used to fund up to 50% of essential infrastructure.

Forestry and land development: This Reserve receives revenue from MRF, surpluses from Boulevard Park on Taylor Land development, and sale of Non-Activity assets for funding any projects approved by Council.

Land subdivision: Reserve set up to provide for Reserve Contributions and their utilisation in accordance with the provisions of the Local Government Act 2002.

Other Council Ordinary reserves such as People, Community facilities, Roads and footpaths, Flood protection, Sewerage, Stormwater, Water supply, Solid waste management, Environmental management, Regulatory, Regional development and Other non-activity are for a specific Activity or individual scheme and exist for the following purposes:

- **general reserve:** to accumulate targeted rates or other revenue for use in subsequent years.
- **depreciation reserve:** to accumulate rates levied to fund depreciation expense, which may be used to fund capital expenditure or repayment of debt raised to fund capital expenditure.
- **landfill aftercare reserve:** to accumulate "dump fees" charged from the operation of the landfill (or of a stage) required to fund its closure and management once it is fully utilised.
- **development contribution reserve:** to accumulate development and financial contributions to fund qualifying capital expenditure.

Accounting Policy

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

Equity is the community's interest in MDC Group and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of Reserves to enable clearer identification of the special uses that Council intends to make of its accumulated surpluses.

The components of equity are:

- **accumulated funds** – these are the capital fund made up of accumulated surpluses and deficit. A surplus in any year is added to the fund and a deficit in any year and deducted from the fund.
- **ordinary reserves** - these are Reserves created by Council decision. Council may alter the purpose of a Reserve without reference to a third party or the Courts. Transfers to and from these Reserves is at the discretion of Council.
- **restricted reserves** - these are reserves subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfer from these Reserves can be made by certain specified purposes or when certain specified conditions are met.
- **property revaluation reserves** - these relate to the revaluation of property, plant and equipment to fair value.

24. Capital Commitments and Operating Leases

	Group		Council	
	Actual	Actual	Actual	Actual
	2020-21	2019-20	2020-21	2019-20
	\$000s	\$000s	\$000s	\$000s
Capital commitments:				
Property, plant and equipment	63,028	21,026	44,489	16,881
Total capital commitments	63,028	21,026	44,489	16,881

Operating leases as lessee

MDC Group leases motor vehicles in the normal course of its business. All operating lease contracts contain market review clauses in the event that the option to renew is exercised. MDC Group does not have an option to purchase the leased asset at the expiry of the lease period.

	Group		Council	
	Actual	Actual	Actual	Actual
	2020-21	2019-20	2020-21	2019-20
	\$000s	\$000s	\$000s	\$000s
Operating leases as lessee:				
Not later than one year	125	384	99	353
Later than one year and not later than five years	412	349	70	139
Later than five years	1,392	1,482	-	-
Total non-cancellable operating leases	1,929	2,215	169	492

Operating leases as lessor

	Group		Council	
	Actual	Actual	Actual	Actual
	2020-21	2019-20	2020-21	2019-20
	\$000s	\$000s	\$000s	\$000s
Operating leases as lessor:				
Not later than one year	14,583	10,943	4,227	4,147
Later than one year and not later than five years	43,597	30,205	15,542	14,287
Later than five years	36,995	40,114	27,491	28,580
Total non-cancellable operating leases	95,175	81,262	47,260	47,014

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

Rentals receivable under operating leases are charged to revenue on a straight-line basis over the term of the relevant lease, this includes the COVID-19 lease discounts provided by Council. For more information on COVID-19 lease concessions refer to 'The impact of COVID19' summary on page 129.

MDC Group operating leases relate to rental property owned by Port Marlborough NZ Ltd with lease terms of up to 30 years, with provision for renewal. All operating lease contracts contain market review clauses in the event that Port Marlborough NZ Ltd exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

MDC Group leases some non-current assets held for sale and some land and buildings held for service delivery purposes under operating leases. The majority of these leases have a non-cancellable term of more than five years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are detailed above.

25. Contingent Assets and Liabilities

25.1 Contingent Assets

Earthquake Insurance Claim Revenue

There is an unquantifiable contingency asset for earthquake insurance claim revenue from central government. Please refer to note 30 – Earthquake impacts.

25.2 Contingent Liabilities

	Group		Council	
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Actual 2019-20 \$000s
Uncalled capital in MDCH	-	-	70,000	70,000
Uncalled capital in LGFA	-	-	200	200
Total contingent liabilities	-	-	70,200	70,200

Contingent liabilities are liabilities that may or may not occur as they are dependent on another uncertain event. Judgement is exercised in determining whether the uncertain event is probable, possible or remote.

New Zealand Local Government Funding Agency Ltd (LGFA)

Council is a shareholder and guarantor of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a local currency credit rating from Standard and Poor's of AA+ and a foreign currency rating of AA.

Council is one of 72 Local Authority Councils participating of the LGFA. When Council's LGFA uncalled capital is aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified.

Also, together with the other shareholders and guarantors, Council is a guarantor of a proportion of LGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2021 LGFA had borrowings totaling \$13.6 billion (2019-20: \$11.9 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. Council's share of this guarantee is 1.1% (2019-20:1.2%). Council believes the 2020-21 fair value of the liability to be less than \$1.6 million (2019-20: \$1.4 million). Council has not recognised this as it is considered to be extremely unlikely to ever be called on.

Financial guarantees

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

During the year Council served as a guarantor on a loan facility of \$2.8M for the Marlborough Research Centre Trust (MRC) to enable it to build the new Bragato Research Institute building. Council is obligated under the guarantee to make loan payments in the event that the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the organization. At balance date, Council expects it will not be called upon by the bank for this financial guarantee. The possibility of any call on this guarantees is remote. Also the MRC has provided Council with adequate security (2019-20: no financial guarantees).

Local Authority Protection Programme (LAPP)

Council is a member of the Local Authority Protection Programme (LAPP). The Trust Deed of LAPP provides that the Trustees may adopt or determine such methods of setting Extra Contributions for coverage for any part of portion of a year. Council has not received any formal request for Extra Contributions from LAPP in the current year.

26. Related Parties Transactions

The consolidated financial statements include the results and assets and liabilities of Council and other entities in which Council has a controlling interest. Any related party disclosures also have been made for transactions with entities within the MDC Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such MDC Group transactions.

Council is only required to disclose related party transactions that are not within the normal terms and conditions applied by Council to any supplier or client/recipient relationship. No such transactions have been identified in this financial year.

Normal terms and conditions refer to transactions that are no more or less favourable than those that it is reasonable to expect the Council and MDC Group would have applied in dealing with the party at arms-length in the same circumstances.

	Council	
	Actual 2020-21 \$000s	Actual 2019-20 \$000s
Key management personnel		
Councillors including the Mayor:		
Remuneration	751	756
Full-time equivalent members	14.0	13.8
Senior management team including the Chief Executive:		
Remuneration	2,502	2,573
Full-time equivalent members	12.2	12.0
Total remuneration	3,253	3,329
Total full-time equivalent members	26.2	25.8

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, purchase of rubbish bags etc.). These goods and services were supplied on normal commercial terms.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2019: Nil).

27. Severance Payments

For the year ended 30 June 2021 Council made severance payments to two employees amounting to \$95,000 (2019-20: one of \$27,500).

28. Financial Instruments

28.1 Financial instrument categories

The accounting policies for financial instruments have been applied to the financial instrument asset categories of term deposits and bonds, cash and cash equivalents, debtors and other receivables, shares and community loans and to the financial instrument liability categories of derivative financial liability instruments, creditors and other payables and secured loans. The carrying amount is the approximate fair value for each of these classes of financial instruments, as shown in the Statement of Financial Position.

28.2 Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets. Financial instruments quoted at market price (level 1) for the MDC Group and Council are \$12.7 million (2019-20: \$12.6 million).

Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. Financial derivatives valued as observable inputs (level 2) for the MDC Group are \$8.4 million (2019-20: \$12.3 million) and for Council are \$3.6 million (2019-20 \$7.5 million).

Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable. There are no financial instruments classified under this category for Council or the MDC Group.

28.3 Financial instrument risks

(a) Credit risk

Credit risk is the risk that a third party will default on its obligation to MDC Group causing it to incur a loss. Financial Instruments which potentially subject Council to credit risk principally consist of bank accounts, local authority stock and accounts receivable.

Council (both itself and through its funds manager) places its cash and short term deposits in high rating financial institutions. Council's Treasury Policy requires in a spread of investments with limitations placed on the level of credit exposure to any one financial institution.

Accounts receivable balances are spread over a large customer base, therefore, minimising exposure to credit risk in respect of these debtors.

Council has a series of policies to manage the risks associated with financial instruments. These policies can be found on the Council website. The web address is:

<https://www.marlborough.govt.nz/your-council/long-term-and-annual-plans-policies-and-reports/treasury-management-policies>

MDC Group holds no other collateral or credit enhancements for financial instruments that give rise to credit risk.

	Group		Council	
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Actual 2019-20 \$000s
i) Maximum exposure to credit risk				
Cash at bank and term deposits and bonds	22,366	31,676	14,563	28,591
Debtors and other receivables	17,134	17,803	14,689	13,061
Community and related party loans	14	18	14	18
Total credit risk	39,514	49,497	29,266	41,670
ii) Credit quality of financial assets				
Counterparties with credit ratings - cash at bank and term deposits:				
AA-	22,366	31,676	14,563	28,591
Total	22,366	31,676	14,563	28,591
iii) Counterparties without credit ratings - existing counterparty with no defaults in the past:				
Community and related party loans	14	18	14	18
Total	14	18	14	18

The MDC Group maximum credit exposure for each class of financial instrument is as follows:

(b) Liquidity risk

(i) Management of liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

MDC Group manages its liquidity in accordance with its funding and financial policies, which include cash flow forecasting, maintaining its financial market investments in liquid instruments, and a debt maturity policy to avoid concentrations of debt maturity dates. Council has an AA Positive credit rating with S&P Global and banks have indicated that they want to do business with Council.

Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. LGFA have a billion dollar facility with the NZ Government. See their website at <http://www.lgfa.co.nz>

These policies are reviewed and updated each Long Term Plan and can be found on the Council website.

(ii) Contractual maturity analysis of financial liabilities

This table analyses MDC Group financial liabilities into maturity groupings based on the remaining period at the balance date to the contractual maturity date. The contractual cash flow includes the principal and any interest component.

	Carrying amount	Contractual cash flow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Group 2020-21						
Creditors and other payables	23,331	23,331	23,331	-	-	-
Secured loans	107,200	172,666	43,661	30,393	59,469	39,143
Interest rate swaps	6,236	6,237	10	-	4,161	2,066
Total financial liabilities	136,767	202,234	67,002	30,393	63,630	41,209
Group 2019-20						
Creditors and other payables	18,492	18,492	18,492	-	-	-
Secured loans	100,200	137,886	35,510	13,400	38,558	50,418
Interest rate swaps	12,316	11,414	54	509	4,743	6,108
Total financial liabilities	131,008	167,792	54,056	13,909	43,301	56,526
Council 2020-21						
Creditors and other payables	23,797	23,797	23,797	-	-	-
Secured loans	107,200	172,666	43,661	30,393	59,469	39,143
Interest rate swaps	3,567	3,567	-	-	1,501	2,066
Total financial liabilities	134,564	200,030	67,458	30,393	60,970	41,209
Council 2019-20						
Creditors and other payables	17,986	17,986	17,986	-	-	-
Secured loans	100,200	137,886	35,510	13,400	38,558	50,418
Interest rate swaps	7,467	7,467	-	-	2,459	5,008
Total financial liabilities	125,653	163,339	53,496	13,400	41,017	55,426

(iii) Contractual maturity analysis of financial assets

The table following analyses MDC's financial assets into maturity groupings based on the remaining period to the contractual maturity date as at the balance date.

	Carrying amount	Contractual cash flow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Group 2020-21						
Cash and cash equivalents	9,625	9,625	9,625	-	-	-
Debtors and other receivables	17,134	17,134	17,134	-	-	-
Other financial assets:						
Term deposits	12,741	12,741	12,741	-	-	-
Local Authority stock and government bonds	1,513	1,305	348	642	237	78
Community loans	14	14	14	-	-	-
Total financial assets	41,027	40,819	39,862	642	237	78
Group 2019-20						
Cash and cash equivalents	19,112	19,112	19,112	-	-	-
Debtors and other receivables	17,803	17,803	17,803	-	-	-
Other financial assets:						
Term deposits	12,564	12,658	12,658	-	-	-
Local Authority stock and government bonds	1,369	1,288	290	348	572	78
Community loans	18	18	18	-	-	-
Total financial assets	50,866	50,879	49,881	348	572	78
Council 2020-21						
Cash and cash equivalents	1,822	1,822	1,822	-	-	-
Debtors and other receivables	14,689	14,689	14,689	-	-	-
Other financial assets:						
Term deposits	12,741	12,741	12,741	-	-	-
Local Authority stock and government bonds	1,513	1,305	348	642	237	78
Community loans	14	14	14	-	-	-
Total financial assets	30,779	30,571	29,614	642	237	78
Council 2019-20						
Cash and cash equivalents	16,027	16,027	16,027	-	-	-
Debtors and other receivables	13,061	13,061	13,061	-	-	-
Other financial assets:						
Term deposits	12,564	12,658	12,658	-	-	-
Local Authority stock and government bonds	1,369	1,288	290	348	572	78
Community loans	18	18	18	-	-	-
Total financial assets	43,039	43,052	42,054	348	572	78

(c) Sensitivity analysis

The table following illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) impact for reasonable possible market movements, with all other variables held constant, based on MDC's financial instrument exposures at balance date.

	2020-21		2019-20	
	-50bps Surplus \$000s	+50bps Surplus \$000s	-50bps Surplus \$000s	+50bps Surplus \$000s
Interest rate risk:				
Group				
Financial assets				
Other financial assets - term deposits	(82)	82	(79)	79
Financial liabilities				
Borrowings:				
Secured loans	223	(223)	157	(157)
Interest rate swaps	(2,103)	1,900	(2,675)	2,263
Total sensitivity to interest rate risk	(1,962)	1,759	(2,597)	2,185
Council				
Financial assets				
Other financial assets - term deposits	(64)	64	(63)	63
Financial liabilities				
Borrowings:				
Secured loans	346	(346)	331	(331)
Interest rate swaps	(1,430)	1,375	(1,766)	1,643
Total sensitivity to interest rate risk	(1,148)	1,093	(1,498)	1,375

(d) Interest rate risk

Interest rate risk is the risk that MDC Group may be affected by changes in the general level of interest rates. MDC Group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swaps contracts.

Under interest rate swap contracts the MDC Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the MDC Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date.

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2020-21 %	2019-20 %	2020-21 \$000s	2019-20 \$000s	2020-21 \$000s	2019-20 \$000s
Outstanding fixed for floating:						
Group						
Less than one year	4.93%	4.86%	4,000	9,500	(10)	(243)
1 to 2 years	0.00%	4.20%	-	400	-	(26)
2 to 5 years	4.08%	4.20%	24,400	41,400	(4,157)	(6,698)
Greater than 5 years	2.41%	2.41%	50,000	50,000	(2,069)	(5,349)
Total sensitivity to interest rate risk	3.06%	3.37%	78,400	101,300	(6,236)	(12,316)
Council						
2 to 5 years	4.05%	4.05%	14,000	14,000	(1,501)	(2,459)
Greater than 5 years	2.47%	2.47%	44,000	44,000	(2,066)	(5,008)
Total sensitivity to interest rate risk	2.85%	2.85%	58,000	58,000	(3,567)	(7,467)

The fall in interest rates results in an accounting loss. This loss will be progressively reversed as debt instruments reach maturity. I.e. when the debt is fully repaid, Council will have only paid the principal and interest that it contracted to when it took out the interest rate swap.

(e) Cash flow interest rate risk

Cash flow interest rate risk is the risk that cash flows from an instrument will vary due to fluctuations in interest rates. A balance is achieved through having variable terms that spreads the risk of fluctuating interest rates. Council's subsidiaries mitigate exposure to fair value and cash flow interest rate risk by having a mixture of floating and fixed loans and by the use of interest rate swaps.

	Group		Council		
	Actual 2020-21 \$000s	Actual 2019-20 \$000s	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Actual 2019-20 \$000s
Current liability portion:					
Interest rate swaps	10	243	-	-	-
Non-current liability portion:					
Interest rate swaps	6,226	12,073	3,567	4,160	7,467
Total derivative financial instruments liabilities	6,236	12,316	3,567	4,160	7,467

(f) Currency risk

MDC Group has minimal currency risk given that financial instruments are transacted in New Zealand dollars.

29. Insurance

Council has estimated its maximum probable loss from either, earthquake, tsunami or flood to be \$522 million (2019-20: \$485 million).

Council has taken the mitigation approach of a mix of full insurance, risk sharing and self-insurance for any applicable excess taking into account the following:

- Not all assets are likely to be impacted on one event, given their diverse nature and location;
- Immediate replacement of all damaged assets will not be required, immediately following an event;
- The balance between premium costs and risk; and
- Councils do not generally insure roads or other land. Roads reinstatement is subject to NZTA subsidies.

Council has an Emergency Events Reserve, currently at \$11.2 million (2019-20: \$14.3 million).

The following information relates to the insurance of Council assets as at 30 June:

	note:	2020-21		2019-20	
		Assets Value at Cost	Maximum cover	Assets Value at Cost	Maximum cover
		\$000s	\$000s	\$000s	\$000s
Council insurance					
Total value of assets covered by insurance contracts and maximum amount to which they are insured	(a)	271,506	527,289	240,864	508,619
Total value of assets covered by financial risk arrangements and the maximum available under these arrangements	(b)	574,076	56,000	562,050	56,000
Total value of self-insured assets and value of any fund held for that purpose		667,338	11,244	633,449	14,261
Land	(c)	352,166	-	310,917	-
TOTAL		1,865,086	594,533	1,747,280	578,880

Note:

(a) **Community assets:** with a few exceptions, this replacement cover is for community assets on Council or Council controlled land, for example water treatment plant, WIP, sewerage treatment plant, buildings, library books, computers and office equipment.

Vehicles: All vehicles including the leased fleet, mowers, trucks, mobile pumps are insured at replacement value for \$3.5 million (2019-20: \$3.4 million).

Council has an 88.5% share in the MRF. Their assets and standing timber are insured at replacement/ reinstatement value of \$17.1 million (2019-20: \$22.7 million).

(b) **Underground reticulation and flood protection assets:** These assets are covered by the financial risk sharing arrangement, the Local Authority Protection Programme, with the replacement value of \$706 million (2019-20: \$680 million). The cover is for \$56 million (2019-20: \$56 million) for a first event. A further 60% of central government funding is available for eligible events.

(c) **Land:** includes MRF land valued at \$13.2 million (2019-20: \$13.9 million) and land under roads \$138 million (2019-20: \$138 million).

Roading and footpath and carpark assets excluding most bridges: These activities have a value of \$862 million (2019-20: \$830 million) and are not insured. Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%.

Bridges: Uninsured bridges have a value of \$57 million (2019-20: \$46 million): Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%.

30. Earthquake impacts

The 14 November 2016 Kaikoura earthquake caused significant damage in our region, resulting in insurance and central government subsidy claims. Damage assessment work has been completed and eligible repair works are substantially completed.

Council is continuing to discuss with insurers the level of claims and recoveries. Until discussions with insurers progress sufficiently to provide a higher level of certainty, we are unable to recognise further insurance proceeds. It is anticipated that the remaining insurance claim will be settled in the first half of the 2021-22 year, with the central government funding claim remaining ongoing for 2021-22. Council has disclosed an unquantifiable contingent asset per note 25.1.

There were no asset impairments due to earthquake damage in 2020-21 (2019-20: Nil).

	Council	
	2020-21	2019-20
	\$'000	\$'000
Earthquake related transactions		
REVENUE	-	-
EXPENSES		
Earthquake damage repairs and maintenance	-	(91)
Blenheim CBD (Third Lane) services replacement	(64)	(152)
Earthenware sewer pipe relining	(1,906)	(1,362)
Ward Hall upgrade	(497)	(138)
Awatere Hall upgrade	-	-
Net costs	(2,467)	(1,743)
IMPAIRMENT		
Asset impairment recognised	-	-

31. Variance Explanation

Explanations for major budget variances from the Council budget figures in the Annual Plan are as follows:

Statement of Comprehensive Revenue and Expense

	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Variance \$000s	Comments
Rates including targeted water rates	72,585	72,014	571	Rates increases includes subdivision growth and higher than anticipated Southern Valley's water sales.
Development and financial contributions	6,402	3,572	2,830	Development Contributions are higher than expected due to the volume of subdivisions reaching milestones required to contribute.
Subsidies and grants	26,199	10,349	15,850	Subsidies and grants are higher than expected due to shovel ready and three waters government funding received.
Finance revenue	4,567	1,720	2,847	Fair value movements on investments are not budgeted. The movement is due to interest rate increases at year end and maturity date of swaps getting closer causing a rise in swap values and the reversal of prior year position.
Gains	236	4,884	(4,648)	Gains are lower than budget due to sales of BPOT sections falling into the 2021/22 year.
Other revenue	48,476	33,575	14,901	Total Other revenue is higher by \$14.9 million in several categories as explained below: - Vested assets and land subdivision revenue: \$1.6 million higher due to the current progress of subdivision work in Marlborough. - User charges: up by \$1.6 million mainly due to increased dump fees and waste discharge directly into sewer ponds (\$0.6 million). - MRF Revenue: up by \$4.9 million due to not antipating any harvesting in the 2020-21 year. - Futher items are: Revenue for the National Wilding Conifer Control programme (\$4.1 million), Revenue for the Container Return Scheme development (\$0.6 million).
Finance costs	2,371	3,876	(1,505)	Lower interest rates than anticipated.
Other expenses	82,918	63,801	19,117	Total Other expenses were higher than budget by \$19.6 million as explained below: - Unbudgeted expenditure for the National Wilding Conifer Control programme (\$4.1 million). - Higher than anticipated roading costs (\$4.0 million) due to the implementation of the Network Operations Contract and higher maintenace cost to catch up from the COVID-19 lockdown in early 2020. - Higher than anticipated costs for the regional landfill (\$3.4 million) made up of a higher landfill provision, contract and levy costs and ETS obligations. - MRF expenses - up by \$6.2 million due to higher than budgeted loss on revaluation and higher costs due to harvesting continuing that wasn't budgeted. - Grants provided to community groups and community facilities to support them in the COVID-19 recovery (\$0.7 million) and the costs for The Economic Action Marlborough (TEAM) (\$0.6 million).
Gain on property revaluations	78,239	32,571	45,668	Higher than anticipated revaluation movement primarily due to revaluations in the Land and Roads and Footpaths groups.

Statement of Financial Position

	Actual 2020-21 \$000s	Budget 2020-21 \$000s	Variance \$000s	Comments
Debtors and other receivables	14,688	11,064	3,624	Debtors are higher as budget was based on 2019-20 debtor levels. Unusual items outstanding at year end include a significant Waka Kotahi (NZTA) subsidy claim outstanding.
Non-current assets held for sale	1,656	0	1,656	BPOT sections not sold by year end as anticipated
Intangible assets	14,597	9,512	5,085	Unbudgeted purchase of Carbon Credits.
Other financial assets - non-current	62,501	82,711	(20,210)	Other financial assets have decreased due to lower than budget advances to MDCH coupled with timing of investment maturities and the spread between current and non-current assets.
Creditors and other payables	23,797	17,958	5,839	Higher accounts payable and accruals at year end due to significant capital programme currently in progress.
Total borrowings	107,200	166,864	(59,664)	Borrowings have decreased due to lower than budget advances to MDCH caused by delays in the Waikawa Marina extension (\$15.8 million) and Council due to lower capital expenditure in previous years and unbudgeted funding from the government (\$47.9 million).
Provisions	3,486	1,889	1,597	Movement in the current landfill provision due to increased estimated aftercare costs.

32. Events after the balance date

32.1 Flooding event

On 16 July 2021 the region was impacted by severe flooding which caused significant damage. Council has begun the process of insurance and central government subsidy claims to assist financially in the repair of infrastructure. Damage assessment work is underway with emergency work repairs either completed or underway.

The Council is continuing to discuss with insurers and central government the level of claims and recoveries available. It is anticipated that this work will span multiple financial years.

32.2 COVID-19 Alert level raise

On 17 August 2021 all of New Zealand moved to Alert Level 4 due to an outbreak of the Delta variant of the virus in Auckland. On 31 August 2021 all of New Zealand south of Auckland moved to Alert Level 3. On 7 September 2021 all of New Zealand south of Auckland moved to Alert Level 2. While there has been varying Alert Levels across New Zealand since this time, Marlborough and the South Island have remained at Alert Level 2.

On 22 October 2021 the COVID-19 Protection Framework was announced to replace the current alert level system. This is a new flexible 3-level traffic light approach to managing COVID-19 in the community. Requiring a vaccination certificate will be optional for many locations however there will be some higher-risk settings where they will be a requirement in order to open to the public. The South Island is able to move to the Orange level once all District Health Board's in the South Island have a vaccination rate of 90%.

At all levels, Council continued providing essential services and a large number of other services to the Community. However, some activities of Council such as the processing of Building and Resource consents were disrupted, especially during the higher Alert Levels.

32.3 Three Waters Reform

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated “all in” approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities. Notwithstanding the current uncertainty the announcement, once legislated, will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council’s three water assets either in respect of disclosure or measurement.

Funding Impact Statement

Marlborough District Council: Funding Impact Statement for 2020-2021				
	2019-2020 Annual Plan	2019-2020 Annual Report	2020-2021 Annual Plan	2020-2021 Actual
	\$000s	\$000s	\$000s	\$000s
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	45,299	45,755	47,150	47,366
Targeted rates	25,050	25,266	25,414	25,620
Subsidies and grants for operating purposes	6,113	5,633	5,694	8,819
Fees and charges	17,888	20,173	18,150	20,631
Interest and dividends from investments	5,529	4,608	4,716	3,550
Local authorities fuel tax, fines, infringement fees, and other receipts	14,286	17,679	9,788	20,268
Total Operating funding	114,165	119,114	110,912	126,254
Applications of operating funding				
Payments to staff and suppliers	82,867	84,788	81,253	91,030
Finance costs	4,780	2,769	3,876	2,445
Other operating funding applications	4,714	10,662	7,205	11,002
Total applications of operating funding	92,361	98,219	92,334	104,477
Surplus of operating funding	21,804	20,895	18,578	21,777
Sources of capital funding				
Subsidies and grants for capital expenditure	4,935	2,845	4,679	17,380
Development and financial contributions	3,352	2,507	3,028	6,402
Increase (decrease) in debt	39,164	735	39,915	7,000
Gross proceeds from sale of assets	27	1,271	6,000	109
Lump sum contributions	100	233	150	342
Other dedicated capital funding	1,761	6,156	2,464	3,951
Total sources of capital funding	49,339	13,747	56,236	35,184
Applications of capital funding				
Capital expenditure to meet additional demand	15,104	11,193	14,082	17,191
Capital expenditure to improve the level of service	29,763	9,046	23,193	22,527
Capital expenditure to replace existing assets	23,670	22,252	29,228	35,099
Increase (decrease) in reserves	(16,661)	(3,350)	(13,452)	(11,094)
Increase (decrease) of investments	19,267	(4,499)	21,763	(6,762)
Total applications of capital funding	71,143	34,642	74,814	56,961
Deficit of capital funding	(21,804)	(20,895)	(18,578)	(21,777)
Funding balance	-	-	-	-

Marlborough District Council: Funding Impact Statement for 2020-2021

	2019-2020 Annual Plan \$000s	2019-2020 Annual Report \$000s	2020-2021 Annual Plan \$000s	2020-2021 Actual \$000s
Reconciliation				
Total operating funding	114,165	119,114	110,912	126,254
plus - Subsidies and grants for capital expenditure	4,935	2,845	4,679	17,380
plus - Development and financial contributions	3,352	2,507	3,028	6,402
plus - Lump sum contributions	100	233	150	342
plus - Other dedicated capital funding	1,761	6,156	1,325	1,172
plus - Contributions vested assets	1,139	-	1,139	2,779
plus - Gain on sale of fixed assets	8	650	4,500	36
plus - Fair value gains	-	2,535	-	200
plus - Sale of inventory	-	-	-	-
plus - Fair value movement gain on SWAP	-	-	-	3,900
plus - Forestry asset revaluation gain	-	6,627	-	-
Revenue as per Statement of Comprehensive Revenue and Expense	125,459	140,667	125,733	158,465
Total applications of operating funding	92,361	98,219	92,334	104,477
plus - Depreciation and amortisation	26,303	26,285	27,967	28,118
plus - Loss on sale of fixed assets	4	2,592	-	493
plus - Impairment of fixed assets	-	134	-	-
plus - Surrendered New Zealand Carbon Units (NZUs)	-	844	-	1,195
plus - Landfill aftercare provision	-	159	-	1,782
plus - Fair value losses	144	-	-	-
plus - Fair value movement loss on SWAP	-	3,265	-	-
plus - Forestry asset revaluation loss	-	-	-	1,919
Expenditure as per Statement of Comprehensive Revenue and Expense	118,812	131,498	120,301	137,984
Surplus per Statement of Comprehensive Revenue and Expenditure	6,648	9,169	5,432	20,481

Notes to Funding Impact Statement

1. Statement of accounting policies

Sources of operating funding - includes revenue to the activity, but note:

- Grants and contributions received which are specified for funding capital expenditure are not included, they are included in “Sources of capital funding” - whereas under NZ GAAP they are included in either “Development and financial contributions” or “Other revenue” in the Statement of Comprehensive Revenue and Expense.
- Any gain from sale of assets is not included; instead the sale proceeds are included in “Sources of capital funding” - whereas under NZ GAAP any such gain is included in “Gains” in the Statement of Comprehensive Revenue and Expense.
- Internal charges and overheads recovered are shown as a source of operating funding in the FIS – whereas in Council’s Statement of Comprehensive Revenue and Expense they are deducted from operating expenditure.
- The value of assets vested in (effectively donated to) Council which are specified for funding capital expenditure are not included, they are included in “Other dedicated capital funding” - whereas under NZ GAAP they are included in “Other revenue” in the Statement of Comprehensive Revenue and Expense and added to the value of Fixed assets in the Statement of Financial Position.

Applications of operating funding - includes operating expenditure of the activity, but note:

- Depreciation and amortisation expense is excluded as it does not involve a cash payment - whereas under NZ GAAP it is included in Expenditure in the Statement of Comprehensive Revenue and Expense. The value of this expense is shown in the reconciliation section.
- In Council’s Statement of Comprehensive Revenue and Expense internal charges and overheads recovered are deducted from operating expenditure whereas in the FIS they are shown as a source of operating funding.
- The “Finance costs” shown are the amount paid by the activity to Council’s Investment unit and so are also an internal cost.
- Any loss on sale of assets is not included as it does not involve a cash payment - whereas under NZ GAAP it is included in Expenditure in the Statement of Comprehensive Revenue and Expense.

Sources of capital funding - shows direct sources of funding the capital expenditure of the activity, but note:

- Grants and contributions received which are specified for funding capital expenditure are included - whereas under NZ GAAP they are included in either “Development and financial contributions” or “Other revenue” in the Statement of Comprehensive Revenue and Expense.
- Any proceeds from the sale of an asset are included in here - whereas under NZ GAAP only the loss or gain on sale would be included in the Statement of Comprehensive Revenue and Expense.
- The value of assets vested in (effectively donated to) Council which are specified for funding capital expenditure are included - whereas under NZ GAAP they are included in “Other revenue” in the Statement of Comprehensive Revenue and Expense.
- Funding from a reserve is included as a negative value of “Increase (decrease) in reserves” in the “Applications of capital funding” section.
- While loans are included here there are some situations in which a loan is used to fund operating expenditure.
- Capital expenditure may also be funded from items included as “Sources of operating funding”, e.g. activities with low levels of capital expenditure often fund it directly from rates.

Applications of capital funding - shows how much funding has been:

- Used to fund capital expenditure; and
- Transferred to a reserve, less the amount taken from a reserve to fund capital expenditure.

Surplus (Deficit) of operating funding and capital funding - represent funds transferred between these two uses as defined by the FIS, for the reasons outlined here they differ from a surplus which would be calculated under NZ GAAP and as presented in the Statement of Comprehensive Revenue and Expense.

Council's management and investment units are not included in any activity, their costs and revenues are allocated over all activities, using appropriate allocation bases. For this reason adding the information provided for all activity groups will not agree to Councils financial statements. Similarly adding all "Internal charges and overheads recovered" gives a different answer to adding all "Internal charges and overheads applied" as most recoveries are to the management units.

Part 4: Policies

- Maori Capacity Development Policy
- Council Controlled Organisations

Statement on Contributions to Decision-making Processes by Māori

Introduction

Council provides a wide range of services which make important contributions to the many communities in Marlborough. People should have the opportunity to participate in decisions about those services that affect them.

Context

Council recognises the uniqueness accorded to Māori as tangata whenua.

There are a wide range of Māori, iwi, hapū, business and community organisations in the Marlborough District as well as social and cultural organisations.

Māori make up more than 10% of the population of the Marlborough region (2013 Census), of which a significant number are mana whenua. Iwi authorities are an increasingly significant component of the Marlborough economy, following Te Tau Ihu Tiriti settlements.

There are 9 iwi groups within Marlborough, who have completed Te Tiriti settlements. Most of these iwi have interests across Te Tau Ihu o Waka a Māui—

- Ngāti Kuia, Rangitāne o Wairau, and Ngāti Apa ki te Rā Tō (from the *Kurahaupō waka*)
- Ngāti Koata, Ngāti Rārua and Ngāti Toarangatira (from the *Tainui waka*)
- Te Ātiawa o Te Waka-a-Māui
- Ngāi Tahu (Ngāti Kuri hapū)
- Ngāti Tama (Tainui/Taranaki)

Marlborough's tangata whenua iwi have all signed Deeds of Settlement with the Crown to address breaches of Te Tiriti o Waitangi. The historic claims of each of Marlborough's tangata whenua iwi have now been settled.

Council recognises and respects the Crown's responsibility to take appropriate account of the principles of Te Tiriti, and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

Contributions to decision-making

Council is charged with the responsibility to promote opportunities for Māori and tauwi (other members of the public) to contribute to its decision-making processes.

These obligations apply to all Māori in the district. Council acknowledges that Māori other than tangata whenua may be resident in the area.

In the normal course of things, Council engages with the iwi authorities that have settled.

A number of key themes emerge from the various pieces of legislation including,

- (a) in Council decision-making processes:
 - i. to consider Te Tiriti o Waitangi principles;
 - ii. facilitating iwi participation;
 - iii. recognising and understanding Māori cultural values and perspectives including mātauranga Māori (Māori knowledge), tikanga Māori (Māori principles and protocols); and kaitiakitanga (Māori guardianship);
- (b) Council's duty to contribute to Māori capacity and to enable and promote Māori well-being as part of a comprehensive and effective long-term strategy of the Council; and
- (c) the Māori contribution to the social, economic, environmental, and cultural well-being of Marlborough.

Council has identified three main areas on which it needs to focus:

- (a) Assist Māori to build capacity to engage with Council:
- (b) Developing contributions to decision-making processes by iwi:
- (c) Building Council capacity.

Assist iwi to build capacity

Council needs to find out how it can help with resourcing so that iwi can better engage in Council processes and decision-making.

To do this, Council needs to understand from iwi:

- What are their aspirations
- What are their expectations of Council

Council has historically provided assistance to iwi through their Tiriti settlement negotiation processes. Council provides information to iwi on infrastructure provision and various economic development opportunities. However, post-settlement there may be more that Council can do.

Together we can assess what iwi need to be able to fully participate in Council decision-making processes.

Council decision-making

Iwi are entitled to be involved in Council decision-making across Council. This requires us to develop relationships of mutual respect, co-operation and goodwill.

Council will engage with iwi to ensure that its decision-making processes provide opportunities for iwi to take part.

Strong on-going personal relationships and structural arrangements can assist with this.

Regular relationship meetings with key iwi stakeholders allow Council and iwi at governance and management levels to focus on long-term strategic engagement, understanding each other's goals and aspirations.

Council will also review how iwi can have influence at the governance level.

In particular, Council continues to:

- (a) Invite iwi authorities to take part in its annual and three-yearly strategic planning to develop the Annual Plan and the Long-Term Plan;
- (b) a Māori Ward has been established from the 2022 Local Government elections;

- (c) Have positions available for iwi on Council's main standing committees;
- (d) Consult on new and revised bylaws and other regulatory or planning instruments;
- (e) Attend and assist to organise the Cook Strait Forum; and
- (f) Engage with iwi over Policy statements and Plans under the RMA.

Build Council capacity

Council needs to have a good understanding of Māori in our community, their aspirations and expectations. Knowing about and respecting tikanga, kawa, tē reo, tē Ao Māori will aid in developing relationships for effective engagement.

Council can do some basic things that will make staff and Councillors more at ease in moving in a Māori world.

Council will:

- Train staff and Councillors in Council's obligations, basic te reo, tikanga, and an understanding of tē Ao Māori
- Develop resources for Councillors and staff when engaging in the Māori world
- Promote appreciation and understanding of tē Ao Māori.

Council Controlled Organisations

Marlborough District Council operates the following Council Controlled Organisations (CCO's):

- MDC Holdings Ltd.

Marlborough Housing for the Elderly Trust would be a CCO but Council has exempted it under section 7(3-6) of the Local Government Act 2002.

The Local Government Act 2002 (Schedule 10 section 7) requires Council to include in the Long Term Plan information on CCO's, including:

- the nature and scope of the activities to be provided by the CCO;
- Council's significant policies and objectives in relation to the ownership and control of the organisation; and
- the key performance targets and other measures by which performance is to be judged.

MDC Holdings Ltd

MDC Holdings Ltd is 100% owned by Marlborough District Council. Council established MDC Holdings Ltd for the purposes of:

- separating commercial trading activities from the other functions it carries out;
- bringing Council's main trading activities into one structure; and
- obtaining commercial borrowing facilities at the most attractive rate attainable.

MDC Holdings Ltd wholly owns the subsidiaries Port Marlborough New Zealand Ltd and Marlborough Airport Ltd.

Port Marlborough New Zealand Ltd undertakes all the activities typically associated with a port and also wholly owns subsidiaries PMNZ Marina Holdings Ltd and Waikawa Marina Trustee Ltd.

Marlborough Airport Ltd is responsible for the maintenance of the runways and taxiways used by civil aircraft by means of an operating lease from the New Zealand Defence Force. It is also responsible for the provision of a terminal facility and associated minor freight handling.

The significant policies in place for MDC Holdings Ltd are:

- that it operate in a commercial manner;

- decisions to:
 - acquire assets, the value of which is more than 10% of the value of the company's assets before acquisition;
 - dispose of any shares in Port Marlborough New Zealand Ltd and Marlborough Airport Ltd require the prior written approval of Council as the major shareholder; and
- that it distribute by way of dividend, subject to solvency requirements, all the net tax paid profit available.

Consistent with an entity operating in a commercial manner, there is only one significant target which is to generate a long-term tax paid return on opening shareholder funds at 7.0%. The return achieved for 2020-21 was 34% (2019-20: 29%). The average for the past three years was 31%.

Marlborough Housing for the Elderly Trust

Marlborough Housing for the Elderly Trust is a charitable trust that assists in the provision of adequate housing for the elderly people of Marlborough and other members of the community.

Part 5: Statement of Compliance and Audit Report

Statement of Compliance

Compliance

Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act have been complied with.

Responsibility

Council and management of Marlborough District Council accept responsibility for the presentation of the annual report, including the Financial Statements and the judgments used in them.

Council and management of Marlborough District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and management of Marlborough District Council, the annual report for the year ended 30 June 2021 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group.

MARK WHEELER
CHIEF EXECUTIVE
3 November 2021

JOHN LEGGETT
MAYOR
3 November 2021

Audit Report



Independent Auditor's Report

To the readers of Marlborough District Council and Group's annual report
for the year ended 30 June 2021

Rehan Badar
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Appendix

- MDC Directory

MDC Directory

Contact Details

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

Facsimile: (03) 520 7496

Email: mdc@marlborough.govt.nz

Web: www.marlborough.govt.nz

Addresses

District Administration Building

15 Seymour Street, Blenheim 7201

Picton Service Delivery Centre (includes Library)

2 Dublin Street, Picton 7220

Harbour Control

Mariner's Mall, Picton

Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

Works and Operations Depot

Wither Road, Blenheim

Reserves Depot

Pollard Park, Blenheim

Bankers

Bank of New Zealand, Blenheim

Westpac, Blenheim

Auditor

Rehan Badar, Audit New Zealand, Wellington on behalf of the Auditor General

General Statistics

Population
(Census count 2018) 48,700

Inter-Census Population Movement (+) 5.2%

District Area 17,517 square kilometres

as at 30 June 2020

Rateable Land Value \$9,230,536,400

Rateable Capital Value \$19,866,979,500

Number of Rate Assessments 26,913

as at 30 June 2019

Rateable Land Value \$9,195,811,000

Rateable Capital Value \$19,616,751,200

Number of Rate Assessments 26,625

Forecast Number of Total Rateable Properties

Forecast growth in the number of rateable properties has been based on the projection of 150 units per annum in the Development Contributions Policy.