

## **COUNCIL'S MISSION**

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***Enabling social and economic development in balance with environmental and community needs.***



*Riverside Park, Blenheim*



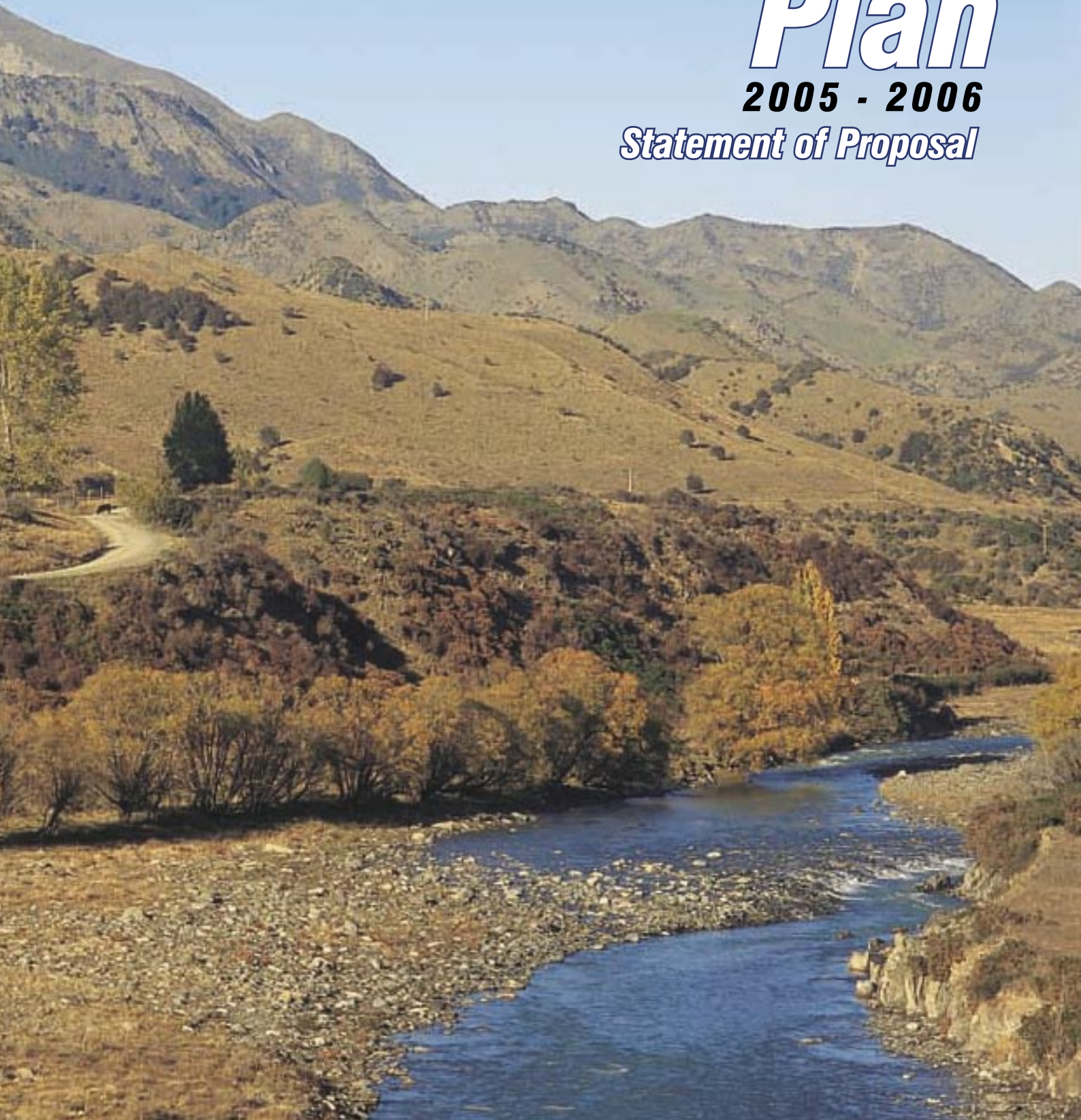
*Front/Back Cover Photo: Graeme Matthews  
Awatere Valley, Marlborough*





**MARLBOROUGH**  
DISTRICT COUNCIL

**FINAL**  
***Annual***  
***Plan***  
**2005 - 2006**  
***Statement of Proposal***



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# MDC DIRECTORY

## POSTAL ADDRESS

P O Box 443, Blenheim

Telephone: (03) 578-5249  
0800 4 MDC 4U (0800 463 248)  
(For use by residents in the outer Sounds  
and Rai Valley areas)

Facsimile: (03) 578-6866

Email mdc@marlborough.govt.nz

Web: www.marlborough.govt.nz

## GENERAL STATISTICS

- **Population** 42,240 - (Census 6 March 2001)
- **Inter-Census Population Movement** (+) 5%
- **District Area** - 17,517 square kilometres

	<i>as at 30 June 2004</i>
<b>Rateable Land Value</b>	\$2,818,655,650
<b>Rateable Capital Value</b>	\$6,155,401,800
<b>Number of Rate Assessments</b>	23,398

## ADDRESSES

### District Administration Building

15 - 21 Seymour Street,  
Blenheim

### Picton Service Delivery Centre (includes Library)

67 High Street,  
Picton

### Marlborough Library

Corner Arthur and Seymour Streets,  
Blenheim

### Animal and Plant Pests Depot

Nelson Street, Blenheim

### Services and Reserves Depot

Parker Street, Blenheim

**This Annual Plan was adopted at a meeting  
of the Marlborough District Council on  
30 June 2005.**

## SOLICITOR

P J Radich of Radich Dwyer  
Hardy-Jones Clark, Blenheim

## BANKERS

Bank of New Zealand, Blenheim

## AUDITOR

Auditor General  
Audit New Zealand  
Christchurch

## FROM THE MAYOR'S DESK

### **Welcome to the Marlborough District Council's Annual plan for the 2005/06 year.**

This Annual Plan is the first prepared under the full requirements of the Local Government Act 2002, and as a consequence it has some differences from those of previous years. The chief difference is that this plan is fundamentally, a financial document that updates the projections made in last year's Long Term Council Community Plan. It is in that sense a restatement of the direction that was signalled in that document, including the financial projections that were made for the present year.

There are naturally some changes that have been made to these projections, arising from changes in the operating environment, and increases in the costs that Council faces in delivering its activities. Increases in the costs of fuel and electricity, material costs, and insurance increases have all had their effect. Other increases have come about because of larger changes that have arisen. No matter how carefully we may try to plan and prepare for the future, events will always overtake us.

One of the areas most affected by development is the district's roading infrastructure. Heavy traffic road damage and alternatives to roading such as barging have been the source of discussion with the timber and aquaculture industries and with the community for a number of years. Significant progress has been made on these fronts, including exploring alternatives to roading, and funding options. New housing developments also require new roading, and increased population, higher rates of car ownership, and increased freight movements all translate into higher numbers of vehicle movements, and increased loadings on our roads. The popularity of Marlborough as a visitor destination also brings an increase in vehicle numbers. All this in turn translates into increased maintenance costs, simply to maintain current levels of service. Because of our place in the national network, we are also affected by increases in national traffic. Traffic on the state highway system is funded by central government, but there is inevitably a flow on effect from growth in the national traffic onto our local networks.

In this year's budget, Council's rates have been increased by approximately \$1 million per annum. Council considers this spending to be essential for the district's roading infrastructure to continue to ensure the safe and effective movement of people and goods. Council is looking at ways and means of reducing the overall impact of vehicle movements, including looking at strategies for encouraging more cycling, and looking also at public transport options. This Council is committed to ensuring that crucial infrastructure is not compromised for short term benefits, but is sustained and managed for the long term.



One development that I would like to draw to readers' attention is the new convention centre. Council has entered into an agreement with the combined clubs of Blenheim Working Men's Club, Marlborough Club and Returned Services Association, to incorporate a community-owned convention centre into the clubs' new facility adjacent to the Taylor River. The capital cost of the proposal is \$3.95 million, to be met by proceeds from the Forest Hills subdivision development and proceeds from Marlborough Regional Forestry. The convention centre is projected to make a small operating surplus on an ongoing basis, but more importantly it is expected to make a substantial contribution to the overall economy of the region.

Difficult decisions have had to be made this year balancing the need to maintain existing levels of service, and to respond to the pressures of new development, against the affordability of different proposals. Council is mindful of the need to ensure that rates are affordable to residents within our community, however, for many activities simply cutting costs is not an option, and Council has instead focused on different options for funding them. This has seen an increased use of the principle that those who get primary benefit from a service, or who are responsible for causing an activity to be required, should bear the main proportion of the cost.

Thank you to all the members of the public and community organisations that made submissions on the draft Annual Plan. Your input, and participation in developing the Annual Plan, is a vitally important part of this process, and Council appreciates the time and thought that was taken.



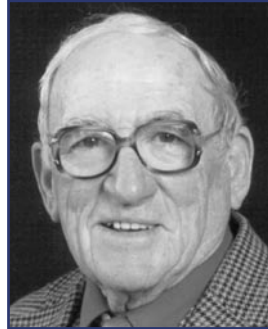
Alistair Sowman  
**MAYOR**

# ELECTED COUNCIL MEMBERS

## BLenheim WARD



*Jenny Andrews*  
(Deputy Mayor)



*Frank Connor*



*John Craighead*

## MAYOR



*Alistair Sowman*



*Liz Davidson*



*Graeme Taylor*



*Gerald Hope*



*Jill Bunting*

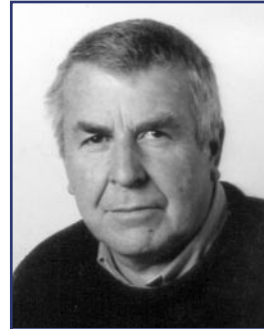
## WAIRAU/AWATERE WARD



*Andrew Barker*

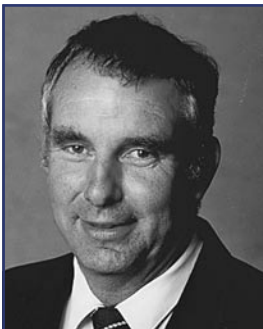


*Francis Maher*



*Pat O'Sullivan*

## PICTON WARD



*Cliff Bowers*



*Nigel Weetman*

## PELORUS/NORTHERN MARLBOROUGH SOUNDS WARD



*Graeme Barsanti*



# COUNCIL COMMITTEES AND MEMBERS

The Marlborough District Council has five standing committees, a joint committee with Kaikoura District Council, two statutory committees, six sub-committees, and under a memorandum of understanding with a majority of tangata whenua iwi, the Māori Advisory Komiti.

The present committees and their membership are as follows:

## ASSETS & SERVICES COMMITTEE

This committee is responsible for all infrastructure including roads, sewerage, water, stormwater, rivers and drainage, parking, waste management (including recycling), reserves, halls, cemeteries, public conveniences. Also responsible for animal control, civil defence and emergency management (including rural fire) and road safety.

Chairperson – Clr Francis Maher  
 Deputy Chairperson – Clr Graeme Taylor  
 Clr Graeme Barsanti  
 Clr Frank Connor  
 Clr Pat O'Sullivan  
 Clr Nigel Weetman  
 Iwi representative  
 Mayor Alistair Sowman (ex officio)

- **Animal Control Sub-Committee**

This Sub-Committee has responsibility for animal control including administration and dealing with any right of objection to the Council in terms of the Dog Control Act 1996.

Clr Liz Davidson - Chair  
 Clr Jenny Andrews  
 Clr John Craighead

- **Regional Land Transport Committee**

This Committee prepares for approval by Council the Regional Land Transport Strategy prepared under the Land Transport Management Act 2003 and the Land Transport Programme prepared under the Land Transport Act 1998.

Clr Graeme Barsanti – Chair  
 Clr Francis Maher  
 Clr Pat O'Sullivan  
 Land Transport New Zealand representative  
 Transit New Zealand representative  
 New Zealand Police representative  
 Commercial Road User representative  
 Private Road User representative  
 Railway operator representative  
 Taxi representative  
 NZCCS representative  
 Cyclist representative  
 Marlborough Chamber of Commerce representative  
 District Health Board representative  
 Environmental Centre representative  
 Maori representative

## COMMUNITY AND FINANCIAL PLANNING COMMITTEE

This committee is responsible for the Long Term Council Community Plan, Annual Plan, Annual Reports, economic development, community and social development, youth elderly and access issues, art, culture and heritage, grants and donations and sister cities. Also responsible for financial performance, general administration, property management, Council subsidiaries, libraries, customer services, democratic process and liquor licensing.

Chairperson – Clr Andrew Barker  
 Deputy Chairperson – Clr Graeme Barsanti  
 Clr Jenny Andrews  
 Clr Cliff Bowers  
 Clr Frank Connor  
 Clr Gerald Hope  
 Clr Francis Maher  
 Clr Pat O'Sullivan  
 Clr Graeme Taylor  
 Iwi representative  
 Mayor Alistair Sowman (ex officio)

- **Elderly, Access and Mobility Sub-Committee**

The focus of the Sub-Committee is issues related to the elderly access and mobility which includes Council's elderly housing portfolio.

Clr Jenny Andrews - Chair  
 Clr Frank Connor  
 Clr Graeme Taylor

- **Grants Sub-Committee**

This Sub-Committee carries out Council's partnership with Creative New Zealand to ensure local arts funding is available to the Marlborough area by distribution of grants. This Sub-Committee has the power to recommend to Council loans to sporting, recreation and community organisations from the Recreation Facilities Loan Fund. The Sub-Committee has also been tasked with making recommendations on the allocation of Council's Annually Applied Grants and Donations.

Clr Jenny Andrews - Chair  
 Clr Graeme Taylor  
 Two iwi representatives (M Bond & R Katu)  
 Creative Marlborough representative (L Smith)  
 Sports Trust representative (J Jeffs)  
 Four community representatives (R Carr, G Duncan, J Laing and R Weaver)

- **Liquor Licensing Sub-Committee (DLA)**

Council has delegated its powers, duties and discretions under the Sale of Liquor Act 1989 to this Sub-Committee to act as the Marlborough District Licensing Agency.

Clr John Craighead - Chair  
Clr Jenny Andrews  
Clr Nigel Weetman

- **Sister City Sub-Committee**

This Sub-Committee manages Council's Sister City activities and strives to involve greater community participation and sponsorship in the programme.

Clr Graeme Barsanti - Chair  
Clr Liz Davidson  
Mayor Alistair Sowman  
Six community representatives (P M Bradshaw, C S Cairns, R J Hopkins, B M F Lankshear, B R Lankshear, K A Stewart)

## **ENVIRONMENT COMMITTEE**

This committee is responsible for biosecurity, building control, dangerous goods, fencing of swimming pools, food and health monitoring, harbour management, historic places, resource management consent processing, monitoring of consents, compliance control. Also responsible for environmental policy and regional planning.

Chairperson – Clr Gerald Hope  
Deputy Chairman – Clr John Craighead  
Clr Jenny Andrews  
Clr Andrew Barker  
Clr Cliff Bowers  
Clr Jill Bunting  
Clr Liz Davidson  
Iwi representative  
Mr Chris Bowron (rural representative)

## **HEARINGS COMMITTEES (2)**

These Committees make decisions on applications for resource consents. Provision is made for two Hearings Committees.

Chairperson – Clr Liz Davidson  
Chairperson – Clr Jill Bunting  
(Plus other members as required from the Environment Committee)

- **Interim Southern Valleys' Irrigation Scheme Sub-Committee**

This Sub-Committee has been formed until September 2005 to oversee the construction and commissioning of the Scheme and to consider any variations to contracts for the Scheme.

Chairperson – Mr Stuart Smith  
Clr Andrew Barker  
Clr Francis Maher  
Clr Pat O'Sullivan  
Mr Chris Simmonds  
Mr Ivan Sutherland

## **CIVIL DEFENCE EMERGENCY GROUP**

This committee has been formed in accordance with the Civil Defence And Emergency Management Act 2002. The Group is responsible for overseeing the development, maintenance, monitoring and evaluation, and implementation of the Group Plan required by Section 17(1)(i) of the Act.

Mayor Alistair Sowman – Chair  
Clr Graeme Barsanti  
Clr Andrew Barker  
Clr Gerald Hope  
Clr Francis Maher

## **MĀORI ADVISORY KOMITI**

This committee was established under a Memorandum of Understanding in 1997. The memorandum sets out the intention of both parties to support a partnership between tangata whenua iwi and Council.

Currently, there are six iwi represented on the committee:

Ngai Tahu Whanau o Wairau  
Ngati Apa Ki Te Waipounamu Trust  
Ngati Koata No Rangitoto Ki Te Tonga Trust  
Ngati Rarua Iwi Trust  
Ngati Toarangitira Manawhenua Ki Te Tau Ihu Trust  
Te Atiawa Manawhenua Ki Te Tau Ihu Trust

## **APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES**

### **MDC Holdings Limited**

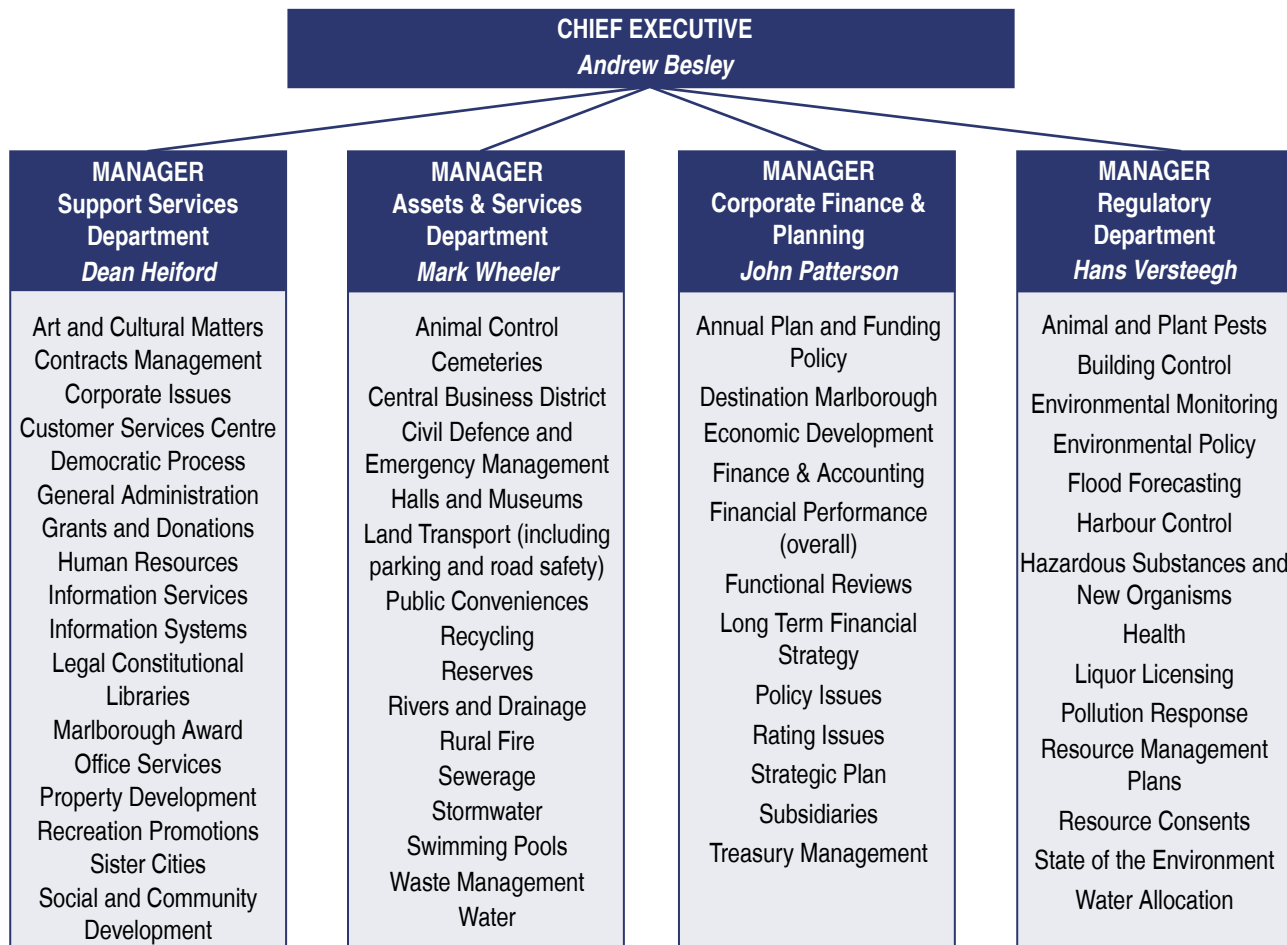
Mayor Alistair Sowman (Director)  
Chair of Community & Financial Planning Committee - Clr Andrew Barker (Director)  
Chief Executive – Andrew Besley (Director)

### **Marlborough Regional Forestry**

(Joint Committee of Marlborough District Council and Kaikoura District Council)

Clr Andrew Barker (Chairperson)  
Mayor Alistair Sowman

# COUNCIL STAFF STRUCTURE



# PART I: PURPOSE OF THIS PLAN

This plan is prepared in compliance with the Local Government Act 2002 and represents the Statement of Proposal for the 2005/06 Annual Plan. It includes the proposed annual budget and funding impact statement for the 2005/06 financial year, and identifies any variations from the financial information included in the Long Term Council Community Plan for this period.

The plan supports the Long Term Council Community Plan in providing integrated decision-making and co-ordination of Council's resources; contributes to Council's accountability to the Marlborough community; and extends opportunities for participation by the public in decision-making processes relating to the costs and funding of activities.

Additional information on the Council's activities, including the community outcomes to which the activities contribute, is provided in the Long Term Council Community Plan. For more detailed information, interested readers should refer to the relevant resource management plan(s), to specific policies and strategies, or to asset management plans.

For more information on these and other plans, see the Council's website [www.marlborough.govt.nz](http://www.marlborough.govt.nz) or enquire at the Marlborough District Library or Council service centres.

## Statement on Variances from the Long Term Council Community Plan

Information in this plan may vary from that provided in the Long Term Council Community Plan. Changes may have been required as a result of revised projections based on new information arising, or from changes to the operating environment. Variances from the Long Term Council Community Plan are noted for estimated expenditures and revenues associated with each of Council's activities. In any specific instance where a change is considered to be significant, an explanation is provided.

## Community Outcomes

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There are thirteen community outcomes underlying the 2004 – 2014 Long Term Council Community Plan, and which likewise underpin this Annual Plan.

- A community that sustains and enriches the environment for future generations.
- A prosperous community where all people have the means to earn adequate incomes and enjoy standards of living that allow them to participate fully in society, and to have choices about how to live their lives.
- A community where knowledge and learning is prized, creativity is celebrated, and enterprise and endeavour is supported and rewarded.
- A community that values and supports all its members, and that welcomes visitors and new arrivals.
- A community where people can age positively, where older people are highly valued for their experience, wisdom and character, and where they are recognised as an integral part of families and communities.
- A community where young people are vibrant and optimistic, encouraged to take up challenges, and supported in their lifestyle choices.
- A community where people enjoy personal safety and security and are free from victimisation, abuse, violence and avoidable injury.
- A community where energy use is efficient, with a decreasing dependency on non-renewable sources.
- A community where people have access to a range of affordable and quality housing options.
- A community where people are served by a health infrastructure that is suited and responsive to their needs, and where they can make healthy choices for their own lifestyles.
- A community that is served by a strong infrastructure of essential services, where daily life and business is able to be conducted safely and easily.
- A community that acknowledges, values and enjoys its heritage.
- A community that has fun.

## PART II: COUNCIL ACTIVITIES

In the following section, the activities that Council undertakes are briefly described. Information is also provided on expected levels of service performance. Council activities are presented in 15 groups:

Activity Group	Community outcomes that this group primarily contributes to:
Democratic Process	All the community outcomes are supported by this activity
Community Services	Health, Prosperity, Fun, Knowledge and Innovation, Safety and Security, Supportive communities, Youth, Positive Aging, Heritage, Housing.
Regional Development	Prosperity, Knowledge and Innovation.
Emergency Management	Infrastructure, Safety and Security.
Land Transport	Infrastructure, Health, Prosperity.
Rivers and Land Drainage	Infrastructure, Prosperity, Environment
Wastewater (Sewerage)	Infrastructure, Health, Environment.
Stormwater	Infrastructure, Health.
Water Supply	Infrastructure, Health, Prosperity.
Solid and Hazardous Waste Management	Infrastructure, Health, Energy, Environment.
Harbour Control	Environment, Infrastructure, Safety and Security, Prosperity, Fun.
Consents and Compliance	Environment, Housing, Energy, Infrastructure, Prosperity.
Environment	Environment, Energy, Infrastructure, Prosperity.
Animal and Plant Pests (Biosecurity)	Environment, Prosperity, Health.
Animal Control	Health, Safety and Security.

### Estimated expenses and sources of funding

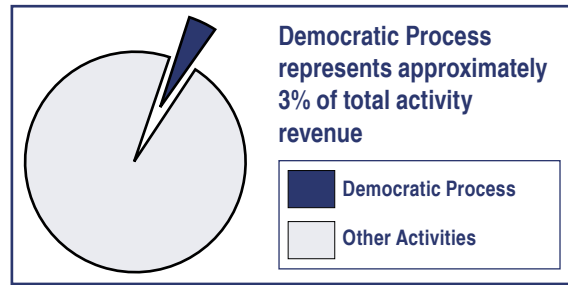
For each activity, a table shows the estimated expenses associated with operating costs and capital works for the 2005/06 financial year, and the sources of funds. Decisions regarding how an activity should be funded are made following consideration of:

- the community outcomes to which the activity primarily contributes;
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
- the period in or over which those benefits are expected to occur;
- the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity;
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

## DEMOCRATIC PROCESS

### What We Do and Why We Do It

This activity includes the planning and support for the meetings of Council and its committees, the provision of information regarding Council business, and the general oversight of the processes that underpin representative local government in Marlborough, including elections. Carrying out this activity enables Marlborough residents' and ratepayers' interests to be represented in a fair and equitable manner, and provides opportunities for the District's communities to participate in the decision-making processes that affect them.



The Marlborough District Council is a unitary authority, with the functions, duties and powers of both a regional council and a territorial authority 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 promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.

In considering the range and diversity of the communities that are represented in Marlborough, Marlborough District Council recognises the special relationship it has with tangata whenua, and acknowledges the specific responsibilities it has to Maori under the Local Government Act and under the Resource Management Act.

The Marlborough District Council Governance Statement provides a comprehensive overview of its governance policies and processes. Copies of the Governance Statement, and associated policies and documents, can be viewed at Council service centres and libraries, and on the Council's website.

### How We Check Progress

INDICATOR	TARGET 2005 - 2006
Compliance with the provisions of the Local Government Act, Local Government Official Information and Meetings Act, and Standing Orders.	100%
Notification of meetings.	Advertised in local media no less than five working days prior to meeting date.
Public availability of agendas and attachments.	At least three working days prior to meetings.
Voter turnout.	Top quartile of New Zealand local authorities.

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/2006 (\$000's)	Annual Plan 2005/2006 (\$000's)
<b>OPERATING COSTS</b>		
Democratic Process	1,865	1,935
<b>Total Operating Costs</b>	<b>1,865</b>	<b>1,935</b>
<b>FUNDED BY</b>		
Rates	1,647	1,740
General Revenues Applied	216	193
Other Revenue	2	2
<b>Total Revenue</b>	<b>1,865</b>	<b>1,935</b>

#### Explanation of variances:

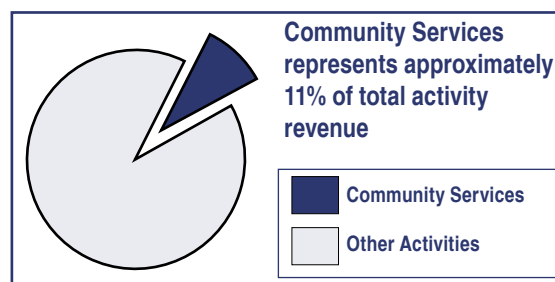
Variances are not considered significant.

## COMMUNITY SERVICES

### What We Do and Why We Do It

This group of activities includes:

- Arts and Heritage (including memorials and museums)
- Cemeteries
- Community development
- Community housing
- Halls and reserves
- Library services
- Public conveniences
- Recreational facilities (e.g. swimming pools)



Marlborough District Council considers social and community development to be cornerstones of the well-being of Marlborough's community. It views recreation, arts and culture as essential to the health and well-being of society, and believes that a strong community is knowledgeable of its heritage, and preserves and respects the achievements of the past.

Council provide grants and donations for social and community development groups from within existing budgets, and assists community groups to access funds from other (non-Council) sources. It also works with specific sectors of the community, including youth, and the elder community, helps to provide liaison between community organisations, and develops partnerships with and between central government and non-governmental organisations.

Access to information is a pre-requisite for effective participation in all realms of activity. As well as providing an important recreational and educational resource, the public library system ensures that there is equitable opportunity for people to access the information they need to participate fully in their community as informed citizens.

The Council undertakes these activities by way of the following roles:

- A partner of groups and individuals actively involved in building and strengthening community well-being in Marlborough.
- A planner, co-ordinator and facilitator of community development.
- A custodian and manager of community resources and assets.
- A provider of information and resources that assist and promote community development.

### How We Check Progress

INDICATOR	TARGET 2005 - 2006
Usage and membership of library services.	Increase on 2003 base
Average cost per issue of library resources.	< \$2
Average age of library resources.	< 10 years
Compliance with NZS 5828 for safety of playground equipment.	100% (annual inspections)
Compliance with contract specifications for maintenance of public conveniences.	100% (monthly inspections)
Public satisfaction with Council-provided community services.	Zero complaints received
Participation rates in physical activities.	Increase on 2003 base
Participation rates in arts and cultural activities.	Increase on 2003 base
Participation rates in community festivals and events.	Increase on 2003 base
Average earnings of arts professionals.	Increase on 2003 base
Visitor spending at festivals and events.	Increase on 2003 base
Occupancy rates of community housing.	90%
Volunteer participation rates.	Increase on 2001 (Census) base
Offending rates.	Positive reporting by Police and community advocacy groups

INDICATOR (cont)	TARGET 2005 - 2006 (cont)
Response times for complaints and faults.	<ul style="list-style-type: none"> <li>Investigate complaints relating to operations and facilities within 12 hours.</li> <li>Remedy minor faults within public conveniences within 24 hours of notification.</li> </ul>

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Arts, Memorials, Museums	490	495
Cemeteries	258	262
Community Development	615	1009
Community Housing	761	776
Halls and Reserves	2,248	2,422
Libraries	1,143	1,121
Public Conveniences	379	388
Special Work Schemes	42	35
Swimming Pools	460	457
<b>Total Operating Costs</b>	<b>6,396</b>	<b>6,965</b>
Operating Surplus Transferred to Reserves	8	0
	<b>6,404</b>	<b>6,965</b>
<b>FUNDED BY</b>		
Rates	4,674	4,989
Subsidies	5	13
General Revenues Applied	593	577
Other Revenue	1,132	1,386
<b>Total Revenue</b>	<b>6,404</b>	<b>6,965</b>
<b>CAPITAL WORKS</b>		
Arts, Memorials, Museums	8	179
Cemeteries	37	37
Community Housing	120	120
Halls and Reserves	254	777
Libraries	250	250
Public Conveniences	73	73
<b>Total Capital Works</b>	<b>742</b>	<b>1,436</b>
Debt Repayment	159	164
	<b>901</b>	<b>1,600</b>
<b>FUNDED BY</b>		
Borrowings	98	98
Transfers from -		
Depreciation Reserve	455	514
Other Reserves	348	988
	<b>901</b>	<b>1,600</b>

Note - Refer to note 2 on page 41 for elimination of internal interest.

### Explanation of variances:

- Community Development and other income variances are attributable to central government changes to the funding of the safer communities groups. The Safer Communities Group has become a function of Council. Previously Council only provided administrative support to this group.
- Proposed capital works for arts, memorials and museums are associated with planned upgrades to the Renwick museum.
- Proposed capital works for halls and reserves are funded from land subdivision reserves provided from subdivision. Detail is available in the notes to the accounts regarding capital expenditure.

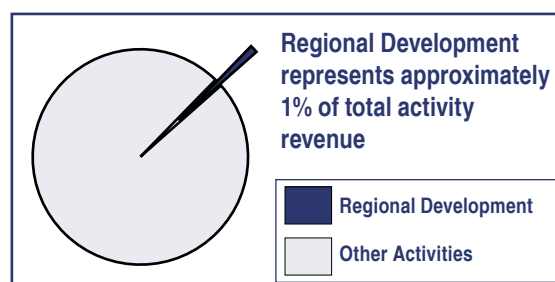


## Regional Development

### What We Do and Why We Do It

Council's decisions and actions can significantly assist the development of the regional economy by encouraging local business initiatives, attracting new investments, and by presenting Marlborough as a competitive tourist destination. As a provider of infrastructure, as a regulator of business activity, and as an institution for democratic decision-making, Council is both a facilitator and encourager of development in the region. Council has determined that its role in economic development includes:

- To ensure Council's infrastructure is able to cope with present and future business and industry needs.
- To ensure that Council services are provided in the most efficient and cost effective manner.
- To ensure that the compliance costs associated with Council's regulatory responsibilities are balanced with community benefits.
- To ensure that accurate and up to date information on the District is widely available.
- To facilitate and participate in specific projects that assist in regional development.
- To promote a positive image of Marlborough in its publications and activities.



For the bulk of this activity Council is primarily a purchaser of regional development services. It provides funding of \$395,000 to Destination Marlborough; \$155,000 to the Marlborough Regional Development Trust, and \$124,000 to the Marlborough Research Centre. These three organisations are important partners for the Council in assisting the region to achieve economic development outcomes, in particular attracting visitors, residents and investment to Marlborough, adding value to Marlborough enterprises, and enriching the quality of life for Marlborough residents. The three organisations work closely with each other, with Council, and with other development-focussed groups and organisations in the district.

All organisations receiving funding under this activity are required to provide an annual report to the Council describing its operations and achievements for the year, including how it has contributed to the development of the regional economy. Council will continue to encourage closer organisational relationships between the various groups that are working in this sector.

### How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Average land values.	Increase on 2003 base.
Capitalisation of land.	Increase on 2003 base.
Levels of unemployment.	Decrease on 2003 base.
Median household income.	Increase on 2003 base.
Business turnover.	Net gain in new businesses on 2003 base.
Research and development activity.	Positive reporting by Council-funded providers*.
External investments and partnerships.	Positive reporting by Council-funded providers*.
Visitor spending.	Positive reporting by Council-funded providers*.

\* For the bulk of this activity, Council is primarily a purchaser of regional development services from other organisations. Levels of service and performance expectations are incorporated into the funding arrangements with these bodies.

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Destination Marlborough	375	395
Marlborough Regional Development Trust	155	155
Marlborough Research Centre	124	124
Other Development	14	1,062
<b>Total Operating Costs</b>	<b>668</b>	<b>1,736</b>

FUNDED BY		
Rates	558	573
General Revenues Applied	60	63
<b>Total Revenue</b>	<b>618</b>	<b>636</b>
Transfers from Reserves	50	1,100
	<b>668</b>	<b>1,736</b>

**Explanation of variances:**

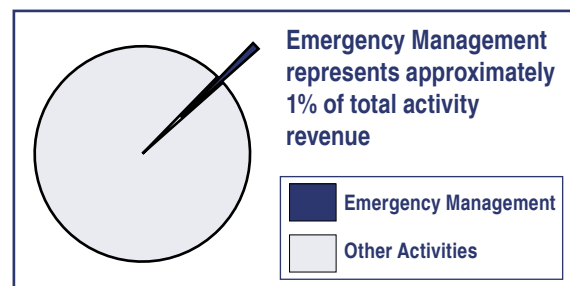
- 1 Destination Marlborough funding received from Council is attributable to an increased number of accommodation providers paying the targeted tourism rate.
- 2 Other development reflects the proposal for Council to build a \$3.9 million convention centre over the next three financial years. It is proposed that the convention centre is funded by reserves established from the sale of sections in Forest Hills, with the balance funded by proceeds from Marlborough Regional Forestry.

## EMERGENCY MANAGEMENT

### What We Do and Why We Do It

The Civil Defence and Emergency Management Act 2002 imposes statutory obligations on Council to carry out hazard-based risk management in four areas: reduction of risk, readiness for events, response, and recovery after an event. The Act requires an "all hazards" approach – this includes earthquakes, floods, tsunamis, oil spills, hazardous substances, and landslips, to name a few. Council is part of the Marlborough Civil Defence Emergency Management Group, and is required to have in place a Civil Defence Emergency Management Group plan. Amongst other requirements, the plan describes:

- the hazards and risks to be managed by the Group;
- emergency management policies and procedures in place to manage the hazards and risks;
- arrangements for declaring a state of emergency in the area;
- arrangements for co-operation and co-ordination with other Emergency Management Groups.



The Council is also a Rural Fire Authority under the Forest and Rural Fires Act 1977. It must meet requirements for the prevention, detection, and suppression of rural fires, and must comply with the Rural Fire Management Code of Practice for equipment standards and competency requirements for fire fighting personnel.

### How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Identification of hazards.	Regional hazards are identified and planned for.
Staff competencies	All staff and volunteers are appropriately trained, qualified, and resourced.
Facility quality	Emergency management equipment, control facilities and communication systems are well maintained and upgraded as required.
Emergency response reserves	Build emergency response reserves to \$15m.
Treatment planning.	A treatment plan is implemented for all identified risks.
Fire permitting compliance.	Rural fire permit processes comply with statutory requirements.
Response to events.	Emergency events are responded to promptly and efficiently.
Recovery from events.	<ul style="list-style-type: none"> <li>• The immediate welfare needs of those affected have been met.</li> <li>• Systems have been established/re-established to assist individual and community self-sufficiency.</li> <li>• Essential services have been restored to minimum operating levels.</li> </ul>

## Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Emergency Management	514	546
<b>Total Operating Costs</b>	<b>514</b>	<b>546</b>
Operating Surplus: Transferred to Reserves	42	46
	<b>556</b>	<b>592</b>
<b>FUNDED BY</b>		
Rates	442	488
Subsidies	8	13
General Revenues Applied	56	61
Other Revenue	50	30
<b>Total Revenue</b>	<b>556</b>	<b>592</b>
<b>CAPITAL WORKS</b>		
Emergency Management	31	31
<b>Total Capital Works</b>	<b>31</b>	<b>31</b>
<b>FUNDED BY</b>		
Transfers from -		
Depreciation Reserve	29	24
Other Reserves	2	7
	<b>31</b>	<b>31</b>

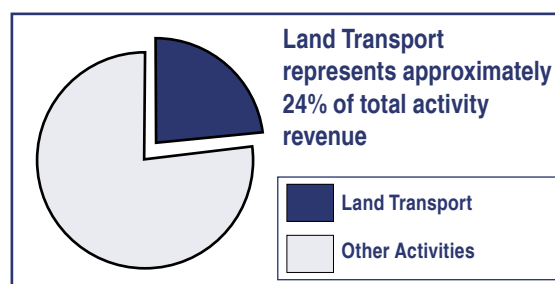
### Explanation of variances:

Variances are not considered significant.

## LAND TRANSPORT

### What We Do and Why We Do It

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of Transit New Zealand. As owner of the local roading network Council has legal requirements to provide roads to certain standards. In addition Council is responsible for all roading related assets - footpaths, berms, street trees and plots, kerb and channelling, undergrounding (in conjunction with Marlborough Lines), street lighting and carparks.



This activity is carried out so that the movement of people and goods within and through the District can be convenient and safe. Land transport is part of the essential infrastructure of the district, vital to well being and development.

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

### How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Resident's satisfaction with roading network.	>80% for sealed roads. >50% for unsealed roads.
Numbers of motor vehicle crashes.	< 8 motor vehicle crashes involving injury where a reported contributing factor is "Road Conditions".
Condition of road surfaces.	Average road roughness standards for sealed roads of: <110 for urban roads <95 for rural roads.

INDICATORS (cont)	TARGETS 2005 – 2006 (cont)
	<i>Note: A newly sealed road has an average roughness value of 50-70. A very rough gravel road will have a roughness value higher than 300.</i>
Street cleanliness and CBD condition.	Inspect and report on street cleanliness and asset condition of Blenheim CBD area at least twice annually.
Condition of footpath surfaces.	Minor faults on footpaths repaired within 20 working days of detection. Unevenness greater than 8mm repaired within 5 days.
Condition of street trees and plots.	99 new or replacement street trees planted each year.
Compliance with parking limits	Increasing.
Parking occupancy rates	< 85%

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Roads, Streets and Bridges	9,412	10,656
Parking	595	596
<b>Total Operating Costs</b>	<b>10,007</b>	<b>11,252</b>
Operating Surplus Transferred to Reserves	1,741	3,813
	<b>11,748</b>	<b>15,065</b>
<b>FUNDED BY</b>		
Rates	6,664	7,243
Subsidies	3,606	6,076
General Revenues Applied	829	936
Other Revenue	649	810
<b>Total Revenue</b>	<b>11,748</b>	<b>15,065</b>
<b>CAPITAL WORKS</b>		
Roads, Streets and Bridges	4,778	7,918
Parking	5	18
<b>Total Capital Works</b>	<b>4,783</b>	<b>7,936</b>
Debt Repayment	293	339
	<b>5,076</b>	<b>8,275</b>
<b>FUNDED BY</b>		
Borrowings	-	657
Transfers from -		
Depreciation Reserve	3,704	3,815
Other Reserves	1,372	3,803
	<b>5,076</b>	<b>8,275</b>

Notes Refer to note 2 on page 41 for elimination of internal interest.

### Explanation of variances:

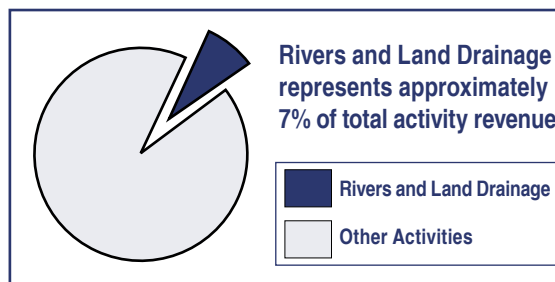
- 1 Increased operating and capital expenditure are proposed for the Land Transport activity to cater for growth and cost increases. Failure to increase the level of expenditure to maintain the roading assets would result in increased maintenance and deterioration in the assets resulting in a lower level of service.
- 2 Funding of the proposed increased programme is from rates and subsidies from Land Transport New Zealand.

## RIVERS AND LAND DRAINAGE

### What We Do and Why We Do It

This activity is primarily focussed on the Wairau floodplain (downstream of the Waihopai River). Picton and Waikawa are also given a high priority. Outside of these areas, and taking account of all risks, costs, and benefits, a lower level of protection work is undertaken.

The Wairau River is as large and powerful as any river in New Zealand with a long history of flood damage requiring river control works. These intervention works have enabled the floodplain to be developed productively. The lower floodplain is particularly low lying because the coast is prograding due to marine processes. This low lying floodplain is not only very flood prone but also requires considerable drainage measures, particularly to combat aquatic weed that impedes the 200 km of minor watercourses and drains. Such measures also have to be done carefully to minimise detrimental impact on the ecological and fishery values of these small watercourses.



### How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Floodway capacity.	That rivers and floodways within the Wairau floodplain can cope with a 1 in 100 year return period flood. All floods are monitored with regard to size and flood levels, computer hydraulic models set up and calibrated and remedial action River channel dimensions are regularly resurveyed and gravel extraction is managed in a strategic manner so as to improve channel capacity where practical. Outside of the main floodplain the natural river channel capacities are maintained by keeping the channels clear of trees.
River bank erosion	That floodplain riverbanks are stabilised to limit erosion by lining with groynes, rock rip rap or trees as appropriate. These are maintained in a sound condition, with regular inspection after freshes and floods. Stockpiles of quarried rock are kept on hand for urgent repair, and appropriate contracts prepared to ensure a work force is available.
Lower Wairau floodplain rural drainage.	That minor watercourses and drains are regularly cleared of impeding aquatic weed and sediment. Watercourse specific strategies are developed that achieve desired drainage standards while ensuring ecological, private landowner and other values are provided for.
Pumping station capability	That rural pumping stations are capable of removing local stormwater to the standards specified in the Wairau Drainage Plan 1996. That urban pumping stations, in association with gravity outfall, are capable of controlling urban flood levels so that floors of buildings are not flooded in a 1 in 50 year return period event.
Quality of flood hazard analysis and advice	Development of GIS plans showing degrees of flood hazard throughout Marlborough, and the provision of information to the Regulatory Department and the public on feasible and acceptable flood hazard mitigation measures.
Flood control mitigation activities.	Where river control works have impacted on the environment to carry out mitigation activities to counteract the detrimental effect. This includes:

INDICATORS (cont)	TARGETS 2005 – 2006 (cont)
	<ul style="list-style-type: none"> <li>• Rewatering Gibsons creek channels to provide groundwater recharge of the Wairau aquifer and other ecological values.</li> <li>• Investigate the feasibility of gravel banking control of the inlet to the Wairau Diversion so as to keep most flow in the lower Wairau except in flood times</li> <li>• The Opawa Loop is regularly cleared of aquatic weed.</li> <li>• Secondary activities are allowed in the floodways that provide a blend of ecological riparian habitat, public recreational access and economic leasing.</li> <li>• That water levels and resulting flows into and out of Grovetown lagoon are controlled to provide for ecological values as well as drainage values.</li> </ul>

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Wairau Floodplain Rivers	1,948	1,988
Wairau Floodplain Drainage	541	512
Rivers outside Wairau	111	109
Wairau River Leases	194	198
<b>Total Operating Costs</b>	<b>2,794</b>	<b>2,807</b>
Operating Surplus: Transferred to Reserves	1,525	1,531
	<b>4,319</b>	<b>4,338</b>
<b>FUNDED BY</b>		
Rates	2,840	2,826
General Revenues Applied	14	14
Other Revenue	1,465	1,498
<b>Total Revenue</b>	<b>4,319</b>	<b>4,338</b>
<b>CAPITAL WORKS</b>		
Wairau Floodplain Rivers	455	435
Wairau Floodplain Drainage	85	85
<b>Total Capital Works</b>	<b>540</b>	<b>540</b>
<b>FUNDED BY</b>		
Transfers from -		
Depreciation Reserve	119	107
Other Reserves	421	433
	<b>540</b>	<b>540</b>

### Explanation of variances:

Variances are not considered significant.

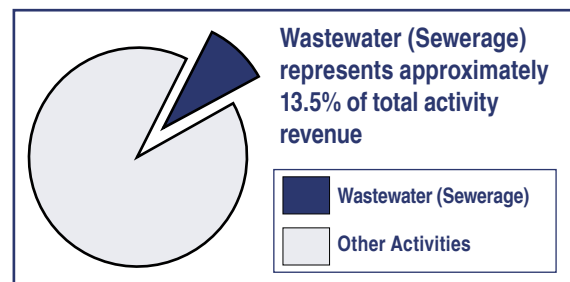
## Wastewater - (Sewerage)

### What We Do and Why We Do It

Council operates five wastewater schemes - in Blenheim, Picton, Havelock, Seddon and Spring Creek. A new sewer scheme for Renwick is being connected into the Blenheim system. Treatment in all schemes with the exception of Picton is by oxidation ponds. In Picton the treatment system is an extended aeration activated sludge plant.

Collection, treatment and disposal of wastewater contributes to:

- The health of communities.
- Minimising adverse environmental effects.
- Industrial and residential development.



## How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Blockages	That no more than 35 identified blockages occur for 100 km of sewer main per year.
Capacity	Maintained to meet Code of Practice design parameter of dry weather flow by a factor of 4.
Customer Response times	Install 85% of new connections within 10 working days of application or by agreed alternative date.
Customer Response times	Respond to 95% of unplanned interruptions or blockages of the sewerage system of such events within two hours, and to restore toilet facilities to all customers affected within six hours of notification.
Discharge quality	Total flow is to be treated prior to discharge through outfall for dispersal to receiving water in accordance with the discharge consent.
Asset Maintenance, Renewal and Capital Works Plans in Asset Management Plans	Assets managed and operating according to levels of service.

## Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Blenheim	2,714	3,184
Picton	724	720
Havelock	98	102
Renwick	50	1,187
Seddon	61	62
Spring Creek	63	50
<b>Total Operating Costs</b>	<b>3,710</b>	<b>5,305</b>
Operating Surplus: Transferred to Reserves	837	2,989
	<b>4,547</b>	<b>8,294</b>
<b>FUNDED BY</b>		
Rates	3,971	4,139
Subsidies	-	3,461
Other Revenue	576	694
<b>Total Revenue</b>	<b>4,547</b>	<b>8,294</b>
<b>CAPITAL WORKS</b>		
Blenheim	2,842	3,922
Picton	96	285
Havelock	25	34
Renwick	-	2,372
Seddon	6	7
Spring Creek	2	23
<b>Total Capital Works</b>	<b>2,971</b>	<b>6,643</b>
Debt Repayment	477	547
	<b>3,448</b>	<b>7,190</b>
<b>FUNDED BY</b>		
Borrowings	2,455	3,180
Transfers from -		
Depreciation Reserve	692	769
Other Reserves	301	3,241
	<b>3,448</b>	<b>7,190</b>

Notes Refer to note 2 on page 41 for the elimination of internal interest.

**Explanation of variances:**

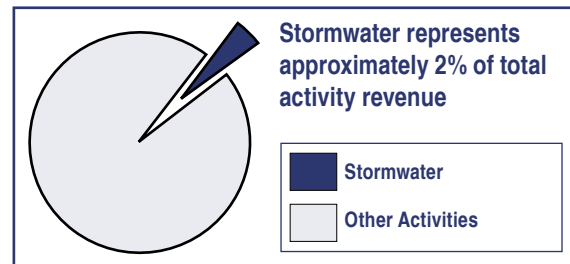
- 1 Increased operating costs for Blenheim are associated with increased tradewaste volumes and interest on capital works to provide for growth in both domestic and industrial waste. Increased costs are offset by income from tradewaste users. Tradewaste charges are proposed to increase by approximately 30%.
- 2 Ministry of Health subsidy for Renwick sewerage is reflected in the funding variances. Approval was received after completion of the LTCCP. The operating costs for Renwick reflect the contributions to landowners from Ministry of Health to connect to the scheme.
- 3 Capital works for Picton are for pipe renewal and capacity upgrades to cater for existing and future volumes.

## STORMWATER

### What We Do and Why We Do It

Council provides a stormwater drainage system to manage stormwater runoff from urban catchments. Much of the urban development in Blenheim and Picton is in areas that are prone to flooding - stormwater systems are provided to minimise disruptions from rain events and to provide for the safety of residents. Collection and disposal of stormwater contributes to:

- Safety of the community by minimising the incidence of flooding.
- Minimising damage to property from flooding.
- Reduced erosion and water pollution.
- Industrial and residential development.



Stormwater systems are complex and expensive, and a degree of prioritisation is required. Those areas where there is a possibility of water entering houses or commercial buildings are given first priority. Second priority is given to areas where there is a possibility of water entering garages or outbuildings, followed by areas where water may pond on garden areas and roads.

### How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Number of system blockages.	Maintain system to ensure no more than 3 blockages in a year affect any one property.
Customer Response times	Install 85 % of new connections within 10 working days of application or by agreed alternative date.
Capacity	Primary system able to cope with a 5 year return period storm, 50% runoff in residential areas.
Asset Maintenance, Renewal and Replacement Plans in Asset Management Plans	Assets managed and operating according to levels of service

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Blenheim	633	681
Picton	168	208
Other Schemes	103	106
<b>Total Operating Costs</b>	<b>904</b>	<b>995</b>
Operating Surplus: Transferred to Reserves	158	137
	<b>1,062</b>	<b>1,132</b>



<b>FUNDED BY</b>		
Rates	881	921
General Revenues Applied	110	119
Other Revenue	71	92
<b>Total Revenue</b>	<b>1,062</b>	<b>1,132</b>
<b>CAPITAL WORKS</b>		
Blenheim	264	360
Picton	75	500
Other Schemes	4	42
<b>Total Capital Works</b>	<b>343</b>	<b>902</b>
Debt Repayment	115	137
	<b>458</b>	<b>1,039</b>
<b>FUNDED BY</b>		
Borrowings	-	640
Transfers from -		
Depreciation Reserve	269	267
Other Reserves	189	132
	<b>458</b>	<b>1,039</b>

Note Refer to note 2 on page 41 for the elimination of internal interest.

**Explanation of variances:**

- 1 Blenheim stormwater operating costs and capital expenditure are higher than forecast to cater for subdivision. Financial contributions received will fund the development work required.
- 2 Picton stormwater reticulation upgrades are proposed for Dublin Street to Kent Street area and an upgrade is proposed to the pump station's capacity.

## WATER SUPPLY

### What We Do and Why We Do It

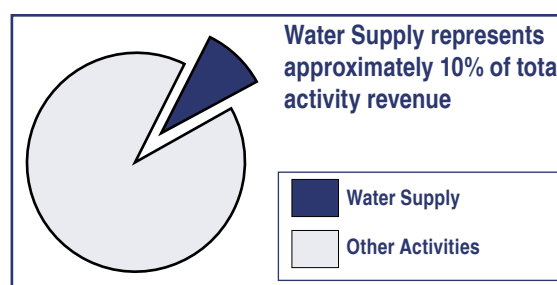
Council operates seven water supply systems - in Blenheim, Picton, Havelock, Renwick, Riverlands, Wairau Valley and Awatere. With the exception of Awatere and one of the two Picton sources all the schemes in Marlborough utilise groundwater sources.

In 2004 Council began construction on a reticulated piped irrigation scheme to serve more than 4,000 hectares of land to the south of Renwick.

Providing and maintaining an adequate supply of potable water to consumers and supply for fire fighting purposes contributes to:

- The health of the community.
- Community safety through the fire fighting capability of the water supply system.
- Industrial and residential development.

Providing reticulated irrigation supply enables a wider range of land uses, and contributes to the economic wellbeing of the community.



### How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Water Quality	Compliance with bacteriological (P1) and chemical (P2) determinants of the Drinking Water Standards for NZ 2000.
Number of system failures.	Three unplanned shutdowns / year / connection.
Customer Response times	To respond to 95% of service interruption events within stated timeframe: <ul style="list-style-type: none"> <li>• Within two hours to complaints of lost supply.</li> <li>• Restore any lost supply within eight hours of the fault.</li> </ul>

INDICATORS (cont)	TARGETS 2005 – 2006 (cont)
Customer Response times	Install 85% of new connections within 10 working days of application, or by agreed alternative date.
Asset maintenance renewal and capital works plans in Asset Management Plans	Assets managed and operating according to levels of service
Capacity	Meet all peak demands for domestic purposes in a drought period (defined as 1 in 20 year return period).
Fire Hydrant Performance	To meet flow requirements in at least 80% of hydrants for fire fighting in accordance with the risk classification of the New Zealand Fire Service Fire Fighting Water Supplies Code of Practice.

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Blenheim	2,214	1,973
Picton	827	815
Renwick	229	207
Havelock	135	132
Awatere	336	281
Riverlands	331	224
Wairau Valley	29	21
Southern Valleys	1,536	1,668
<b>Total Operating Costs</b>	<b>5,637</b>	<b>5,321</b>
Operating Surplus Transferred to Reserves	1,322	859
	<b>6,959</b>	<b>6,180</b>
<b>FUNDED BY</b>		
Rates	6,741	5,979
Other Revenue	218	201
<b>Total Revenue</b>	<b>6,959</b>	<b>6,180</b>
<b>CAPITAL WORKS</b>		
Blenheim	4,676	1,169
Picton	1,586	392
Renwick	1,235	690
Havelock	268	124
Awatere	1,469	150
Riverlands	1,307	68
Wairau Valley	137	2
<b>Total Capital Works</b>	<b>10,678</b>	<b>2,595</b>
Debt Repayment	1,009	729
	<b>11,687</b>	<b>3,324</b>
<b>FUNDED BY</b>		
Borrowings	9,256	892
Transfers from -		
Depn Reserve	1,119	349
Other Reserves	1,312	2,083
	<b>11,687</b>	<b>3,324</b>

Note Refer to note 2 on page 41 for the elimination of internal interest.

### Explanation of variances:

The LTCCP incorporated capital works to comply with the Drinking Water Standards. These standards are not yet mandatory and for this reason the capital works required to treat Marlborough's water supplies have been deferred.

## SOLID AND HAZARDOUS WASTE MANAGEMENT

### What We Do and Why We Do It

Council provides waste management services for public health reasons and to protect the environment. Council is committed to a long-term goal of "zero waste and a sustainable Marlborough". This entails reducing the volume of waste that is being created in Marlborough, encouraging reuse of materials, and/or recycling materials into other products. Opportunities to recover any energy potentials, or other resources, are also explored. Where these options have been exhausted, are unavailable, or are not economically feasible, safe containment of some waste products may remain the optimal treatment.



As its first line of action for achieving zero waste, Council conducts education for waste minimisation and sustainability as well as providing support for research programmes and recycling initiatives. These programmes target schools, households, businesses, and industry.

Kerbside refuse collection is provided in Picton and Blenheim and waste transfer stations are operated at seven locations throughout Marlborough. Green waste composting facilities are provided at the Blenheim transfer station, along with a hazardous waste collection facility.

Waste for containment is transported to the regional landfill south of Blenheim on the Taylor Pass Road.

### How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Diversion of organic waste from landfill.	Increasing proportion diverted (2003 base)
Diversion of construction and demolition waste from landfill.	Increasing proportion diverted. (2003 base)
Diversion of glass and plastics from landfill.	Increasing proportion diverted. (2003 base)
Recovery and recycling rates for hazardous wastes.	Increasing proportion recovered and recycled. (2003 base)
Environmental impact of landfill sites.	100% compliance with resource consent conditions.

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Landfill and Transfer Stations	2,432	2,486
Refuse	789	831
<b>Total Operating Costs</b>	<b>3,221</b>	<b>3,317</b>
<b>FUNDED BY</b>		
Rates	1,856	1,654
General Revenues Applied	142	100
Other Revenue	857	1,362
<b>Total Revenue</b>	<b>2,855</b>	<b>3,116</b>
Operating Deficit Funded from Reserves	366	201
	<b>3,221</b>	<b>3,317</b>
<b>CAPITAL WORKS</b>		
Landfill and Transfer Stations	16	510
<b>Total Capital Works</b>	<b>16</b>	<b>510</b>
Debt Repayment	203	230
	<b>219</b>	<b>740</b>
<b>FUNDED BY</b>		
Borrowings	-	464
Transfers from -		
Depn / Amort. Reserve	609	609
Other Reserves	(390)	(333)
	<b>219</b>	<b>740</b>

Note - Refer to note 2 on page 41 for the elimination of internal interest.

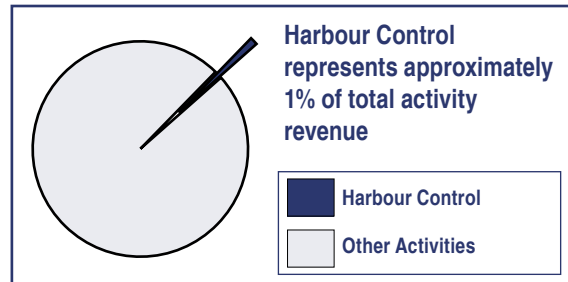
**Explanation of variances:**

- 1 Other revenue has increased as a result of Council proposing an increase in the cubic metre charge for dumping rubbish from \$12m<sup>3</sup> to \$15m<sup>3</sup>. Rates have reduced accordingly.
- 2 Capital and operating costs have increased reflecting the proposal to establish a recycling centre. Investigations into kerbside recycling are proposed however no provision has been made to provide this service in the LTCCP.

## HARBOUR CONTROL

### What We Do and Why We Do It

Harbour control is undertaken primarily to ensure safety in Marlborough’s waterways. The Marlborough Sounds contain 4,136 square kilometres (total water area) and approximately 1,500 kilometres of coastline that is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries. The Council is tasked with the responsibility of addressing matters of navigation and safety within this area, as required in the Local Government Act 2002 and the Maritime Transport Act 1994.



The Maritime Transport Act 1994 also requires councils to prepare, maintain and review Regional Marine Oil Spill Contingency Plans. For the purpose of oil spill response, the Marlborough region’s area of responsibility extends to the 12 nautical mile territorial boundary.

### How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Marine farm compliance with lighting requirements.	Annual increase compliance rates by 5% over 2002/03 levels.
Compliance with Marlborough District Council Bylaws and relevant Maritime legislation.	<ul style="list-style-type: none"> <li>• Annual increase</li> <li>• Reports of non-compliance investigated and responded to within five working days.</li> </ul>
Condition of navigation aid network.	<ul style="list-style-type: none"> <li>• Leading lights inspected quarterly, remaining lights bi-annually.</li> <li>• Repair outages within 24 hours.</li> </ul>
Accidents, injuries, and drowning.	Annual decline.
Numbers of training exercises.	<ul style="list-style-type: none"> <li>• At least one desk-top marine oil spill response management exercise conducted annually.</li> <li>• At least one water equipment deployment exercise conducted annually.</li> </ul>
Time to respond.	Oil spill reports evaluated within one hour of notification.

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Harbour Control	568	587
<b>Total Operating Costs</b>	<b>568</b>	<b>587</b>
Operating Surplus Transferred to Reserves	7	-
	<b>575</b>	<b>587</b>
<b>FUNDED BY</b>		
Rates	395	367
General Revenues Applied	73	48
Other Revenue	107	167
<b>Total Revenue</b>	<b>575</b>	<b>582</b>
Operating Deficit Transferred to Reserves	-	5
	<b>75</b>	<b>587</b>

<b>CAPITAL WORKS</b>		
Harbour Control	25	25
<b>Total Capital Works</b>	<b>25</b>	<b>25</b>
<b>FUNDED BY</b>		
Transfers from -		
Depreciation Reserve	16	26
Other Reserves	9	(1)
	<b>25</b>	<b>25</b>

### Explanation of variances:

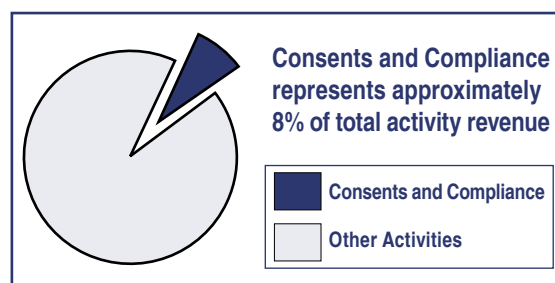
Risk analysis and identification of Council options for response is still being carried out. It is expected that this review will be completed in the next six months. It is likely that additional resources will be required. Funding options are also being investigated.

## CONSENTS AND COMPLIANCE

### What We Do and Why We Do It

The Resource Management Act 1991 charges Council with the statutory function of receiving, processing and granting resource consents, including certificates of compliance. As a unitary authority, Council is responsible for regional, district as well as coastal functions. There are five types of consents that Council must process:

- Land use, including the erection of buildings and land disturbance, as well as the use of river beds and lakes.
- Subdivision of land.
- Coastal marine, including reclamation of the foreshore or seabed, the erection or demolition of structures and occupancy of the coastal marine area, including marine farming.
- Water, including the taking, damming or diversion of water.
- Discharges of contaminants into the environment, being to water, land or air.



The majority of resource consents are approved subject to conditions. Council works closely with consent holders to ensure compliance.

The Building Act 1991 charges Council with the responsibility for receiving, processing and issuing building consents to ensure compliance with the New Zealand Building Code.

Council also has responsibility to protect and promote public health by undertaking the licensing and inspection of premises and enforcement of standards to ensure compliance with the Health Act 1956, Sale of Liquor Act 1989, Local Government Act 2002, Dangerous Goods Act 1974 and Hazardous Substance and New Organisms Act 1996 and Council Bylaws. Council is also responsible for the abatement of nuisances, control of pollution to air and land, and environmental noise monitoring.

### How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Timeframes for regulatory licensing and consent processing.	Hold or decline in processing times (2003 base).
Compliance with resource consent conditions.	Maintain a database for monitoring of resource consents
Compliance with public health standards.	Carry out at least one inspection annually of all registered food premises, and premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders.
Compliance with safety standards for dangerous goods.	Carry out at least one inspection annually of all premises where dangerous goods are manufactured, stored or used.

INDICATORS (cont)	TARGETS 2005 – 2006 (cont)
Responsiveness to complaints of non-compliance with Resource Management and Building Act statutory requirements.	Resolve all complaints, or develop a resolution strategy, within 21 days of receipt.
Pollution incidences, environmental noise, and nuisances within the community.	Respond to and investigate incidents that threaten public health within two working days.

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Resource Consents	2,092	1,523
Legal Section		339
PIMS and LIMS		536
Compliance		483
Public Information		178
Consent Hearings	524	360
Building Control	969	1,162
Health and Liquor	321	336
<b>Total Operating Costs</b>	<b>3,906</b>	<b>4,917</b>
Operating Surplus: Transferred to Reserves		2
	<b>3,906</b>	<b>4,919</b>
<b>FUNDED BY</b>		
Rates	1,995	2,010
General Revenues Applied	253	256
Other Revenues	1,658	2,653
<b>Total Revenue</b>	<b>3,906</b>	<b>4,919</b>
<b>CAPITAL WORKS</b>		
Resource Consents	4	5
Building Consents	1	1
Environmental Health	2	2
<b>Total Capital Works</b>	<b>7</b>	<b>8</b>
<b>FUNDED BY</b>		
Transfers from -		
Depreciation Reserve	6	6
Other Reserves	1	2
	<b>7</b>	<b>8</b>

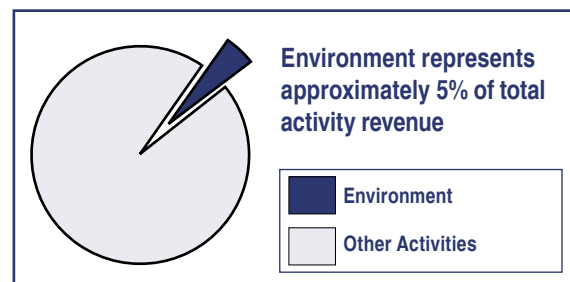
#### Explanation of variances:

In response to the growing demand for resource consents the functions carried out have been separated for reporting purposes. Additional resources are provided to meet the higher demand for consents and this is funded by third party income.

## ENVIRONMENT

### What We Do and Why We Do It

The Environment function of Council is carried out in terms of the requirements of the Resource Management Act 1991 (RMA). This function requires the monitoring and reporting on the state of Marlborough's environment - its land, air, water and coastal resources; and for preparation, and review, at not less than 10 year intervals, of policy for managing the natural and physical resources of Marlborough. Ensuring the ongoing involving of the community in defining issues, developing policy, and through to implementing best practice methods to manage issues is an important part of the function.



## Monitoring Activities

Council is required to monitor the state of the environment, so it can effectively carry out its functions under the RMA. Monitoring of various resources can provide us with information that will:

- inform us about the current condition of the environment;
- tell us what the key pressures on the environment are, whether the environment is getting better or worse and what Council is doing or intending to do to look after the environment;
- allow Council to assess the effectiveness of policies and methods relating to environmental management;
- raise awareness of environmental issues in the community;
- assist in making suggestions on ways to reduce adverse environmental effects; and
- enable Council to support a range of practical, on the ground responses, to address specific issues, for example, working with landowners to protect areas of significant indigenous vegetation on their property or with Rai Valley farmers to improve water quality through eliminating dairy herd stream crossings.

Some of Council's monitoring programmes have been in place for a number of years, others for just a few years. Because of the expense of setting up these programmes, priorities have been set. Particular emphasis is given to groundwater and surface water, reflecting their value to the community and their vulnerability to over-use and/or contamination. Investigation and monitoring of the state of biodiversity, land, air and coastal resources are also included in the work programme.

## Policy Framework

Council's three core RMA policy documents are:

- **The Marlborough Regional Policy Statement**

This is an operative document that provides a community based vision and direction for the managing the natural and physical resources of Marlborough. It identifies five regionally significant issues for Marlborough and how they are to be addressed. The MRPS is due to be reviewed by August 2005, which will be a significant undertaking for Council in conjunction with the community.

- **The Marlborough Sounds Resource Management Plan**

This is an operative combined regional, regional coastal and district plan that provides the framework by which the natural and physical resources of the Marlborough Sounds area are to be managed. Although only operative for a short time there are a number of proposed changes underway. This is in response to issues that have been around for some time, such as the ship wake issue, or in response to newer issues e.g. domestic waste water disposal from homes in the Sounds.

- **The Proposed Wairau/Awatere Resource Management Plan**

This plan is an operative combined regional, regional coastal and district plan that provides the framework by which the natural and physical resources of the Wairau/Awatere area of Marlborough are to be managed. The plan is still yet to be made operative but has been amended a number of times to address a range of issues. Achieving operative status for this plan is, however, now a major priority for Council.

Council also has in place other plans, which will be eventually superseded by the above resource management plans.

## How We Check Progress

Progress is assessed against the regionally significant issues identified in the Marlborough Regional Policy Statement: protection of water ecosystems; protection of land ecosystems; enabling community wellbeing; protection of visual features and control of waste. For each of these issues, a policy response, methods of implementing the policy and anticipated outcomes are set out.

State of the environment monitoring assists in determining whether the anticipated outcomes are being achieved. For example, in relation to protection of water quality, an anticipated outcome is that the integrity and health of freshwater habitats, as shown by the long-term sustainability and natural species diversity, will be maintained and enhanced. Council's monitoring has shown that for the Rai Valley catchment, this outcome is not being achieved, because of the numbers of dairy herds crossing small streams. To address this issue a Council/community driven project has been established to improve water quality by reducing the number of dairy herds crossings streams.

The results of state of the environment monitoring are reported in a detailed state of the environment report that is produced every five years. An annual update is produced in intervening years.

Where issues arise that have not been anticipated (for example, the detection of arsenic in groundwater at Rarangi) then monitoring is undertaken and reports are prepared on the particular issue.

A new reporting requirement from the Resource Management Amendment Act 2003, requires that Council must compile and make available to the public, at intervals of not more than 5 years, a review of the results of its monitoring of the 'efficiency and effectiveness of policies, rules or other methods in its policy statement or its plan'. What form this new reporting requirement might take has yet to be established.

### Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Environment Policy	1,413	1,702
Environment Monitoring	1,319	1,349
<b>Total Operating Costs</b>	<b>2,732</b>	<b>3,051</b>
<b>FUNDED BY</b>		
Rates	2,356	2,597
General Revenues Applied	299	332
<b>Total Revenue</b>	<b>2,655</b>	<b>2,929</b>
Operating Deficit Transferred from Reserves	77	122
	<b>2,732</b>	<b>3,051</b>
<b>CAPITAL WORKS</b>		
<b>Environment Monitoring</b>	<b>49</b>	<b>49</b>
<b>FUNDED BY</b>		
Transfers from -		
Depreciation Reserve	26	21
Other Reserves	23	28
	<b>49</b>	<b>49</b>

#### Explanation of variances:

Additional resources have been proposed for the development of Council's resource management policies and to respond to increasing demand from the marine environment and the changing land use.

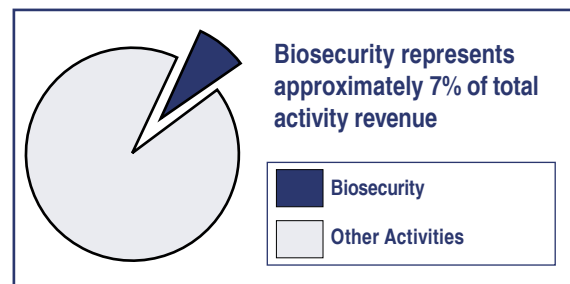
## ANIMAL AND PLANT PESTS – (BIOSECURITY)

### What We Do and Why We Do It

This activity helps ensure the economic and ecological sustainability of the District. Council carries out pest management in accordance with National and Regional Pest Management Strategies, prepared in conjunction with stake holders and in compliance with the Regional Policy Statement, and with the Biosecurity Act 1993 and Resource Management Act 1991.

The Regional Pest Management Strategy defines and classifies pests in the region into four categories:

- **Total Control Pests** – pests to be eradicated throughout the region. The onus for control is shared between the land occupier and Council.
- **Containment Pests** – pests that require control to prevent that spread and to reduce overall pest density levels over time. The control of these pests is a legal obligation for the land occupier.
- **Surveillance Pests** – pests which have significance but where the only control is the banning of sale, propagation and distribution. Council provides advice and education as well as carrying out monitoring of that impact and distribution.
- **Ecological Threats** – pests that are regarded as being widely distributed and have been acknowledged as a threat to ecological values. Possible future pest control may be directed at sites with significant ecological values.





The responsibility for controlling pests lies primarily with land occupiers. A major part of Council's pest management activity is therefore directed towards providing advice to land occupiers on identifying and controlling pests and monitoring to ensure compliance with pest control programmes.

The Council also has a responsibility to provide a service to the Animal Health Board, under a National Pest Management Strategy to reduce the impact of bovine tuberculosis. This involves managing and controlling the feral vectors, such as possums and stoats, that carry this disease. Central Government and Council provide funding for this programme, along with other stakeholders.

Further information is available by viewing Council's Regional Pest Management Strategy or the Biosecurity activities on Council's website or by directly contacting Council for a copy of the regional Pest Management Strategy Operational Plan or Operational Plan Report.

## HOW WE CHECK PROGRESS

INDICATORS	TARGETS 2005 – 2006
Long-term (5 year +) trends in containment control plant pests.	No new infestations outside known areas.
Long-term (5 year +) trends in total control pests.	Measurable decline over time.
Numbers of Tb infected herds	<ul style="list-style-type: none"> <li>No feral animal infected herds outside existing risk areas.</li> <li>Hold or decline in the number of feral animal infected herds in existing risk areas.</li> </ul>
Possum populations in operational areas.	Maintain to less than or equal to the residual trap catch level stipulated in the operational plan.
Land occupier compliance.	100% compliance where containment control pests exist and control is required under the Regional Pest Management Strategy.

## Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Bovine TB Control	3,393	3,610
Regional Pest Management	545	626
<b>Total Operating Costs</b>	<b>3,938</b>	<b>4,236</b>
<b>FUNDED BY</b>		
Rates	799	833
Subsidies	2,677	2,885
Other Revenue	361	391
General Revenues Applied	101	110
<b>Total Revenue</b>	<b>3,938</b>	<b>4,219</b>
Operating Deficit Funded from Reserves		17
	<b>3,938</b>	<b>4,236</b>

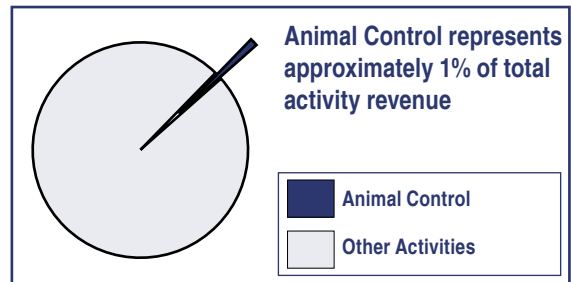
### Explanation of variances:

Operating costs have increased as a result of additional subsidy provided by Animal Health Board for Bovine Tb control, response to varroa beemite and wilding pines (South Marlborough).

# ANIMAL CONTROL

## What We Do and Why We Do It

Council carries out animal control functions in accordance with the Dog Control Act 1996, the Impounding Act 1995, and Animal Control Bylaws. This includes control of dogs, stock on public roads and other domestic animals. A large part of the activity involves dogs and dog registrations.



## How We Check Progress

INDICATORS	TARGETS 2005 – 2006
Response times.	Attend to dog attacks and rushes which have just occurred within 1 hour. Attend to possible threats to public safety within 5 hours Attend to complaints of general nuisance within 48 hours Investigate all other complaints within two working days.
Cost recovery rates.	Recover all dog control costs through registration fees and fines.

## Operating Costs and Funding Forecasts

Financial Year	LTCCP 2005/06 (\$000's)	Annual Plan 2005/06 (\$000's)
<b>OPERATING COSTS</b>		
Animal Control	293	437
<b>Total Operating Costs</b>	<b>293</b>	<b>437</b>
Operating Surplus: Transferred to Reserves	4	(2)
	<b>297</b>	<b>435</b>
<b>FUNDED BY</b>		
Rates	51	55
General Revenues Applied	6	7
Other Revenue	240	373
<b>Total Revenue</b>	<b>297</b>	<b>435</b>

### Explanation of variances:

Increased income associated with additional income from last year's increase in the registration fee.

## MARLBOROUGH REGIONAL FORESTRY

### Goal

- **To maximise return on investment.**

Marlborough Regional Forestry (MRF) is a joint committee of the Marlborough District Council and the Kaikoura District Council (KDC). MDC owns 88.62% of the forestry estate and KDC owns the remaining 11.38%. The estate was valued at \$28 million as at 30 June 2004.

The primary aim of production forest management is to create a resource that will maximise utilisation and provide the best financial return from the predominantly radiata pine forests.

Clear felling operations, which have commenced are expected to reach a sustainable annual harvest of 80,000m<sup>3</sup>.

Distributions made to Council will in the first instance repay advances provided for projects such as the Picton sewage treatment plant and Renwick sewerage. Funds remaining have been set aside to fund infrastructure projects in accordance with the contributions made by the different areas within Marlborough.

OBJECTIVE FOR 2005/2006	PERFORMANCE INDICATORS
To ensure the programme of timber extraction maximises return on investment.	<ul style="list-style-type: none"> <li>• Harvesting strategy maintained.</li> <li>• Operating plans for pruning, maintenance and replanting reviewed annually.</li> </ul>

### Marlborough Regional Forestry (Stand Alone)

	LTCCP 2005/06 \$000's	Annual Plan 2005/06 \$000's
<b>COST OF SERVICES</b>		
Operating Costs	894	902
<b>Revenue</b>	<b>4,347</b>	<b>3,160</b>
<b>Net Surplus/Deficit</b>	<b>3,453</b>	<b>2,258</b>
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>Public Equity</b>	<b>25,037</b>	<b>19,317</b>
Current Assets	4,139	991
Less Current Liabilities	616	435
<b>Working Capital</b>	<b>3,523</b>	<b>556</b>
Non Current Assets	31,122	28,363
Non Current Liabilities	9,608	9,602
<b>Net Assets</b>	<b>25,037</b>	<b>19,317</b>

## MDC HOLDINGS LIMITED

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MDC Holdings is a council-controlled trading organisation (CCTO) and is owned 100% by the Marlborough District Council. Council established MDC Holdings Limited for the purposes of separating the commercial trading activities of the Council from the other functions carried out by the Council; to provide the means for bringing the main trading enterprises of the Marlborough District Council together into one structure; and to obtain commercial borrowing facilities at the most attractive rates attainable.

Port Marlborough New Zealand Limited is a subsidiary of MDC Holdings. While the Marlborough District Council owns 100% of the shares through MDC Holdings Limited, its intent is that Port Marlborough operates as a separate commercial entity in a completely commercial manner.

Port Marlborough New Zealand Limited wholly owns Marlborough Airport Limited. Maintenance of the runways and taxiways used by civil aircraft is the responsibility of the Airport Company as well as the provision of a terminal facility with associated minor freight handling.

OBJECTIVES	PERFORMANCE TARGETS
To operate as a successful holding company.	<ul style="list-style-type: none"><li>• Prepare and forward financial statements to Council in accordance with legislative requirements.</li><li>• Report annually to Council on the performance of the subsidiary trading enterprises.</li><li>• Report annually to Council on the level and rate of its borrowings.</li></ul>

# PART III: FINANCIAL INFORMATION

## STATEMENT OF CASHFLOWS

Forecasts for the year ending 30 June 2006 - \$'000's

	LTCCP 2005/06	Annual Plan 2005/06
<b>OPERATING ACTIVITIES</b>		
<b>Cash Provided From:</b>		
Rates	35,891	36,405
Dividend Received	1,084	595
User Charges & Other Receipts	19,178	27,144
Interest	1,491	832
	<b>57,644</b>	<b>64,976</b>
<b>Cash Disbursed For:</b>		
Payments to Suppliers & Employees	36,062	41,286
Interest Paid	2,308	1,366
Subvention Payment	619	0
	<b>38,989</b>	<b>42,652</b>
NET CASH FLOWS FROM OPERATING ACTIVITIES	18,655	22,324
<b>INVESTING ACTIVITIES</b>		
<b>Cash Provided From:</b>		
Disposal of Fixed Assets	63	39
Withdrawals from Sinking Funds	724	404
	<b>787</b>	<b>443</b>
<b>Cash Applied To:</b>		
Sinking Fund Investments	2,742	2,583
Purchase of Fixed Assets (Note: 3)	21,073	21,408
	<b>23,815</b>	<b>23,991</b>
NET CASH FLOWS FROM INVESTING ACTIVITIES	(23,028)	(23,548)
<b>FINANCING ACTIVITIES</b>		
<b>Cash Provided From:</b>		
Term Loans (Note: 6)	11,808	5,930
	<b>11,808</b>	<b>5,930</b>
<b>Cash Applied To:</b>		
Term Loans	399	816
	<b>399</b>	<b>816</b>
NET CASH FLOWS FROM FINANCING ACTIVITIES	11,409	5,114
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>7,036</b>	<b>3,890</b>
ADD OPENING CASH BALANCE	4,248	7,136
<b>CLOSING CASH BALANCE</b>	<b>11,284</b>	<b>11,026</b>
<b>REPRESENTED BY:</b>		
Cash & Deposits	11,284	11,026

## STATEMENT OF FINANCIAL PERFORMANCE

### Forecasts for the year ending 30 June 2006 - (\$'000's)

	LTCCP 2005/06	Annual Plan 2005/06
<b>NET COST OF COUNCIL SERVICES</b>		
Democratic Process	1,865	1,935
Community Services	6,204	6,762
Regional Development	668	1,736
Emergency Management	514	546
Land Transport	9,440	10,655
Rivers and Land Drainage	2,794	2,807
Wastewater (Sewerage)	3,169	4,669
Stormwater	697	788
Water Supply	5,084	4,051
Solid and Hazardous Waste Management	2,842	2,930
Harbour Control	568	587
Consents and Compliance	3,906	4,917
Environment	2,732	3,051
Animals and Plant Pests (Biosecurity)	3,938	4,236
Animal Control	293	437
	<b>44,714</b>	<b>50,107</b>
General District Expenses	962	832
Subvention Payment to MDC Holdings Ltd	619	0
Marlborough Regional Forestry Expenditure	538	547
<b>Total Expenditure for Council Services</b>	<b>46,833</b>	<b>51,486</b>
<b>REVENUE</b>		
Geographic Areas Targeted General Rates & Charges	21,484	22,555
Other Targeted Rates & Charges	14,406	13,850
Subsidies & Grants	6,295	12,450
Interest	1,586	823
Dividends	1,084	595
Other - Marlborough District Council	8,561	11,544
Other - Marlborough Regional Forestry	3,758	2,799
<b>Total Revenue</b>	<b>57,174</b>	<b>64,616</b>
<b>Less Total Expenses</b>	<b>46,833</b>	<b>51,486</b>
<b>Surplus/(Deficit)</b> (See Note 7 for utilisation of surplus)	<b>10,341</b>	<b>13,130</b>

## STATEMENT OF MOVEMENTS IN EQUITY

### Forecasts for the year ending 30 June 2006 - (\$'000's)

	LTCCP 2005/06	Annual Plan 2005/06
Equity at beginning of year	575,361	617,128
<b>Surplus / (Deficit) and Revaluations</b>		
Net Surplus / (Deficit) after Taxation	10,341	13,130
<b>Closing Ratepayers Equity</b>	<b>585,702</b>	<b>630,258</b>

## STATEMENT OF FINANCIAL POSITION

### Forecasts for the year ended 30 June 2006 - (\$'000's)

	LTCCP 2005/06	Annual Plan 2005/06
<b>RATEPAYERS' EQUITY</b>		
Accumulated Funds/Retained Earnings	430,626	437,391
Ordinary Reserves	26,732	30,360
Revaluation Reserve	128,344	162,507
<b>RATEPAYERS' EQUITY</b>	<b>585,702</b>	<b>630,258</b>
<b>REPRESENTED BY:-</b>		
<b>Current Assets</b>		
Cash & Deposits	11,284	11,026
Receivables & Prepayments	6,286	4,463
Stocks	141	766
	<b>17,711</b>	<b>16,255</b>
<b>LESS:-</b>		
<b>Current Liabilities</b>		
Payables & Accruals	4,146	9,819
Deposits Trusts & Agencies	5,520	1,662
	<b>9,666</b>	<b>11,481</b>
<b>Working Capital</b>	<b>8,045</b>	<b>4,774</b>
<b>Non Current Assets</b>		
Investments	26,730	19,562
Fixed Assets	587,276	626,642
	<b>614,006</b>	<b>646,204</b>
<b>Less:</b>		
Term Liabilities	36,349	20,720
<b>NET ASSETS</b>	<b>585,702</b>	<b>630,258</b>

# STATEMENT OF ACCOUNTING POLICIES

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## Reporting Entity

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Marlborough District Council (MDC) is a unitary authority as defined by the Local Government Act 2002. These financial statements comprise the activities of the Marlborough District Council and the other entities in which the Council has a significant interest.

The group consists of:

- MDC Holdings Limited - MDC wholly owned.
- Port Marlborough NZ Limited - wholly owned by MDC Holdings Limited.
- Marlborough Airport Limited - wholly owned by Port Marlborough NZ Limited.

The financial statements have been prepared in terms of the Local Government Act 2002.

## Measurement Base

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The accounting principles recognised as appropriate for the measurement and report of financial performance, cashflows and financial position on an historical cost basis are followed in the financial statements, with the exception that certain fixed assets have been revalued.

## Accounting Policies

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The following are the particular accounting policies which have a material effect on the measurement and reporting of results and financial position.

### Accounts Receivable

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Accounts receivable are valued at expected realisable value.

### Inventories

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Inventories are valued at the lower of cost or net realisable value. Where the cost basis is used the cost has been determined by the weighted average cost method.

### Fixed Assets

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#### Land Improvements and Buildings

Leased land at Conders Bend and the Forum site was valued by Alexander Hayward Limited (Registered Valuers). The value is the fair value as at 30 June 2003. All other land was valued by QV Valuations (Registered Valuers). The value is based on fair value as at 30 June 2004 with reference to best use.

Improvements and buildings were valued by Alexander Hayward Limited (Registered Valuers). The values are based on fair values as at 30 June 2004. Depreciation has been provided for the years ended 30 June 2005 and 2006.

In the case of Marlborough Regional Forestry these assets were valued by Merrill & Ring New Zealand Limited (Forestry Consultants) as at 30 June 2004.

#### Library Books and Parking Meters

These are stated at independent valuation as at 30 June 1991 less accumulated depreciation plus additions at cost. The valuation was undertaken by Landcorp Management Services Limited, Registered Valuers, and was based on depreciated replacement cost. This valuation is deemed to be the cost of the asset and there is no intention to revalue these assets.

#### Forestry

The forest crops were revalued by Mr Murray Turbitt (Bachelor of Forestry) of Merrill & Ring New Zealand Limited as at 30 June 2004. The basis of valuation is the estate based 'Net Present Value Method'.

The estate based 'Net Present Value Method' involves forecasting future cashflows likely to be generated from the forest. These cashflows are then discounted back to the present giving a net present value.



## Other Fixed Assets Excluding Infrastructural Assets

These are stated at cost or independent valuations (as at 19 March 1990) plus the cost of additions less accumulated depreciation. This valuation is deemed to be the cost of the asset and there is no intention to revalue these assets. The valuations were undertaken by Harrison Grierson Consultants Limited, Registered Valuers, and were based on each item being valued as an essential part of the whole activity. Valuations were established at current market rates for reinstating the unit, and thereafter adjusting downward having regard to the age and condition of the items.

## Infrastructural Assets

Infrastructural assets are recorded at valuation, plus additions at cost less accumulated depreciation.

Roads, bridges, wharves, street lighting, water, sewer, stormwater and river control and drainage assets were valued at depreciated replacement cost as at 1 July 2001. The valuation was performed by Council engineering staff directly associated with managing these assets. Independent reviews of these valuations were carried out by Opus International Consultants (roads, bridges, wharves and street lighting) and Alexander Hayward Limited (water, sewer, stormwater, river control and drainage and land under roads). In the case of land under roads, an average of adjacent undeveloped land value has been applied.

Reserves, public conveniences and war memorial land was valued by QV Valuations (Registered Valuers). The value is based on as at 1 July 1999 'net current value'. Any land acquired after 1 July 1999 is shown at cost.

Reserves, public conveniences and war memorial building and improvements were valued by Alexander Hayward Limited (Registered Valuers). The value is based on, as at 1 July 1999, the lower of cost or net realisable value. Any buildings and improvements acquired after 1 July 1999 are shown at cost less depreciation. Depreciation has been provided for the years ended 30 June 2005 and 2006.

Certain infrastructural assets have been vested in Council as part of the subdivision consent process. Vested infrastructure assets have been valued based on the estimated quantities of the components vested in Council.

Carparks were valued at depreciated replacement cost at 1 July 2001 by Marlborough Roads Limited. The valuation was peer reviewed by Opus International Consultants.

## Depreciation

Depreciation is provided on a straight line basis on all fixed assets 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.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	LIFE	RATE
<b>Roads, Streets and Bridges</b>		
- Land under roads	Not depreciated	
- Pavement formation	Not depreciated	
- Pavement layers	50 - 100 years	1 - 2%
- Pavement surface	13 years	7.692%
- Culverts	20 - 50 years	2 - 5%
- Kerb and channel	80 years	1.25%
- Concrete stormwater channels	80 years	1.25%
- Earth water channels	Not depreciated	
- Footpaths	30 - 80 years	1.25 - 3.33%
- Bridges	40 - 100 years	1 - 2.5%
- Footbridges	50 - 100 years	1 - 2%
- Retaining walls	30 years	3.33%
Street berms	Not depreciated	
Traffic signs	20 years	5%
- Street lighting	20 years	5%
- Traffic islands	50 years	2%
- Street trees	40 years	2.5%
- Street furniture	25 years	4%
- Paved and cobbled areas	30 years	3.33%
- Wharves	40 - 50 years	2 - 2.5%

	LIFE	RATE
<b>Carparks</b>		
- Parking meters/ticket machines	10 years	10%
- Land	Not depreciated	
- Formation	Not depreciated	
- Basecourse	80 years	1.25%
- Surfacing	20 years	5%
- Markings	3 years	33.33%
<b>Buildings (excluding properties intended for sale)</b>	100 years	1%
<b>Council Computers</b>	4 years	25%
<b>Plant, equipment (excluding Council infrastructural assets)</b>	5 - 13.33 years	7.5 - 20%
<b>Mowers/chainsaws</b>	1 - 2 years	50 - 100%
<b>Sewerage</b>		
- Pipes	80 - 100 years	1 - 1.25%
- Pump stations	20 - 100 years	1 - 5%
- Oxidation ponds		
Liner	Not depreciated	
Waveband	75 years	1.33%
- Treatment plant	20 - 100 years	1 - 5%
<b>Stormwater</b>		
- Pipes	80 - 100 years	1 - 1.25%
- Pump stations	20 - 100 years	1 - 5%
<b>Water</b>		
- Pipes	50 - 100 years	1 - 1.67%
- Reservoirs	80 years	1.25%
- Surface connections	100 years	1%
- Pumps	10 years	10%
- Pump stations	20 - 60 years	1.67 - 5%
- Treatment plant	20 - 100 years	1 - 5%
- Dams	150 years	.667%
- Meters	30 years	3.33%
<b>Rivers and Drainage</b>		
- Pump stations	35 - 100 years	1 - 2.86%
- Stopbanks/earthworks	Not depreciated	
- Rock and gabion protection	Not depreciated	
- Trees and tree retarders	Not depreciated	
- Culverts and gates	Not depreciated	
- Channels	Not depreciated	
- Dam	100 years	1%
<b>Library books</b>	13.33years	7.5%

Apart from plant and equipment (see above), no provision has been made for depreciation on the fixed assets of the Marlborough Regional Forestry. These assets principally comprise land and improvements, forests and forestry development.

As owner and operator of the Blenheim landfill, Council has depreciated the cost of the landfill development over its 46 year life and charged the depreciation to operating costs. The amortisation rate is based on volume utilisation divided by the capacity of the landfill site.

## Landfill Post Closure Costs

As owner and operator of the Blenheim landfill, Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill site after closure. To provide for these estimated costs of aftercare, a charge is made each year based on net present value of the after care cost, which is estimated will be incurred following the closure of the landfill.

## Accounting for Deferred Taxation

The Council and its subsidiaries use the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

## Marlborough Regional Forestry

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Marlborough Regional Forestry is a joint committee of Marlborough District Council (88.62%) and Kaikoura District Council (11.38%) and is not subject to income tax on income from its own operations.

## Goods and Services Taxation

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These accounts are prepared on a GST exclusive basis except for accounts receivable/accounts payable which are shown GST inclusive.

## Cost of District Council's Significant Activities

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- (a) Operating Costs  
All direct costs of providing services and allocating overheads have been charged to the relevant significant activity.
- (b) Direct costs include salaries and wages, materials, services, depreciation and a share of the other costs of managing each significant activity.
- (c) Allocated Overheads  
The costs of providing supporting services for the Marlborough District Council are accumulated and then allocated to each significant activity using appropriate allocation bases which reflect usage and/or capacity for each significant activity.
- (d) General type rates have been allocated to significant activities of Council in the Cost of Service statements. The basis of allocation is as detailed in the Annual Plan.

## Activities Funded From Targeted Rates

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Where significant activities include the delivery of services which benefit a specific group within the community, the net cost of delivering such services is financed where practicable by targeted rate charged only to that specific group. Such rates are shown separately as revenue earned by the particular significant activity.

## Employee Entitlements

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The gratuity and long service provisions have been calculated on an actuarial basis which recognises the liability for what is likely to be paid out to staff over the long term based on years of service accumulated to date.

## Investments

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All investments are valued at the lower of cost or net realisable values. Records of the cost were not available for all investment when the Council adopted accrual accounting methods. In those instances where the original cost of an investment was not available, par or nominal value has been used. Where investments have been purchased at a premium/discount that premium/discount is amortised over the term of the investment.

## Financial Instruments

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The Council and its subsidiaries are party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, investments, receivables, payables and borrowing. These instruments are generally carried at their estimated fair value as described in the Statement of Financial Position. Revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

## Statement of Cash Flows

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Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council or group invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made for the supply of goods and services.

Agency transactions are recognised as receipts and payments in the Statement of Cash Flows given that they flow through the Council's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council and group.

## **Changes in Accounting Policies**

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There have been no significant changes in accounting policies. All policies have been applied on a basis consistent with that used in the previous accounting period.

## Notes to the Financial Statements

### 1. All Financial Information Contained in the Notes are Forecasts (Budgets).

The forecasts have been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur that are associated with actions that the Council reasonably expects to take place as at the date the information is prepared.

The actual results achieved for the year ended 30 June 2006 are likely to vary from the information presented, and the variations may be material.

### 2. Elimination of Internal Interest

In order to minimise the risk of interest rate fluctuations on externally borrowed funds and maximise interest earned on Council investments, Council has continued to finance its Loan requirements internally, wherever possible. The interest rate used is the estimated average market rates prevailing over the term of the loan. The interest on these loans is recorded as an expense in the Significant Activity Accounts.

This internal interest has been eliminated from the consolidated Statement of Financial Performance as follows:

#### ACTIVITY

	LTCCP 2005/06 \$000	Annual Plan 2005/06 \$000
Community Services	192	203
Land Transport	567	597
Wastewater (Sewerage)	541	636
Stormwater	207	207
Water Supply	553	1,270
Solid and Hazardous Waste Management	379	387
	<b>2,439</b>	<b>3,300</b>

### 3. Capital Expenditure Summary (GST Exclusive)

Capital Expenditure \$000's	Description	LTCCP 2005/06	Annual Plan 2005/06
<b>Cemeteries</b>	<b>Funded by User Charges and Rates</b>		
- Fairhall	Improvements	12,000	12,000
- Omaka	Improvements	25,000	25,000
		<b>37,000</b>	<b>37,000</b>
<b>Consents</b>	<b>Funded by User Charges and Rates</b>		
	Equipment	6,200	7,200
		<b>6,200</b>	<b>7,200</b>
<b>Biosecurity</b>	<b>Funded by Rates</b>		
	Sundry plant	1,500	1,500
		<b>1,500</b>	<b>1,500</b>
<b>Emergency Management</b>	<b>Funded by Rates</b>		
Civil Defence	Computers	3,800	3,800
	Office equipment	4,000	4,000
	Radio telephones	7,000	7,000
	Sundry plant	1,000	1,000
Fire Protection	Pumps - light	15,000	15,000
		<b>30,800</b>	<b>30,800</b>
<b>Environmental Review</b>	<b>Funded by Rates</b>		
Hydrometrics	Instrumentation	46,000	46,000
	Telemetry field equipment	3,000	3,000
		<b>49,000</b>	<b>49,000</b>
<b>Harbour</b>	<b>Funded by Rates</b>		
	Navigational aids	25,000	25,000
		<b>25,000</b>	<b>25,000</b>
<b>Information Services</b>	<b>Funded by Internal Charges and Reserves</b>		
	Equipment	347,000	347,000

Capital Expenditure \$000's	Description	LTCCP 2005/06	Annual Plan 2005/06
<b>Libraries</b>	<b>Funded by Rates and Reserves</b>		
	Books/Equipment	<b>250,200</b>	<b>250,200</b>
<b>Memorials</b>	<b>Funded by Rates</b>		
Memorials: Seddon	Improvements	5,000	5,000
Memorials: Ward	Improvements	2,500	2,500
		<b>7,500</b>	<b>7,500</b>
<b>Museums</b>	<b>Funded by Reserves/Rates</b>		
- Renwick	Buildings	0	171,400
		<b>0</b>	<b>171,400</b>
<b>Office Services: Administration</b>	<b>Funded by Internal Charges and Reserves</b>		
	Office equipment	80,000	80,000
	Other buildings & Structures	80,000	80,000
		<b>160,000</b>	<b>160,000</b>
<b>Parking - Blenheim</b>	<b>Funded by User Charges</b>		
	Reader Equipment	0	13,000
	Parking meters	5,000	5,000
		<b>5,000</b>	<b>18,000</b>
<b>Plant</b>	<b>Funded by Internal User Charges</b>		
	Equipment	<b>360,270</b>	<b>227,300</b>
<b>Property</b>	<b>Funded by User Charges</b>		
- Community Housing	Improvements	120,000	120,000
- Rental Housing	Improvements	20,700	0
		<b>140,700</b>	<b>120,000</b>
<b>Public Conveniences</b>			
- Blenheim	Oliver Park/Horton Park renewals	65,000	65,000
- Rai Valley	Improvements	8,000	8,000
		<b>73,000</b>	<b>73,000</b>
<b>Reserves</b>	<b>Funded by Land Subdivision Account</b>		
- A&P Park (Group 6)		10,000	10,000
- Athletic park (Group 7)		5,000	5,000
- Burleigh Park (Group 1a)		10,000	10,000
- Churchward Park (Group 9)		5,000	5,000
- Endeavour Park (Group 5)			500,000
- Esplanade (Group 14)		20,000	20,000
- George Powell (Group 1a)		10,000	10,000
- Harling Park (Group 1a)		5,000	5,000
- Havelock Domain (Group 10)			18,000
- Horton Park (Group 6)		5,000	5,000
- Koromiko Deer Park (Group 14)		8,000	8,000
- Oliver Park (Group 7)		25,000	25,000
- Pollard Park General (Group 12)		30,000	30,000
- Renwick Domain (Group 4)		5,000	5,000
- Rewi Murray Polo Ground (Group 15)		25,000	25,000
- Riversdale Park (Group 1a)		10,000	10,000
- Riverside Park (Group 12)		15,000	15,000
- Sutherland Stream (Group 1a)		10,000	10,000
- Unspecified (Group 1a)		22,500	22,500
- Waikawa Foreshore (Group 8)		8,000	8,000
- Whitehead Park (Group 1a)		15,000	15,000
- Wither Hills Amenity Planting (Group 13)		10,000	15,000
		<b>253,500</b>	<b>776,500</b>
<b>Rivers Operations</b>	<b>Funded by Rates</b>		
Drainage Pump Stations: Blenheim	Pump stations	30,000	30,000
Drains: Blenheim Minor Rivers	Drainage channels	25,000	25,000
Drains: Rural Zone A	Drainage channels	30,000	30,000
Rivers out WV: Picton/Waikawa	Rock and Gabion protection	20,000	20,000
Rivers WV: Lower Opawa	Stopbanks	20,000	20,000
Rivers WV: Lower Wairau	Stopbanks	20,000	20,000
Rivers WV: Opawa Loop	Stopbanks	20,000	20,000
Rivers WV: Rivers land purchases	Land	150,000	150,000
Rivers WV: Taylor	Stopbanks	85,000	45,000

Capital Expenditure \$000's	Description	LTCCP 2005/06	Annual Plan 2005/06
Rivers WV: Wairau Diversion	Stopbanks	40,000	40,000
Rivers WV: Wairau Renwick	Rock and Gabion protection	0	100,000
Rivers WV: Wairau Tuamarina	Stopbanks	100,000	40,000
		<b>540,000</b>	<b>540,000</b>
<b>Roads Streets and Bridges</b>	<b>Funded by Rates and Development Impact Levies</b>		
Roading Related Works: Blenheim	Sealed pavement	81,400	226,500
Roading Related Works: Blenheim	Streetlighting	17,318	0
Roading Related Works: Other	Footpaths (concrete)	40,000	40,000
Roading Related Works: Other	Kerb & Channel	50,000	50,000
Roading Related Works: Other	Renewals: Footpaths (sealed)	120,000	240,000
Roading Related Works: Other	Renewals: Kerb and Channel	55,000	55,000
Roading Related Works: Other	Renewals: Street Furniture	10,000	10,000
Roading Related Works: Other	Renewals: Vehicle crossings	15,000	15,000
Roading Related Works: Other	Streetlighting	35,800	35,800
Roading Related Works: Other	Vehicle crossings	10,000	10,000
Roading Related Works: Wairau/Awatere	Sealed pavement	25,000	25,000
Archer's Road	Sealed pavement	92,000	92,000
General Roding	Culverts	64,500	64,500
General Roding	Renewals: Area wide pavement treatment	780,000	700,000
General Roding	Renewals: Bridges		150,000
General Roding	Renewals: Culverts	86,595	86,595
General Roding	Renewals: Maintenance chip seal	1,220,000	1,520,000
General Roding	Renewals: Major rehabilitation		300,000
General Roding	Renewals: Sealed pavement	326,117	475,600
General Roding	Renewals: Surface Water Channels	100,000	100,000
General Roding	Renewals: Thin asphaltic coating	150,000	150,000
General Roding	Renewals: Unsealed pavement	360,880	428,400
General Roding	Sealed pavement	800,000	866,000
General Roding	Surface water channels	50,000	50,000
General Roding	"R" Funded projects		2,000,000
Keneperu Road SRA (non-sub)	Sealed pavement		
Rainbow Road	Renewals: Maintenance chip seal		
Street Plots - Blenheim	Street plots	10,000	10,000
Street Trees - Blenheim	Street trees	8,000	8,000
Wharves: Other	Wharves.	120,000	60,000
Subdivisional Works	Sealed pavement	150,000	150,000
		<b>4,777,610</b>	<b>7,918,395</b>
<b>Sewerage</b>	<b>Funded by Rates</b>		
Blenheim	Connections	25,000	25,000
	Pipelines	342,000	661,397
	Pump stations	150,000	418,538
	Renewals: Pipelines	76,000	76,000
	Renewals: Pump stations	16,000	16,000
	Telemetry field equipment	2,625	2,625
	Treatment plant	2,230,472	2,722,108
		<b>2,842,097</b>	<b>3,921,668</b>
Havelock	Connections	1,244	1,244
	Oxidation ponds	13,308	20,000
	Renewals: Pump stations	10,000	10,000
	Telemetry field equipment	820	820
	Treatment plant	0	1,462
		<b>25,372</b>	<b>33,526</b>
Picton	Connections	10,000	10,000
	Pipelines	5,000	31,829
	Pump stations	4,971	37,561
	Renewals: Pipelines	75,000	176,952
	Telemetry field equipment	1,477	1,477
	Treatment plant	0	26,829
		<b>96,448</b>	<b>284,648</b>

Capital Expenditure \$000's	Description	LTCCP 2005/06	Annual Plan 2005/06
Renwick	New Sewer System	0	2,372,184
		<b>0</b>	<b>2,372,184</b>
Seddon	Connections	1,000	1,000
	Telemetry field equipment	164	164
	Treatment plant	5,335	5,366
		<b>6,499</b>	<b>6,530</b>
Spring Creek	Connections	1,000	1,000
	Oxidation ponds	81	20,000
	Telemetry field equipment	492	492
	Treatment plant	0	1,463
		<b>1,573</b>	<b>22,955</b>
	<b>Sewerage Totals</b>	<b>2,971,989</b>	<b>6,641,511</b>
<b>Stormwater</b>	<b>Funded by Rates</b>		
Blenheim	Connections	20,000	40,000
	Pipelines	154,300	229,600
	Renewals: Pipelines	90,000	90,000
		<b>264,300</b>	<b>359,600</b>
Havelock	Connections	1,000	1,000
		<b>1,000</b>	<b>1,000</b>
Picton	Pump stations	0	150,000
	Connections	5,000	5,000
	Pipelines	20,000	165,000
	Renewals: Pipelines	50,000	180,000
		<b>75,000</b>	<b>500,000</b>
Renwick	Connections	2,000	2,000
	Pipelines	0	38,634
		<b>2,000</b>	<b>40,634</b>
Spring Creek	Connections	711	711
		<b>711</b>	<b>711</b>
	<b>Stormwater Totals</b>	<b>343,011</b>	<b>901,945</b>
<b>Waste Management - Landfills</b>	<b>Funded by User Charges and Rates</b>		
Blenheim Transfer Station	Other buildings & Structures	0	125,000
Regional	Landfills	15,815	384,758
		<b>15,815</b>	<b>509,758</b>
<b>Water</b>	<b>Funded by Rates</b>		
Awatere	Connections	6,000	6,000
	Pipelines		43,684
	Renewals: Pipelines	55,860	55,860
	Renewals: Pump stations	1,148	1,148
	Treatment plant	1,405,692	42,927
		<b>1,468,700</b>	<b>149,619</b>
Blenheim	Connections	50,000	50,000
	Pipelines	748,000	705,719
	Pump stations	745,000	75,122
	Renewals: Connections	120,000	120,000
	Renewals: Pipelines	50,000	50,000
	Renewals: Pump stations	2,300	2,300
	Reservoirs	1,841,000	123,415
	Treatment plant	1,120,000	42,927
		<b>4,676,300</b>	<b>1,169,483</b>
Havelock	Connections	2,000	2,000
	Pump stations	75,000	105,171
	Renewals: Pipelines	2,000	2,000



Capital Expenditure \$000's	Description	LTCCP 2005/06	Annual Plan 2005/06
	Renewals: Pump stations	0	2,000
	Telemetry field equipment	328	328
	Treatment plant	188,819	12,878
		<b>268,147</b>	<b>124,377</b>
Picton	Connections	12,000	12,000
	Pipelines	151,000	51,512
	Pump stations	330,000	0
	Renewals: Connections	26,000	26,000
	Renewals: Pipelines	120,000	120,000
	Renewals: Pump stations		9,500
	Reservoirs	285,000	99,805
	Treatment plant	661,723	72,976
		<b>1,585,723</b>	<b>391,793</b>
Renwick	Connections	4,000	4,000
	Pipelines	16,000	593,247
	Renewals: Pipelines	5,000	5,000
	Renewals: Pump stations	7,200	7,200
	Reservoirs	520,000	32,195
	Treatment plant	682,694	48,293
		<b>1,234,894</b>	<b>689,935</b>
Riverlands	Pipelines	1,000	20,317
	Renewals: Pump stations	41,000	41,000
	Treatment plant	1,264,664	6,439
		<b>1,306,664</b>	<b>67,756</b>
Wairau Valley	Renewals: Pump stations	0	1,700
	Treatment plant	137,064	0
		137,064	1,700
	Water Supply Totals	10,677,492	2,594,663
<b>CAPITAL EXPENDITURE - GRAND TOTAL</b>		<b>21,072,775</b>	<b>21,407,672</b>

#### 4. Overhead Accounts

Marlborough District Council Overhead Accounts have been allocated to various significant activities using appropriate allocation bases.

#### 5. Schedule of Movements in Reserves, Separate and Special Funds

	LTCCP 2005/06	Annual Plan 2005/06
<b>ORDINARY RESERVES</b>		
Opening Balance	21,333	26,788
Transfer from / (to) Accumulated Fund	5,399	3,572
<b>Closing Balance</b>	<b>26,732</b>	<b>30,360</b>
<b>REVALUATION RESERVES</b>		
Opening Balance	128,344	162,507
<b>Closing Balance</b>	<b>128,344</b>	<b>162,507</b>
<b>TOTAL RESERVES AND BEQUESTS</b>		
Opening Balance	149,677	189,295
Transfer from / (to) Accumulated Fund	5,399	3,572
<b>Closing Balance</b>	<b>155,076</b>	<b>192,867</b>

## 6. Loans

New loan raising requirements projected for 2005/06 are outlined below. These loans have been budgeted as 'external' borrowing. Should sufficient funds be available at the time of borrowing, the loan will be internally financed. Any internal financing will reduce both the Cash and Deposits and the Term Liabilities as detailed in the Statement of Financial Position.

<b>Borrowings</b>	<b>LTCCP 2005-06 \$000's</b>	<b>Annual Plan 2005-06 \$000's</b>
Cemeteries	25	25
Public Conveniences	73	73
Solid and Hazardous Waste Management	0	464
Roading	0	657
Blenheim Stormwater		170
Picton Stormwater	0	470
Blenheim Sewerage	2,218	3,146
Havelock Sewerage	16	27
Renwick Sewerage	221	7
Blenheim Water	4,055	96
Havelock Water	238	90
Picton Water	1,233	100
Renwick Water	1,172	605
<b>Totals</b>	<b>11,808</b>	<b>5,930</b>

## 7. Net Surplus after Taxation of Marlborough District Council

The Net Operating Surplus together with Loan Raising, Asset Sales and Utilisation of Reserves are fully utilised for Capital Expenditure and Loan Repayment as per the table below.

	<b>LTCCP 2005/06 \$000's</b>	<b>Annual Plan 2005/06 \$000's</b>
<b>Capital Expenditure</b>	21,073	21,408
<b>Loan Repayments</b>	2,417	2,551
	<b>23,490</b>	<b>23,959</b>
<b>Surplus</b>	10,341	13,130
<b>Add Back Depreciation</b>	8,258	8,576
<b>New Loans</b>	11,808	5,930
<b>Net Movement in Reserves</b>	(6,980)	(3,716)
<b>Asset Sales</b>	63	39
	<b>23,490</b>	<b>23,959</b>

# ASSUMPTIONS, DISCLOSURES AND COMPLIANCE

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## Assumptions

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With any financial forecasting a number of assumptions must be made. The following assumptions have been made in the preparation of this document:

### Population

It is extremely difficult to determine the level of growth in Marlborough over the next ten years. Using demographic trends indicated by Statistics New Zealand the rate of growth has been assumed to be 1% per annum. This growth along with known areas of development has been used in planning for future infrastructure requirements.

### Inflation

The costs and revenues reflected in this plan take account of expected inflation impacts for the coming twelve months. The LTCCP comparative numbers did not take account of inflation.

### Interest Rates /Term of Loans

All loans have been raised for a period of twenty years with interest of 7.5% being applied.

### Revenue

Revenue from user charges has been determined using average level of demand for services. Fluctuations are likely to occur on an annual basis but it is expected that the average targets will be achieved. Income from subsidiary operations has been supplied by subsidiary entities and represents the conservative forecast options provided.

### Change in Levels of Service

With the exception of where major capital works are undertaken there has been no significant change to the level of infrastructure service to customers incorporated into this plan. Reviews into the level of service supplied for Picton stormwater are currently being undertaken. Greater emphasis is proposed in the areas of environmental planning and consent processing.

### Asset Management Plans

Council maintains asset management plans for all its significant assets. These plans define the levels of service to be provided, plan for future infrastructure requirements and are used to determine a likely timing for replacement of infrastructure components.

### Change in Activities

Council will continually review its activities to ensure they remain appropriate for Council to undertake. In addition Council will continually review how the services it is responsible for can be most effectively delivered.

### Legislative Framework

Local government is bound by legislation. Significant changes have resulted from the recent introduction of the Local Government Act 2002 and the Local Government (Rating) Act 2002. This plan has been prepared on the basis of the provisions in the legislation.

Future changes in legislation or central government policy could significantly impact on local government and the communities it serves.

### Consumption and Demand

Consumption patterns and demand for services have been reviewed and forecasts adjusted to reflect growth and changes in demand.

### Reserves

Reserves established for infrastructure disaster replacement will not be drawn upon within the period. Of note is the disaster recovery reserves for flood damage, river control re-instatement, storm damage (roading re-instatement) and general infrastructure. This reserve will be drawn on in the event of a significant natural disaster (most likely threat is an earthquake).

## Disclosures

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### Depreciation

Council provides for the future replacement of its assets by providing for depreciation for its fixed assets. By legislation Council is required to fund the provision for future asset replacement. The purpose of this is to ensure that the generations that use the assets pay for the wear and tear on them.

Council in preparing this plan has reviewed its asset management plans and has recalculated the provisions made. The impact on some communities of having to fund depreciation causes significant financial burden and generates an unfair charge against the residents using the service today.

The Havelock sewerage scheme predominantly funded by way of lump sum contributions in the past would have to also fund its replacement in the future. Council believes that the requirement for the Havelock community to fund the provisions made in the account create an unfair charge against the residents who have established the scheme to date. Council has not funded the depreciation cost for this scheme within the plan and has consulted with the community to ensure that there is agreement with this approach.

The Wairau Valley water supply was similarly funded by previous generations and Council has not funded the provision for its future replacement within this plan. Council has undertaken consultation to ensure that this community is in agreement with the approach.

### Contingencies and Commitments

There are no significant commitments other than those represented in the plans.

There are no significant contingencies that have not been represented within the plan.

## Compliance

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### Entity Statement

This Draft Annual Plan covers the activities of the Marlborough District Council. The Council is a unitary authority established under the Local Government Act. A unitary authority has the functions, duties and powers of both a regional council and a territorial authority as conferred by the Local Government Act or any other Act.

The 2005/2006 Draft Annual Plan has been published pursuant to Section 93 and 279 of the Local Government Act 2002.

### Legal Requirements

#### Legislation

The principal statutes that the Marlborough District Council is required to follow are:

- Local Government Act 2002
- Local Government Official Information and Meetings Act 1987
- Local Authorities (Members' Interests) Act 1968
- Resource Management Act 1991
- Harbours Act 1950
- Biosecurity Act 1993a
- Reserves Act 1977
- Soil Conservation and Rivers Control Act 1941
- Local Government (Rating) Act 2002
- Land Transport Management Act 2003

A requirement under the statutes is for Council to prepare a number of plans e.g. resource management plans, regional policy statement, Biosecurity plans, annual plan, long term financial strategy, infrastructure asset management plans etc. These are available for inspection at the Council offices.

### Bylaws

With the amalgamation of the three local authorities in Marlborough, the Marlborough District Council inherited a vast number of bylaws, many of which are no longer required. A review of the bylaws has been carried out with the intent of incorporating all Council bylaws into one document. For any enquiries please contact Mr Tony Quirk, District Secretary with regard to official information and Mr Mike Porter, Democratic Co-ordinator for Council's bylaws.

## RATE MOVEMENTS 2005 – 2006

Total Rates and Charges are estimated at \$36,422,303 (GST exclusive). This represents an overall increase of \$1,496,518 on last year's levy (4.28%) and incorporates an increase of \$1,175,498 (5.49%) in general-type rates and charges.

Democratic Process	(\$70,000)	Rate reduction largely due to 2004-05 election costs.
Parks and Reserves	\$146,880	To maintain new parks and reserves.
Halls	\$49,233	To insure community halls for full replacement insurance cover.
Recreational Events	\$19,378	Contract adjustments
Community Grants	\$83,000	Primarily for Youth Initiatives
Regional Development	(\$65,081)	Rate reduction due to one-off funding in 2004-05.
Emergency Management	\$40,320	Emergency management planning, training and equipment.
Roading	\$1,003,714	Improved service levels, road safety, traffic growth, and price adjustments.
Dillons Point Seal Extension	\$11,000	New targeted charge on affected ratepayers over a three year period to fund a 770 metre section at the eastern end of Dillons Point Road.
French Pass Seal Extension	\$8,000	New targeted charge on Okiwi Bay ratepayers over a two year period to assist with the sealing of the French Pass Road.
Taylor Pass Road Seal Extn	(\$12,810)	Rate reduction in targeted charge due to cost savings and increased subsidy.
Blenheim Sewerage	\$335,218	Debt servicing costs associated with pipelines, pump stations and treatment plant. (Trade waste charges are also being increased to fund the cost of treating industrial waste).
Picton Sewerage	(\$175,058)	Principally due to the termination of the lump sum targeted rate.
Seddon Sewerage	\$8,161	Treatment and monitoring costs associated with resource consent renewal.
Stormwater	\$78,345	Blenheim and Renwick stormwater, and to fund an upgrade loan for Picton stormwater.
Havelock Water	\$14,455	Debt servicing costs for pump stations and increased power costs.
Picton Water	\$47,208	Increased costs associated with power, water treatment and depreciation.
Renwick Water	\$52,868	Debt servicing costs associated with a new well and pipelines, together with operating cost increases for power and depreciation.
Riverlands Water	\$70,393	Increased pumping costs.
Southern Valleys' Irrigation	\$26,765	Increased power costs.
Waste Management	(\$48,646)	Rate reduction due to new recycling initiatives being met from an increase in transfer station revenue. (The cubic metre charge will increase from \$12 to \$15).
Environmental	\$303,647	Sustainable land management and coastal planning, and Eucalypt research.
Biosecurity	\$89,670	Bovine Tb programme, Spartina control and a contribution to the joint Wilding Pine control programme with the Department of Conservation.
Infrastructure Disaster Funding	(\$466,000)	Rate reductions due to lease income replacing previous rate funding.

## Indicative Impact on Benchmark Properties

Council uses 31 Benchmark Properties in different geographic areas to illustrate the effect of its rating proposals.

The rating effect on individual properties varies because movements in general-type rates do not impact uniformly on Council's geographic rating areas, and movements in targeted separate rates (such as Blenheim Sewerage, Renwick Water etc) affect only properties in those rating areas.

	<b>Land Value</b>	<b>Capital Value</b>	<b>04/05 ACTUAL</b>	<b>05/06 BUDGET</b>
Blenheim Residential	58,000	154,000	1,525	1,595
Blenheim Residential	51,000	140,000	1,497	1,557
Blenheim Residential	65,000	225,000	1,634	1,713
Blenheim Vacant Section	54,000	54,000	1,242	1,307
Blenheim Commercial	54,000	220,000	2,594	2,659
Blenheim Commercial	132,000	265,000	5,058	5,231
Picton Residential Note 1	42,500	178,000	1,546	1,599
Picton Residential Note 2	69,000	156,000	2,210	1,837
Picton Vacant Section Note 1	44,000	44,000	1,234	1,282
Picton Commercial Note 1	106,000	164,000	3,772	3,897
Picton Motels (19 units) Note 2	150,000	840,000	7,210	6,508
Blenheim Vicinity	780,000	1,250,000	4,012	4,218
Blenheim Vicinity	375,000	560,000	2,375	2,462
Blenheim Vicinity	9,600,000	10,600,000	40,959	43,696
Blenheim Vicinity	2,440,000	4,160,000	11,953	12,600
Blenheim Vicinity	2,100,000	4,040,000	10,728	11,270
Renwick Residential Note 3	46,000	156,000	1,602	1,681
Renwick Residential Note 4	46,000	102,000	1,025	1,109
Spring Creek Residential	36,000	130,000	1,053	1,057
Rarangi Residential	96,000	186,000	755	779
Picton Vicinity	590,000	695,000	2,561	2,709
Ngakuta Bay - bach	54,000	215,000	533	547
General Rural - French Pass	1,090,000	1,660,000	5,600	6,062
General Rural - Manaroa	980,000	1,600,000	5,535	5,951
General Rural - Opouri Valley	800,000	1,070,000	3,754	4,096
General Rural - on Awatere Water	1,110,000	1,480,000	6,972	7,449
Havelock Residential	53,000	154,000	1,242	1,298
Seddon Residential	10,000	82,000	810	852
Admin Rural - farm	3,510,000	3,995,000	8,148	8,804
Admin Rural - bach	83,000	188,000	448	457
Admin Rural - bach	77,000	198,000	435	442

\*1 These properties pay the Sewer Treatment Loan Rate because they did not make a lump sum payment to the scheme.  
 \*2 These properties have opted to make Sewer Treatment Lump Sum payments over two years.  
 \*3 This property has opted to make lump sum payments to the new sewerage scheme over three years.  
 \*4 This property has opted to make loan repayments over a 20 year term, in lieu of lump sum payments.

## FUNDING IMPACT STATEMENT

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The Funding Impact Statement provides the following information:

- A Summary Cost of Funds Statement for 2005-06. (The LTCCP estimates for that year are shown alongside.)
- Detailed explanations of the types of rates that are to be set, their purpose, and the basis on which they are calculated.
- A narrative description of the geographic areas that are used for Targeted General-type Rates and Charges.
- General Information in respect of rates instalment dates and penalties for late payment.

## SUMMARY SOURCE AND APPLICATION OF FUNDS STATEMENT

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	Last LTCCP \$000 2005-06	This Plan \$000 2005-06
Targeted Geo General Rates and Charges	21,484	22,555
Other Targeted Rates and Charges	14,406	13,850
Subsidies and Grants	6,295	12,450
Interest	1,586	833
Dividends	1,084	595
Marlborough Regional Forestry	3,758	2,799
User Charges and Other Operating Revenue	8,561	11,544
New Loans	11,808	5,930
Asset Disposals	63	39
	<b>\$69,045</b>	<b>\$70,595</b>
Operating Expenditure	46,833	51,496
Add Back Depreciation	(8,258)	(8,576)
Cash Operating Expenditure	38,575	42,920
Capital Expenditure	21,073	21,408
Loan Repayment Costs	2,417	2,551
Net Movements in Reserves	6,980	3,716
	<b>\$69,045</b>	<b>\$70,595</b>

### Terminology

Unless otherwise specified –

- The terms land values, capital values or rating units refer to rateable land values, rateable capital values or rateable rating units as the case may be.
- Uniform Annual Charge (UAC) or Charge refers to a targeted rate of a uniform amount calculated on each separately used or inhabited part of every rating unit; or for some charges, on every rating unit.
- General type targeted Rates are rates that are targeted to a particular geographic rating area or a differential rating area group. (These rates are based on the land value of each property).
- General type targeted Charges are charges that are targeted to a particular geographic rating area. (These charges are not based on property values).
- Separate targeted Rates and Charges are rates or charges that are targeted to a particular area of benefit, eg Water, Sewerage.
- LTCCP refers to Council's Long Term Community Plan which was adopted on 24 June 2004. Amounts in that plan did not take account of inflation.

## TARGETED GENERAL TYPE RATES AND CHARGES (\$25,394,126 GST inclusive)

Although general-type rates and charges have increased overall by 5.49% (\$1,175,497 GST exclusive), there are varying percentage movements (both up and down) in the different rates and charges. These variations are the result of expenditure movements not uniformly impacting on geographic areas.

### Geographic Area General Works and Services Rates (\$16,729,605 GST inclusive)

General Works and Services Rates are set differentially for six geographic areas, depending on where the land is situated.

Within each geographic area, the rating units are further differentiated into categories of rateable land in accordance with the use to which the land is put in one or more of the following categories of rateable land:

- Predominantly residential or rural
- Predominantly commercial or industrial
- Rating units with a homestay/farmstay type land use occurring on a predominantly residential/rural rating unit where a Building Act consent and/or Resource Consent is required.

These rates fund the Geographic Area's share of the net cost of operations, capital expenditure and debt servicing charges, (which are funded on a land value basis) after making provision for other targeted rates, general revenue, targeted charges and utilisation of various reserves.

*Overall, these rates will increase by \$1,200,682 (8.78%) GST exclusive, but there are varying impacts on the geographic areas and their differential rates.*

General Works and Services rate amounts set in each geographic area are as follows:

		Levy	Cents in \$
Blenheim	Res/Rural	4,033,080	0.850861
Blenheim	Com/Ind	2,514,151	2.565461
Blenheim	Hsty/Fsty	-	1.279511
Blenheim Vicinity	Res/Rural	3,749,265	0.359862
Blenheim Vicinity	Com/Ind	112,541	0.682064
Blenheim Vicinity	Hsty/Fsty	493	0.440413
Picton	Res/Rural	1,054,374	0.943567
Picton	Com/Ind	560,789	2.317309
Picton	Hsty/Fsty	2,420	1.287003
Picton Vicinity	Res/Rural	188,129	0.343837
Picton Vicinity	Com/Ind	5,230	0.603244
Picton Vicinity	Hsty/Fsty	-	0.408689
General Rural	Res/Rural	4,099,073	0.473965
General Rural	Com/Ind	77,284	0.696253
General Rural	Hsty/Fsty	720	0.529537
Admin Rural	Res/Rural	321,302	0.238002
Admin Rural	Com/Ind	10,754	0.487976
Admin Rural	Hsty/Fsty	-	0.300496

### Geographic Area Works and Services Charges (\$8,664,521 GST inclusive)

A targeted Geographic Area Works and Services rate on the basis of a fixed amount per separately used or inhabited part of a rating unit ensures that rating units contribute on a uniform basis to fund the respective area's share of the net cost of operations, capital expenditure and debt servicing charges, after making provision for targeted rates, general revenue, other targeted charges and utilisation of various reserves.

These charges are set differentially for six geographic areas, depending on where the land is situated; on the same basis as for the Geographic Area General Works and Services Rates. There is also a differential charge for Utilities.

*Overall, these charges will decrease by \$25,185 (-0.33%) GST exclusive, but there are varying impacts on the geographic areas and their differential charges.*





## **ROADING RATES AND CHARGES (\$151,587 GST inclusive)**

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### **Archers Road Charge (\$23,852 GST inclusive)**

This charge is calculated on each rating unit in the separate Archers Road Rating Area, to be applied towards seal extension works on Archers Road.

Funding for this seal extension will continue until 30.06.08, with additional sealing works being staged in accordance with revenue flows.

*No increase in the charge - current charge \$268.00 on rating unit.*

### **Dillons Point Road Charge (\$12,375 GST inclusive)**

As a result of majority support from a poll of ratepayers in December 2004, it is proposed to extend the seal over a 770 metre section at the eastern end of Dillons Point Road at an estimated cost of \$74,250 (GST inclusive). The cost will be equally funded by the area of benefit and Council over a three year period.

*This \$1,375.00 charge per rating unit will continue until 30 June 2008.*

### **French Pass Road Charge (\$26,481 GST inclusive)**

This charge is calculated on each rating unit in the French Pass Rating Area, to be applied towards the cost of sealing between Matapehe Hill and French Pass.

*The charge remains at \$97.00 on each rating unit and will continue until 30.06.15.*

### **French Pass Road (Okiwi ) Charge (\$9,000 GST inclusive)**

This new charge arises from the Annual General Meeting of the Okiwi Bay Ratepayers' Association in January 2005. At that meeting, a majority of attendees voted in support of a proposal for an annual payment of \$50 per household for two years to assist with the sealing cost of the French Pass Road.

*This \$50.00 charge per rating unit will continue until 30 June 2007.*

### **Kenepuru Road Rate (\$57,783 GST inclusive)**

This rate is calculated on the capital value of every rating unit in the former Kenepuru Riding.

\$32,000 (GST exclusive) of the rate is applied towards "roading improvements" in the targeted area and the balance is applied towards "general roading works" in the targeted area.

*The rate in the dollar remains at 0.043605 cents in the dollar and for a rating unit with a capital value of \$285,000, the rate levy is \$124.27.*

### **Okiwa Bay Jetty Charge (\$260 GST inclusive)**

This charge funds expenditure incurred on replacing the former Okiwa Bay jetty and is calculated on each rating unit in the Okiwa Bay Jetty Rating Area in respect of which no contribution to the lump sum scheme was chosen. The \$20.00 charge will be discontinued after 2010-11.

*No increase has occurred.*

### **Taylor Pass Road Charge (\$14,411 GST inclusive)**

Cost savings on the 4.25 km seal extension of the Taylor Pass Road, together with a higher subsidy rate than estimated, has enabled Council to reduce the targeted charge for the remaining two years.

*The uniform charge for 2005-06 will therefore reduce from the previous \$703.00 pa to \$351.50 pa per rating unit .*

### **Tyntesfield Road Charge (\$7,425 GST inclusive)**

This charge is calculated on each rating unit in the Tyntesfield Road Rating Area, to be applied towards the cost of upgrading and sealing Tyntesfield Road.

*The uniform charge of \$371.25 on each rating unit will continue until 30.06.06.*

## WAIRAU VALLEY RIVER WORKS RATES (\$3,059,877 GST inclusive)

This differential rate covers the costs of river planning, control and flood protection in the Wairau Valley Rivers Rating Area and is calculated on a Capital Value basis on all rating units in the Wairau Catchment. The differentials reflect the benefits derived by each group.

The funding requirements from each area are as follows:

Blenheim Vicinity	47.57%
Blenheim Urban	47.84%
Other Urban	4.59%

A decrease of \$76,459 (GST exclusive) is proposed for the overall rate levy as a result of reduced operating costs.

The following is a schedule of the rates in the dollar to be set and assessed on the capital values in each group. (In brackets is the levy amount for each \$10,000 of Capital Value).

• Rural A Rating Units	0.131357	(\$13.14)
• Rural B Rating Units	0.082755	(\$8.28)
• Rural C Rating Units	0.064365	(\$6.44)
• Rural D Rating Units	0.014449	(\$1.44)
• Blenheim Urban 1 Rating Units	0.113892	(\$11.39)
• Blenheim Urban 2 Rating Units	0.080394	(\$8.04)
• Blenheim Urban 3 Rating Units	0.053596	(\$5.36)
• Blenheim Urban 4 Rating Units	0.040197	(\$4.02)
• Other Urban 1 Rating Units in Wairau Catchment	0.111720	(\$11.17)
• Other Urban 2 Rating Units in Wairau Catchment	0.071821	(\$7.18)

## SEWERAGE RATES AND CHARGES (\$4,243,686 GST inclusive)

### Blenheim/Riverlands Sewerage (Total \$3,282,527 GST inclusive)

An overall increase of \$335,218 (GST exclusive) will occur (12.98%).

#### **Blenheim Sewerage Capital Works Rate (\$1,693,475 GST inclusive)**

This rate is assessed on the land value of all rating units in the Blenheim/Riverlands Sewerage Rating Area and funds Capital Expenditure and Debt Servicing costs.

There is a 28.65% (\$335,218 GST exclusive) increase in this rate to meet debt servicing costs on new loans. The works are a continuation of the Blenheim Sewerage Scheme upgrade to meet resource consent requirements for improved treatment. A key component in the upgrade is the separation of trade waste, which will provide greater residential capacity.

On a rating unit with a land value of \$58,000, the rate will increase from \$135.23 to \$173.84 (\$38.61 increase). The new rate in the dollar is 0.299730 cents.

#### **Blenheim Sewerage Charges (\$1,589,052 GST inclusive)**

These charges are calculated as a fixed amount for each separately used or inhabited part of every serviced rating unit connected to the Blenheim/Riverlands Sewerage Scheme; and half that amount for each separately used or inhabited part of every serviceable rating unit.

The charges fund the balance of expenditure and will remain unchanged at \$153 on each separately used or inhabited part of every serviced rating unit and \$76.50 on each separately used or inhabited part of every serviceable rating unit. Parts of rating units with sewerage discharges where the quantity or the strength of the effluent is greater than the average domestic rating unit, will be levied an additional trade waste charge.

### Havelock Sewerage (Total \$100,389 GST inclusive)

No increase will occur.

#### **Havelock Sewerage Capital Works Rate (\$20,073 GST inclusive)**

This rate is calculated on the basis of the land value of all rating units in the Havelock Sewerage Rating Area and funds Capital Expenditure and Debt Servicing costs.

No increase will occur.

On a rating unit with a land value of \$53,000 the rate will remain unchanged at \$55.10 with a rate in the dollar of 0.103956 cents.

**Havelock Sewerage Charges (\$80,316 GST inclusive)**

These charges are calculated as a fixed amount for each separately used or inhabited part of every serviced rating unit connected to the Havelock Sewerage Scheme; and half that amount for each separately used or inhabited part of every serviceable rating unit.

*They fund the balance of expenditure and will remain unchanged at \$291 for each separately used or inhabited part of every serviced rating unit and \$145.50 for each separately used or inhabited part of every serviceable rating unit.*

**Picton Sewerage (Total \$723,390 GST inclusive)**

*An overall decrease of \$12,198 (GST exclusive) will occur.*

**Picton Sewerage Capital Works Rate (\$19,609 GST inclusive)**

This rate is assessed on the basis of the land value of all rating units in the Picton Sewerage Rating Area and funds Capital Expenditure and Debt Servicing costs.

*There is no increase in the rating requirement.*

*On a rating unit with a land value of \$69,000 the rate will remain unchanged at \$9.98 with a rate in the dollar of 0.014469 cents.*

**Picton Sewerage Charges (\$703,781 GST inclusive)**

These charges are calculated as a fixed amount for each separately used or inhabited part of every serviced rating unit connected to the Picton Sewerage Scheme; and half that amount for each separately used or inhabited part of every serviceable rating unit.

*These charges fund the balance of expenditure and will decrease from \$303 to \$298 per serviced rating unit and from \$151.50 to \$149 per serviceable rating unit. The 1.91% (\$12,198 GST exclusive) decrease principally relates to a reduction in operating costs. Parts of rating units with sewerage discharges where the quantity or the strength of the effluent is greater than an average domestic rating unit, will be levied an additional trade waste charge.*

**Seddon Sewerage (Total \$70,907 GST inclusive)**

*An overall increase of \$8,161 (GST exclusive) will occur.*

**Seddon Sewerage Capital Works Rate (\$14,752 GST inclusive)**

This rate is assessed on the basis of the land value of all rating units in the Seddon Sewerage Rating Area and funds Capital Expenditure and Debt Servicing costs.

*No increase has occurred and the rate in the dollar remains at 0.570555 cents. On a rating unit with a land value of \$10,000 the rate levy will be \$57.06.*

**Seddon Sewerage Charges (\$56,155 GST inclusive)**

These charges are calculated as a fixed amount for each separately used or inhabited part of every serviced rating unit connected to the Seddon Sewerage Scheme; and half that amount for each separately used or inhabited part of every serviceable rating unit.

*They fund the balance of expenditure and will increase from \$214 to \$256 for each separately used or inhabited part of every serviced rating unit and from \$107 to \$128 for each serviceable part of a rating unit. The \$8,161 increase (GST exclusive) largely relates to increased operating costs for treatment.*

**Spring Creek Sewerage (Total \$66,473 GST inclusive)**

*No overall increase will occur.*

**Spring Creek Capital Works Rate (\$16,388 GST inclusive)**

This rate is assessed on the basis of the land value of all rating units in the Spring Creek Sewerage Rating Area and funds Capital Expenditure and Debt Servicing costs.

*On a rating unit with a land value of \$36,000 the rate remains unchanged at \$87.61 with a rate in the dollar of 0.243362 cents.*

**Spring Creek Sewerage Charges (\$50,085 GST inclusive)**

These charges are calculated as a fixed amount for each separately used or inhabited part of every serviced rating unit connected to the Spring Creek Sewerage Scheme; and half that amount for each separately used or inhabited part of every serviceable rating unit.

*They fund the balance of expenditure and will remain unchanged at \$318 per serviced part of a rating unit and \$159 per serviceable part of a rating unit.*

## **OKIWI BAY STORMWATER CHARGE (\$15,800 GST inclusive)**

This charge funds the cost of a stormwater and stream protection scheme and is assessed on each separately used or inhabited part of every rating unit in the Okiwi Bay Stormwater Rating Area.

*No increase in the charge – current charge \$100.00 per separately used or inhabited part of every rating unit.*

## **WATER SUPPLY RATES AND CHARGES (\$4,889,188 GST inclusive)**

### **Awatere Water Supply (\$309,638 GST inclusive)**

The following charges fund operations, capital expenditure and debt servicing.

#### **Awatere Water Charge (\$16,975 GST inclusive)**

This rate is calculated as a fixed amount per meter and remains unchanged at \$25.00.

#### **Awatere Water Metered Charge (\$292,663 GST inclusive)**

*Although there is an increase in the rate requirement, the metered charge will remain at \$0.59 per cubic metre on the basis of a consumption estimate of 496,000 M3.*

### **Blenheim Water Supply (Total \$2,473,504 GST inclusive)**

*No rates increase will occur.*

#### **Blenheim Water Capital Works Rate (\$686,800 GST inclusive)**

This rate is assessed on the land value of all rating units in the Blenheim Water Supply Area and funds Capital Expenditure and Debt Servicing costs.

*No increase has occurred and the rate in the dollar remains at 0.122089 cents. The rate levy for a property with a land value of \$58,000 will remain at \$70.81.*

The following charges fund the balance of expenditure other than capital and debt servicing costs.

#### **Metered and Uniform Charges (\$1,786,704 GST inclusive)**

*No increases will occur.*

#### **Blenheim Metered Water Charge (\$231,819 GST inclusive)**

This rate is assessed on the basis of the volume of water supplied to metered rating units (excluding the Burleigh Extension).

*The charge will remain unchanged at \$0.48 per cubic metre with a minimum quarterly charge of \$38.25.*

#### **Blenheim Water Charges (\$1,549,125 GST inclusive)**

These rates are calculated as a fixed amount for each non-metered separately used or inhabited part of every serviced rating unit in the Blenheim Water Supply Area (excluding the Burleigh Extension); and half that amount for each non metered separately used or inhabited part of every serviceable rating unit in the same area.

*The charges will remain unchanged at \$153 per part of a serviced rating unit and \$76.50 per part of a serviceable rating unit.*

#### **Burleigh Extension Metered Water Charge (\$5,760 GST inclusive)**

This rate is assessed on the basis of the volume of water supplied to metered rating units (excluding residential connections) in the Burleigh Extension.

*The charge will remain unchanged at \$0.48 per cubic metre with a minimum quarterly charge of \$38.25.*

### **Havelock Water Supply (Total \$166,139 GST inclusive)**

*An overall rates increase of \$14,455 (GST exclusive) will occur (10.85%).*

#### **Havelock Water Capital Works Rate (\$51,251 GST inclusive)**

This targeted rate is calculated on the land value of all rating units in the Havelock Water Supply Area and funds Capital Expenditure and Debt Servicing costs. An increase of \$4,692 (GST exclusive) is required to fund increased loan charges for pump stations.

*For a rating unit with a land value of \$53,000 the rate will increase from \$123.84 to \$137.88. The new rate in the dollar is 0.260155 cents (11.33% increase).*

The following charges fund the balance of expenditure other than capital and debt servicing costs.

**Metered and Uniform Charges (\$114,888 GST inclusive)**

A 10.57% increase (\$9,763 GST exclusive) relates to increased operating costs.

**Havelock Metered Water Charge (\$48,066 GST inclusive)**

Metered water will increase from \$1.27 to \$1.38 per cubic metre with a minimum quarterly charge of \$64.75.

**Havelock Water Charges (\$66,822 GST inclusive)**

This targeted rate is calculated as a fixed amount for each non-metered separately used or inhabited part of every serviced rating unit in the Havelock Water Supply Area; and half that amount for each non-metered separately used or inhabited part of every non metered serviceable rating unit.

These charges fund the balance of expenditure not met from meter charges and will increase from \$235 to \$259 per part of a serviced rating unit and from \$117.50 to \$129.50 per part of a serviceable rating unit.

**Picton Water Supply (Total \$980,027 GST inclusive)**

An overall increase of \$47,208 (GST exclusive) will occur (5.73%).

**Picton Water Capital Works Rates (\$280,166 GST inclusive)**

These rates are assessed on the land value of all rating units in the Picton Water Supply Area.

They fund Capital Expenditure and Debt Servicing costs and are set differentially for each of the following two areas -

- On Koromiko rating units subject to the special pipeline agreement.
- On Other rating units in the balance of the Picton Water Supply Area

No increase has occurred – the Koromiko special rate remains at 0.163666 cents in the dollar and the other areas remain at 0.204583 cents in the dollar.

The following charges fund the balance of expenditure other than capital and debt servicing costs.

**Metered and Uniform Charges (\$699,861 GST inclusive)**

An increase of \$47,208 (GST exclusive) will occur (8.21%), to meet increased costs for electricity, water treatment and depreciation.

**Picton Metered Water Charges (\$152,813 GST inclusive)**

**- Ordinary Charge**

A Picton Metered Water Ordinary Charge, for metered rating units, subject to a minimum quarterly charge.

Water for ordinary metered consumers will increase from \$0.7341 to \$0.8091 per cubic metre with a minimum quarterly charge of \$61.00.

**- Koromiko Charge**

A Picton Metered Water Koromiko Charge, for metered rating units.

Water for Koromiko Special Agreement Consumers will increase from \$0.5873 to \$0.6473 per cubic metre.

**- Onsold Charge**

A Picton Metered Water Onsold Charge, for metered units, for water provided to extraordinary connections and subsequently onsold, subject to a minimum quarterly charge.

Water for consumers on-selling will increase from \$0.8144 to \$0.8976 per cubic metre with a minimum quarterly charge of \$61.00.

**Picton Water Charge (\$547,048 GST inclusive)**

This targeted charge is calculated as a fixed amount for each non-metered separately used or inhabited part of every serviced rating unit in the Picton Water Supply Area and half that amount for each non-metered separately used or inhabited part of every serviceable rating unit.

These charges fund the balance of expenditure not met from meter charges and will increase from \$226 to \$244 per part of a serviced rating unit and from \$113 to \$122 per part of a serviceable rating unit.

**Renwick Water Supply (Total \$271,356 GST inclusive)**

An overall increase of \$52,868 (GST exclusive) will occur (28.07%).

**Renwick Water Capital Works Rate (\$82,346 GST inclusive)**

This rate is calculated on the land value of all rating units in the Renwick Water Supply Area and funds Capital Expenditure and Debt Servicing costs.

An increase of \$32,766 (GST exclusive) is required to fund new loans associated with a new well and pipelines.

For a rating unit with a land value of \$46,000 the rate will increase from \$53.31 to \$96.52. The new rate in the dollar is 0.209817 cents.

### **Metered and Uniform Charges (\$189,010 GST inclusive)**

The 13.59% increase (\$20,102 GST exclusive) relates to increased costs for electricity, depreciation and other operating costs.

### **Renwick Metered Water Charges (\$20,993 GST inclusive)**

Metered water will increase from \$0.62 to \$0.70 per cubic metre for water usage in excess of 727 cubic metres per annum, with a minimum quarterly charge of \$59.75.

### **Renwick Water Charge (\$168,017 GST inclusive)**

This targeted charge is calculated as a fixed amount for each non-metered separately used or inhabited part of every serviced rating unit in the Renwick Water Supply Area; and half that amount for each non-metered separately used or inhabited part of every serviceable rating unit.

These charges fund the balance of expenditure and will increase from \$212 to \$239 per part of a serviced rating unit and from \$106.00 to \$119.50 per part of a serviceable rating unit.

### **Riverlands Water Supply (\$274,941 GST inclusive)**

This charge is assessed on the basis of the volume of water supplied to metered rating units, (subject to quarterly minimum charges). It funds the cost of operations, capital expenditure and debt servicing.

There is a 16.67% increase in metered charge from 30 cents to 35 cents per cubic metre as a result of increased pumping costs. The minimum quarterly charge remains at \$40.

### **Southern Valleys' Irrigation Scheme (Total \$395,071 GST inclusive)**

This charge is assessed on the basis of the volume of water supplied to metered rating units to fund operating costs.

The charge will increase from 11.25 cents to 14.625 cents per cubic metre, primarily the result of increased electricity costs.

### **Wairau Valley Water Supply (\$18,512 GST inclusive)**

This charge is calculated as a fixed annual amount for each serviced rating unit in the Wairau Valley Water Supply Area; and half that amount for each serviceable rating unit.

It funds the cost of operations, capital expenditure and debt servicing.

The charge remains unchanged at \$416 per connection and \$208 per serviceable part of a rating unit.

### **BLenheim/PICTON REFUSE COLLECTION CHARGE (\$850,872 GST inclusive)**

This charge relates to the refuse collection service provided in Blenheim and Picton.

It is calculated as a fixed amount for each separately used or inhabited part of a rating unit in the refuse rating area in respect of which Council is prepared to provide a service.

The collection charge will remain unchanged at \$66.00 per service.

### **TOURISM CHARGES (\$109,259 GST inclusive)**

Differential uniform charges to enable Destination Marlborough to market Marlborough are levied by targeted tourism charges on the basis of a fixed amount per separately used or inhabited part of a rating unit for the following land uses:

- Properties used for Residential Baches or other Dwelling Units that also provide short term rental accommodation - \$90.00.
- Properties used for Commercial Rental Accommodation where less than 30 people can be accommodated - \$191.25.
- Properties used for Commercial Rental Accommodation where 30 or more people can be accommodated - \$258.75.
- Properties used for Tourism Activities (excluding the three groups above) - \$191.25.

The various charges remain unchanged.

### **AGENCY RATES AND CHARGES (11,190 GST inclusive)**

#### **Rarangi Works and Service Charge (\$8,250 GST inclusive)**

This \$30 charge is calculated as a fixed amount on each separately used or inhabited part of every rating unit in the separate Rarangi Rating area, such charge to be applied to funding community costs, in particular the Volunteer Fire Brigade.

This remains unchanged.

#### **Tuamarina/Waikakaho Hall Charge (\$1,476 GST inclusive)**

This charge is calculated as a fixed amount of \$12 on each separately used or inhabited part of every rating unit in the Tuamarina/Waikakaho Special Rating Area, such charge to be applied to funding replacement insurance costs for the Tuamarina/Waikakaho Hall.

This rate will be discontinued if replacement insurance on all Council halls is funded by Council.

### **Tuamarina Water Loan Charge (\$1,464 GST inclusive)**

This charge is calculated as a fixed amount of \$732 on each separately used or inhabited part of every rating unit in the Tuamarina Water Special Rating Area, such charge to be applied towards loan advances for the Tuamarina Water Supply.

*This remains unchanged.*

## **GENERAL REVENUE SOURCES**

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

These include –

### **Dividends and Interest from Investments (\$4,950,290)**

- Funded to specified Reserves for particular purposes or events (e.g. Disaster Recovery Reserve).
- Used to subsidise general type rates and charges by way of general revenue allocation.
- Sinking Fund interest is applied against the sinking fund to which it relates and used for debt repayment.

### **Petroleum Tax (\$350,000)**

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

### **Asset Sale Proceeds (not budgeted)**

- In general, 25% of all asset sales are used to build up an infrastructure disaster reserve in case of a major disaster e.g. earthquake. The balance is retained by Council to assist in the extension of its infrastructure.

### **Contributions Received from Development and Subdivision (\$1,283,825)**

- Are applied towards the cost of infrastructure related to the development.

### **Forestry Income (\$1,152,060)**

- Currently used to reimburse advances from reserves and also on a case by case basis to fund infrastructural development.

## **THE FOLLOWING IS FOR INFORMATION ONLY AND DOES NOT FORM PART OF THE FUNDING IMPACT STATEMENT**

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### **General Information**

- All estimated rates and charges are shown inclusive of goods and services tax unless otherwise stated.
- For the purposes of the foregoing:
  - "Predominant residential use" excludes Rest Homes and Residential Establishments that provide residential care.
  - Where commercial accommodation is the predominant purpose of a property, it will be included on the same basis as a motel or hotel in the "commercial or industrial land use" category.
  - Subject to the right of objection set out in Section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of the Council to determine the use or predominant use of any property in the district.
- The geographic areas can generally be described as follows:

#### ***Blenheim Area (BM)***

All of that area encompassed by the former Blenheim Borough Council together with those properties within a 1.5 km radius of that area which have a zoning of Residential, Service or Industrial (ie; includes, Burleigh, Hammerichs Road, Riverlands and Waipuna Street); as well as any properties with an area of one hectare or less that are connected to (or able to be connected to) either the Blenheim Water or Sewerage Schemes, but excluding properties in the Renwick Sewerage Rating Area. Also included in the Blenheim area are a number of properties where it was an express condition of subdivisional resource consent.

#### ***Blenheim Vicinity Area (BV)***

All of that area encompassed within the following general description, but excluding the Blenheim areas described above:

From just north of the Rarangi Settlement following around the foothills in a south-westerly direction; taking in the Tuamarina Settlement; to the south bank of the Wairau River and then up the Wairau south bank to the Waihopai River; up the east bank of the Waihopai River to just north of Omaka Downs; and then generally following the base of the foothills; to the coast on the south of the Vernon Lagoons.



### **Picton Area (PN)**

All of that area encompassed by the former Picton Borough Council; together with the area of those properties serviced by the Picton Water or Sewerage Schemes (excluding those properties listed in the schedule below).

#### **Schedule**

Lot 1 DP 6129 Lots 1-2 DP 3716 Lots 2 & 5 DP 3183 Lots 1-2 DP 9175 Pt Lot 1 DP 7160 Lot 1 DP 9268 Lot 1 DP 10871 Pt Secs 63-65 Picton Subn Blk III Cloudy Bay SD Secs 18, 129 Pt Sec 159 Picton Subn Blk XV Linkwater SD Pt DP 467 Waitohi Valley Blk XI Linkwater Lots 1-2 DP 1353 All DP 1148 Pt Secs 37 & 103 Waitohi Reg Dist Blk XV Linkwater Lot 1 DP 5595 Lot 2 DP 5660 Secs 38, 39, 105, 106 & Pts 36-37 & 104 Waitohi Dist Blks XI XII XV Linkwater SD Lot 1 DP 6397 Lots 1-14, 18 DP 1086 Blk VIII Linkwater SD, Lots 1 & 2 DP 3080 Blk VIII Linkwater SD, Lot 16 DP 1086 Blk VIII Linkwater SD, Lots 1 & 2 DP 10989, Lots 1-4 DP 303945 Part Waikawa Section 2C2, Lots 1 – 5 DP 11736, Waikawa 3B Block XII Linkwater SD, Lot 1 DP 9994, Lot 1 DP 10354, Waikawa Sec A2 Waikawa West Blk XII Linkwater SD, Waikawa Sec 4B2 Waikawa West Blk XII Linkwater SD, Lot 2 DP 7961 Pt Secs 10 & 11 Waitohi Sub Reg, Pt Lot 1 DP 6881, Lot 3 DP 8884.

Also included in the Picton area are a number of properties where it was an express condition of subdivisional resource consent.

### **Picton Vicinity Area (PV)**

All of that area from the western point of Ngakuta Bay to the former Picton Borough boundary; plus all of that area from the eastern point of Waikawa Bay to Whatamongo Bay; plus a corridor area from the southern boundary of the former Picton Borough to Speeds Road; excluding properties serviced by the Picton Water or Sewerage Schemes, but including the properties listed in the Schedule above.

### **General Rural Area (GR)**

All of that area administered by the former Marlborough County and excluding that part of the former County's area which has been included in either the Blenheim, Blenheim Vicinity, Picton Vicinity or Administrative Rural areas.

### **Administrative Rural Area (AR)**

All of that area with basically sea access only, which was subject to the former Marlborough County Council Empowering Act 1965.

- The above rates and charges are for the period 1 July 2005 to 30 June 2006 and will become due and payable by four instalments as follows:

	<b>Last Date for Payment Before Penalty is Added</b>
Instalment One	13 September 2005
Instalment Two	13 December 2005
Instalment Three	13 March 2006
Instalment Four	13 June 2006

Each instalment is one quarter of the Annual Rates for the current year.

## **PENALTY PROVISIONS (Additional Charges on Unpaid Rates)**

- A penalty, equivalent in amount to 10% of the instalment amount remaining unpaid at the close of day on the "Last Date for Payment", shall on the next day be added to that amount of unpaid rates.
- Pursuant to Sections 57/ 58 of the Local Government (Rating) Act 2002, a further penalty of 10% will be added on 1 July 2005 and also on each 1 July thereafter to rates that remain unpaid from previous years. Payments are applied to the oldest debt first.

## **PENALTY PROVISIONS (Unpaid Metered Water)**

- A penalty, equivalent in amount to 10% of the metered water amount remaining unpaid two months after the initial invoice date, shall be added to that amount which remains unpaid.

# GLOSSARY OF TERMS

## Accruals

These are similar to accounts payable in that they are expenses incurred during the current year for which payment has not been made and invoices have not yet been recovered.

## Allocated Overheads

Overhead accounts are used to allocate revenues and expenses that relate to various managerial operations (such as general management, general administration, reception and office management and information systems management) and are currently allocated on an annual basis using appropriate allocation bases.

## Asset Sales

Refers to the sale of MDC assets e.g. cars, property.

## Borrowings

Refers to the raising of loans for capital items, such as sewerage schemes etc.

## Charge

These are referred to in the Local Government (Rating) Act 2002 as targeted rates and are calculated as a fixed amount per rating unit.

## CV

Capital Value.

## Infrastructural Assets

These are the fixed assets that are not generally regarded as tradeable and which provide a continuing service to the community – such as reserves and parks, toilets, memorials, roads, bridges and wharves, water and sewerage schemes.

## District Wide

Applies to every property in the District.

## Geographic Areas

The District is divided up into six geographic areas for the purpose of funding targeted general works and services. The geographic areas are Blenheim, Blenheim Vicinity, Picton, Picton Vicinity, General Rural and Administrative Rural.

## LV

Land Value.

## MDC

Marlborough District Council.

## Operational Assets

These are tangible assets that are generally regarded as tradeable, such as buildings and improvements, library books, office equipment, plant and machinery, land and forestry crops.

## Other Revenue

Revenue received for the activity that is not related to the use of services e.g., interest.

## Prepayments

Amounts paid to creditors by the MDC in the current year that relate to future years.

## Property Value

For rating purposes this refers to either the "land" or "capital" value of a property.

## Public Debt

This is the amount of borrowed funds that the MDC owes to external parties. The net public debt is the public debt minus the sinking funds held, and the mortgage advances for which the MDC has borrowed funds i.e. rural housing loans.

## Public Equity

Represents the net worth of the MDC if all assets were sold for the values recorded and the liabilities were extinguished.

**Rate / Rates**

The Local Government (Rating) Act 2002 refers to Rates as all rates including Uniform Annual General Charges and targeted rates calculated as a fixed amount per rating unit.

Unless otherwise specified, a reference to a rate in this Plan is to cents in the dollar of property value or area.

**Sinking Funds**

These are investment accounts funded by annual instalments to repay the principal components of loans.

**Statement of Cash Flows**

This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.

**Statement of Financial Performance**

This can also be referred to as the Profit and Loss Statement, the Income Statement or the Operating Statement. It shows the financial results of various MDC activities at the end of each period as either a surplus or deficit. It does not include asset purchases or disposals.

**Statement of Financial Position**

This shows the financial state of affairs at a particular point in time. It can also be referred to as the Balance Sheet.

**Subsidies**

Amounts received from other agencies for the provision of services e.g. Transfund roading subsidies.

**Subvention Payments**

A subvention payment is an amount paid by one entity to another entity within the same taxation group.

**Transfer to/from Reserves**

Transfers of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.

**User Charges**

The charges levied for use of MDC services e.g. building consent fees, health inspections.

**Working Capital**

This is the remainder left when the value of current liabilities is deducted from the value of current assets. It is a measure used to indicate the short-term solvency of an entity.

