

COUNCIL CONTROLLED ORGANISATIONS

MDC Holdings Limited

MDC Holdings 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. This is the primary objective of MDC Holdings.

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, 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.

Performance Targets

- ◆ Prepare and forward financial statements to Council in accordance with legislative requirements.
- ◆ Report annually to Council on the performance of the subsidiary trading enterprises.
- ◆ Report annually to Council on the level and rate of its borrowings.
- ◆ The long-term target ratio of shareholders' funds to total assets is 7.6%. This ratio will be reviewed annually.

Destination Marlborough

Destination Marlborough is described in the activity group "Regional Development".

Marlborough Housing For The Elderly Trust

Marlborough Housing for the Elderly Trust is a charitable trust that assists in the provision of adequate housing for the elderly people of Marlborough, and other members of the community.

Mayoral Drought Relief Fund

The Mayoral Drought Relief Fund is a charitable trust that assists in providing financial assistance to Marlborough people affected by drought.

Council has exempted Destination Marlborough, Marlborough Housing for the Elderly Trust and Mayoral Drought Relief Fund from the requirements of CCOs in terms of the Local Government Act 2002.

Current Levels Of Service Performance For Water Supply

Any gaps that exist between the adopted levels of service and the current levels of service are summarized below. More detail on each community's performance in relation to the levels of service are set out in Section 6 of the Water Supply Asset management Plan.

Water Quality/Supply

The only obligations that Council has are set out in the Health Act, Local Government Act and Building Act. These are being met.

Council complies with the DWSNZ2005 with regard to monitoring but has not been able to show any of the groundwater sources are secure as defined by the DWSNZ. It is quite likely that none of the ground water sources will be considered secure by the Ministry of Health on the basis of the testing done to date. Council intends engaging specialist groundwater scientists to consider and report on the security and risks to each groundwater source. The report will identify those wells at high risk from contamination which need to be treated or in the worst case should no longer be used because of the severity of the risk and/or inability of conventional treatment to remove the potential contaminant

The distribution systems with the exception of Picton and Renwick meet the target standard for reticulation. Both these supplies have low reticulation gradings partly due to the corrosive effects of the water on pipeline materials. Improvements in the control of the pH would reduce this and enable higher reticulation gradings, however the upgrading would be most efficiently done at the same time as treatment to improve the source gradings. When the pH correction plants at Blenheim were designed the DWSNZ 1995 stated a preferred corrosion potential for the water entering the distribution expressed in terms of the Langillier Saturation Index (LSI). The DWSNZ2005 now require tests for heavy metals on 'first flush' samples from taps around the reticulation. Blenheim along with Picton and Renwick will likely fail these tests which could see Blenheim's reticulation grade fall from b to d. It is planned to improve pH correction treatment at Blenheim and Speeds Road, Picton and introduce pH correction at Renwick as part of the major treatment upgrade to meet Priority 1 microbiological standards.

Table 3.5 below summarises the community supplies compliance / non compliance with Drinking Water Standards

Community	P1 Criteria ¹¹ (According to 2005 ¹² Annual Review of Drinking Water Quality)		P2 Criteria ¹³ (According to 2005 Annual Review of Drinking Water Quality)	Gradings ¹⁴ (According to 1993 criteria, yet to be graded for 2005 criteria)	
	E.Coli	Protozoa		Treatment	Reticulation
Blenheim	☺	☹	☺	☹	☺
Picton	☺	☺☹ ¹⁵	☺	☺☹	☹
Havelock	☺	☹	☺	☹	☺
Riverlands / Cloudy Bay	☺	☹	☺	☹	☹
Awatere	☹	☹	☺	☹	☹
Renwick	☺	☹	☺	☹	☹
Wairau Valley	☺	☹	☺	☹	☺

KEY

Complies ☺

Does not comply ☹

Further testing required ☹

11 Priority 1 (P1) criteria refers to determinands of microbiological significance. Microbiological compliance with the 2005DWSNZ requires criteria to be met in regard to E.Coli, Giardia and Cryptosporidium

12 Tested compliance with 2002DWSNZ

13 Priority 2 (P2) criteria refers to chemical determinands

14 The public health grading of community supplies shows the extent to which community supply conforms to the DWSNZ

15 One supply complies currently (Essons will not meet 2005 DWSNZ criteria), Speeds does not.

System Performance (Capacity)

Council's policy in relation to system performance is to provide a minimum pressure in the system during peak demand periods both now and into the future¹⁶. Table 3.6 below summarises the compliance/non compliance of systems at present to meet capacity level of service. Where systems are not meeting the level of service Capital Works to meet the gap are summarised.






Community	Capacity (Capacity to meet current peak demand)	Capital Works
Blenheim		Booster pump, new mains & reservoir ¹⁷
Picton		
Riverlands		
Renwick		
Havelock		

Table 3.7 below sets out approximate future peak demand figures from modelling and summarises any major reticulation works required to meet the future demand¹⁸.

Community	Current Peak Demand (m ³ / day)	Future Peak Demand (m ³ / day)	Approx Year (Future Demand)	Capital Works
Blenheim	35000	45000	2025	New mains, low head reservoir
Picton	6500	9000	2025	Booster pump, new mains, reservoir
Havelock	1000	1699	2026	Staged replacement pumps, reservoir, new mains
Renwick	3350	4408	2013	Reservoir, new mains
Riverlands	2000	6628	2015	Booster pump

Fire Hydrant Performance

Council's only obligation in regard to fire supply is set out in schedule 18 of the Local Government Act 2002. Schedule 18 refers to sections of the 1974 Local Government Act not repealed. Section 647 is not repealed and states that any part of the district that is included in a fire district under section 26 of the Fire Services Act 1975 shall have hydrants and these shall be kept in effective working order.

It is generally accepted that meeting the standards in the discretionary NZ Code of Practice for Fire Fighting will signify compliance with the Act.

Council's aim is to provide minimum flows according to the zoning of an area e.g. residential, commercial and industrial (refer to LoS). All networks with the exception of Renwick (and possibly Riverlands) require upgrades in the future in order to comply with the minimum flow requirements.

In Blenheim problems in meeting the slightly higher standards of the new Code of Practice standard have been found in cul de sacs served by 100 dia CI (many of these have been upgraded) and in industrial zones. Refer to section 6 for further detail.















¹⁶ Future demand to cater for situation when all available land within the residential boundaries of Resource Management Plans are full

¹⁷ Part of works will address future demand requirements as well

¹⁸ Detail of Capital Works in Section 4 Growth Forecasts and Section 6 Lifecycle Management Plans

Availability/Reliability

Council's policy is to provide a reliable source of water able to provide sufficient water to meet peak demands during drought periods. Table 3.8 below summarises the reliability of source supplies and planned upgrades to improve reliability.

Table 3.8: Future Peak Demand			
Community	Source able to provide for present demand under drought conditions	Current source able to provide for future demand	Capital Works proposed
Blenheim			New well field to be developed between existing fields
Picton			New source being investigated
Havelock			New well to be developed south of the existing
Renwick			New well to be developed north of existing
Riverlands			
Wairau Valley			Options being investigated
Awatere			

FINANCIAL INFORMATION

Statement of Financial Performance

	Notes	2005-06 \$000's	2006-07 \$000's	2007-08 \$000's	2008-09 \$000's	2009-10 \$000's	2010-11 \$000's	2011-12 \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's
EXPENDITURE												
Democratic Process		2,299	2,093	2,277	2,225	2,235	2,412	2,355	2,385	2,584	2,505	2,514
Arts and Heritage		617	522	525	507	510	512	515	517	520	521	525
Community Housing	(2)	683	684	701	716	731	689	759	772	785	795	806
Community Safety	(2)	351	342	345	348	377	395	402	409	415	432	422
Community Support		474	676	492	495	499	503	506	511	515	517	520
Libraries		1,140	1,193	1,231	1,261	1,294	1,320	1,359	1,409	1,454	1,479	1,510
Emergency Management		573	625	619	628	644	659	674	688	702	705	715
Community Facilities	(2)	3,805	4,020	4,059	4,142	4,265	4,389	4,446	4,628	4,647	4,666	4,751
Land Transport	(2)	13,504	13,441	13,579	14,345	14,442	14,843	15,737	16,083	16,494	17,375	17,732
Rivers and Land Drainage		3,005	2,952	3,046	3,123	3,201	3,278	3,350	3,430	3,504	3,553	3,558
Sewerage	(2)	4,463	3,908	4,500	5,510	6,219	6,860	7,300	7,408	8,114	9,005	9,127
Stormwater	(2)	743	791	822	877	896	913	958	977	995	1,046	1,051
Water	(2)	3,744	4,581	5,631	7,010	8,048	8,567	9,012	8,824	10,162	11,230	10,685
Solid and Hazardous Waste Management	(2)	3,072	3,146	3,234	3,283	3,411	3,531	3,600	3,670	3,727	3,823	3,919
Environment		3,583	3,149	3,236	3,297	3,367	3,439	3,501	3,575	3,643	3,686	3,741
Regional Development		971	3,939	1,832	882	883	883	884	886	887	887	888
Consents and Compliance		5,183	5,568	5,725	5,840	5,962	6,086	6,199	6,346	6,476	6,546	6,650
Animal and Plant Pests		3,620	3,716	3,823	3,923	4,023	4,157	4,210	4,304	4,389	4,452	4,565
Harbour Control		833	1,976	1,676	1,720	2,003	1,805	1,830	2,127	1,898	1,920	2,223
Animal Control		395	442	455	468	480	491	502	513	522	530	538
Marlborough Regional Forestry		659	787	776	773	828	838	943	822	1,095	866	1,136
		53,717	58,551	58,584	61,373	64,318	66,570	69,042	70,284	73,528	76,539	77,576
General Expenses	(2)	877	820	844	855	860	912	945	958	962	970	997
Total Expenditure		54,594	59,371	59,428	62,228	65,178	67,482	69,987	71,242	74,490	77,509	78,573
REVENUE												
Geographic General Rates and Charges		22,899	23,948	24,356	24,950	25,688	26,460	26,742	27,375	28,092	28,434	28,855
Other Targeted Rates and Charges		14,119	14,524	16,677	19,521	22,017	24,347	25,553	26,359	30,272	32,763	33,259
Subsidies and Grants		8,617	5,486	6,239	6,121	5,499	5,532	5,344	5,533	5,590	5,720	5,896
Interest		821	970	1,233	1,844	2,470	3,093	3,633	4,174	4,773	5,463	6,127
Dividends		471	471	471	471	471	471	471	471	471	471	471
Other Income	(6)	16,561	19,759	19,751	20,141	20,964	21,302	21,804	22,552	22,772	23,144	23,807
Marlborough Regional Forestry		4,492	3,807	3,925	4,039	4,150	4,254	3,048	3,112	3,226	3,238	4,061
Total Revenue		67,980	68,965	72,652	77,087	81,259	85,459	86,595	89,576	95,196	99,233	102,476
Surplus / (Deficit) before Tax		13,386	9,594	13,224	14,859	16,081	17,977	16,608	18,334	20,706	21,724	23,903
Taxation												
Surplus / (Deficit) after Tax		13,386	9,594	13,224	14,859	16,081	17,977	16,608	18,334	20,706	21,724	23,903

Statement of Movements in Equity

	Notes	2005-06 \$000's	2006-07 \$000's	2007-08 \$000's	2008-09 \$000's	2009-10 \$000's	2010-11 \$000's	2011-12 \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's
Equity at beginning of year		627,480	772,406	782,000	795,224	872,678	888,759	906,736	993,072	1,011,406	1,032,112	1,127,634
Net Surplus / (Deficit) after Tax		13,386	9,594	13,224	14,859	16,081	17,977	16,608	18,334	20,706	21,724	23,903
Revaluations		131,540	0	0	62,595	0	0	69,728	0	0	73,798	0
Total Recognised Revenue and Expenses		144,926	9,594	13,224	77,454	16,081	17,977	86,336	18,334	20,706	95,522	23,903
Closing Equity		772,406	782,000	795,224	872,678	888,759	906,736	993,072	1,011,406	1,032,112	1,127,634	1,151,537

Statement Of Financial Position

Notes	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Ratepayers' Equity											
Accumulated Funds	450,525	459,963	466,166	471,772	478,375	485,967	490,583	496,945	507,359	515,093	522,179
Ordinary Reserves	19,563	16,401	19,176	22,797	26,778	31,027	35,738	40,435	45,547	50,671	56,040
Depreciation Reserve	1,689	2,218	2,744	3,767	3,870	5,327	6,807	7,708	4,725	7,572	10,597
Sinking Fund Reserves	10,076	12,860	16,574	21,178	26,566	31,239	37,034	43,401	51,557	57,569	65,984
Bequests	87	92	98	103	109	115	121	128	135	142	150
Revaluation Reserve	290,466	290,466	290,466	353,061	353,061	353,061	422,789	422,789	422,789	496,587	496,587
RATEPAYERS' EQUITY	772,406	782,000	795,224	872,678	888,759	906,736	993,072	1,011,406	1,032,112	1,127,634	1,151,537
Represented by:-											
Current Assets											
Bank - Current Account	5,961	6,102	12,550	18,178	22,840	26,746	30,549	34,675	39,392	44,991	52,079
Receivables and Prepayments	5,248	5,248	5,411	5,568	5,718	5,861	5,996	6,122	6,238	6,337	6,440
Stocks	604	604	623	641	658	675	690	705	718	729	741
	11,813	11,954	18,584	24,387	29,216	33,282	37,235	41,502	46,348	52,057	59,260
Current Liabilities											
Payables and Accruals	9,095	9,148	9,485	9,817	10,139	10,442	10,743	11,032	11,306	11,552	11,805
Deposits, Trusts and Agencies	1,130	1,130	1,165	1,199	1,231	1,262	1,291	1,318	1,343	1,365	1,387
	10,225	10,278	10,650	11,016	11,370	11,704	12,034	12,350	12,649	12,917	13,192
Working Capital	1,588	1,676	7,934	13,371	17,846	21,578	25,201	29,152	33,699	39,140	46,068
Non Current Assets											
Investments	19,126	22,734	26,996	31,861	37,628	42,709	48,912	55,278	62,286	69,894	76,408
Fixed Assets	759,903	786,723	809,499	893,418	913,454	931,707	1,002,043	1,007,146	1,059,668	1,134,237	1,133,920
	779,029	809,457	836,495	925,279	951,082	974,416	1,050,955	1,062,424	1,121,954	1,204,131	1,210,328
Public Debt											
External Loans	8,211	29,133	49,205	65,972	80,169	89,258	83,084	80,170	123,541	115,637	104,859
Total Non Current Liabilities	8,211	29,133	49,205	65,972	80,169	89,258	83,084	80,170	123,541	115,637	104,859
NET ASSETS	772,406	782,000	795,224	872,678	888,759	906,736	993,072	1,011,406	1,032,112	1,127,634	1,151,537

Statement Of Cashflows

Notes	2005-06 \$000's	2006-07 \$000's	2007-08 \$000's	2008-09 \$000's	2009-10 \$000's	2010-11 \$000's	2011-12 \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's
OPERATING ACTIVITIES											
Cash provided from:-											
Rates	37,019	38,473	41,032	44,471	47,705	50,807	52,295	53,733	58,363	61,195	62,114
User Charges and Other Revenues	30,140	29,521	30,386	30,770	31,084	31,559	30,667	31,667	32,060	32,573	34,237
Interest	821	971	1,234	1,844	2,471	3,093	3,633	4,175	4,772	5,463	6,127
	67,980	68,965	72,652	77,085	81,260	85,459	86,595	89,575	95,195	99,231	102,478
Cash disbursed for:-											
Payments to suppliers and employees	43,721	46,671	44,730	45,132	46,541	47,711	48,686	49,866	50,751	51,126	52,494
Interest paid	359	1,689	2,885	4,274	5,446	6,038	6,405	6,010	7,617	8,933	8,195
	44,080	48,360	47,615	49,406	51,987	53,749	55,091	55,876	58,368	60,059	60,689
NET CASH FLOWS FROM OPERATING ACTIVITIES	23,900	20,605	25,037	27,679	29,273	31,710	31,504	33,699	36,827	39,172	41,789
INVESTING ACTIVITIES											
Cash provided from:-											
Asset Disposals	1,653	1,302	1,355	754	48	20	29	21	23	27	27
Sinking Fund Withdrawals	400	370	141	4	3	1,534	598	453	452	3,108	967
Investments realised	7,316	0	0	140	18	0	0	0	1,149	0	1,902
	9,369	1,672	1,496	898	69	1,554	627	474	1,624	3,135	2,896
Cash applied to:-											
Purchase of fixed assets(3)	30,979	39,067	35,755	34,707	33,087	31,831	15,352	20,315	68,496	18,088	17,436
Sinking Fund payments	2,461	3,154	3,854	4,609	5,392	6,208	6,394	6,819	8,608	9,120	9,382
Investments made	0	899	548	399	399	408	408	0	0	1,597	0
	33,440	43,120	40,157	39,715	38,878	38,447	22,154	27,134	77,104	28,805	26,818
NET CASH FLOWS FROM INVESTING ACTIVITIES	(24,071)	(41,448)	(38,661)	(38,817)	(38,809)	(36,893)	(21,527)	(26,660)	(75,480)	(25,670)	(23,922)
FINANCING ACTIVITIES											
Cash provided from:-											
Term Loans	(7) 7,469	20,984	20,354	16,766	14,198	9,089	0	0	43,370	0	0
	7,469	20,984	20,354	16,766	14,198	9,089	0	0	43,370	0	0
Cash applied to:-											
Loan repayments	2,215	0	282	0	0	0	6,174	2,913	0	7,903	10,779
	2,215	0	282	0	0	0	6,174	2,913	0	7,903	10,779
NET CASH FLOWS FROM FINANCING ACTIVITIES	5,254	20,984	20,072	16,766	14,198	9,089	(6,174)	(2,913)	43,370	(7,903)	(10,779)
NET INCREASE / (DECREASE) IN CASH	5,083	141	6,448	5,628	4,662	3,906	3,803	4,126	4,717	5,599	7,088
ADD OPENING CASH BALANCE	878	5,961	6,102	12,550	18,178	22,840	26,746	30,549	34,675	39,392	44,991
CLOSING CASH BALANCE	5,961	6,102	12,550	18,178	22,840	26,746	30,549	34,675	39,392	44,991	52,079
Represented By Cash and Deposits	5,961	6,102	12,550	18,178	22,840	26,746	30,549	34,675	39,392	44,991	52,079

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity and Statutory Base

The financial forecasts reflect the operations of Marlborough District Council.

Marlborough District Council (MDC) is a unitary authority as defined by the Local Government Act 2002.

The Council has not presented group prospective financial statements because the Council believes that the parent prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the LTCCP is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and as a consequence how much the Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of the Council.

Statement of Compliance and basis of preparation

The forecast information has been prepared and complies with section 111 of the Local Government Act 2002, the Financial Reporting Act 1993, Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the pronouncements of the New Zealand Institute of Chartered Accountants.

The Marlborough District Council is a Public Benefit Entity whose primary objective is to provide goods and services for community or social benefit and any equity has been provided with a view to supporting that primary objective rather than for financial return. All available reporting exemptions allowed under the framework for Public Benefit Entities have been adopted.

Basis of Financial Statement Preparation and Measurement Base

The financial statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets. The principal accounting policies adopted are set out below.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below will be applied consistently to all periods presented in the financial estimates and in preparing an opening IFRS balance sheet at 1 July 2005 for the purpose of transition to IFRS.

Specific Accounting Policies

The following particular accounting policies have a material effect on the measurement of results and Balance Sheet.

Investments in Subsidiaries

Investments in subsidiaries are recorded in the parent entity's financial statements at cost less any subsequent accumulated impairment losses.

Interests in Joint Committee

There is a contractual arrangement whereby the Council and Kaikoura District Council undertake an economic activity that is subject to joint control.

The Council's share of jointly controlled assets and any liabilities incurred jointly with Kaikoura District Council are recognised in the Council's financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Council's share of the output of jointly controlled assets, and its share of the joint committee expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Council and their amount can be measured reliably.

Where the Council transacts with the joint committee, unrealised profits and losses are eliminated to the extent of the Council's interest in the joint venture, except to the extent that unrealised losses provide evidence of an impairment of the asset.

Income and Expenditure Recognition

Revenue

Sales of goods are recognised when goods are delivered and title has passed.

Rates are recognised as revenue when struck.

Water billing is recognised on an accrual basis.

Transfund roading subsidies are recognised as revenue upon entitlement which is when conditions pertaining to eligible expenditure have been fulfilled.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

Other revenue including assets vested in Council, with or without conditions are recognised as revenue when control over the assets is obtained.

Vested assets are recognised when the significant risks and rewards of ownership have been transferred to the Council and when the obligation to accept the transfer of assets to Council has been determined.

Revenue from financial contributions are recognised when it is acknowledged that the liability of payment exists to the council.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Allocated Overheads

The cost of providing support services for the Council are accumulated and then allocated to each activity using appropriated allocation bases which reflect the usage and /or capacity for each significant activity.

Foreign Currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions or rates that approximate those rates. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts in accordance with the Group treasury policies (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

Borrowing costs

All borrowing costs are recognised in net profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, Plant and Equipment

Land Improvements and Buildings

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

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees.

Improvements and buildings were valued by Alexander Hayward Limited (Registered Valuers) as at 30 June 2004. The basis of valuation was fair value.

Assets acquired subsequent to valuation are shown at cost less depreciation.

Port Marlborough's land and buildings were valued by DTZ New Zealand Limited (Registered Valuers) as at 1 July 2005. The basis of valuation was fair value.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

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.

Infrastructural Assets

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

Roads, bridges, wharves, jetty facilities, street lighting, water, sewer, stormwater and river control and drainage assets were valued at depreciated replacement cost as at 1 July 2005. 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.

Carparks were valued at depreciated replacement cost at 1 July 2005 by Marlborough Roads Limited. The valuation was peer reviewed by Opus International Consultants.

Reserves, public conveniences and war memorials land were valued by QV Valuations (Registered Valuers). The value is based on 'fair value' as at 30 June 2004.

Reserves, public conveniences and war memorial buildings and improvements were valued by Alexander Hayward Limited (Registered Valuers). The value is based on fair value as at 30 June 2004.

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.

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. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation on revalued assets is charged to income. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

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

ASSET	LIFE	RATE
Roads, Streets and Bridges		
◆ Land under roads	Not depreciated	
◆ Pavement formation	Not depreciated	
◆ Pavement layers	80 - 100 years	1 - 1.25%
◆ 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%
◆ Council wharves	40 years	2.5%
◆ Port Marlborough wharves and marinas	10 - 50 years	2 - 10%
Carparks		
◆ Parking meters	10 years	10%
◆ Land	Not depreciated	
◆ Formation	Not depreciated	
◆ Basecourse	80 years	1.25%
◆ Surfacing	20 years	5%
◆ Markings	3 years	33.33%
Buildings (excluding properties intended for sale)	100 years	1%
Council Computers (excluding Finance 1)	4 years	25%
Council Finance 1 computer equipment	5 years	20%
Plant, equipment (excluding Council infrastructural assets)	5 - 13.33 years	7.69 - 20%
Mowers/chainsaws	1 - 2 years	50 - 100%
Sewerage		
◆ 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%
Stormwater		
◆ Pipes	80 - 100 years	1 - 1.25%
◆ Pump stations	20 - 100 years	1 - 5%
Water		
◆ 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%
Rivers and Drainage		
◆ Pump stations	35 - 100 years	1 - 2.86%
◆ Stopbanks/earthworks	Not depreciated	
◆ Rock and gabion protection	Not depreciated	
◆ Trees and tree retards	Not depreciated	
◆ Culverts and gates	Not depreciated	
◆ Channels	Not depreciated	
◆ Dam	100 years	1%
Library books	13.33 years	7.69%

Council has depreciated the cost of the Blenheim landfill development over its 45 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.

Investment property

The classification of property is a matter of professional judgement that requires analysis of the substance of the circumstances surrounding its occupation. The decision as to whether a property or part of a property is classified as 'Investment Property' is based on the criteria in NZ IAS 40, Investment Property and recognising the following:

Properties leased to third parties under operating leases will generally be classified as 'Investment Property' unless:

- ◆ the occupants provide services that are integral to the operation of the owner's business and/or these services could not be provided efficiently and effectively by the lessee in another location
- ◆ the owner of the property is a public benefit entity, and the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation
- ◆ the property is being held for future delivery of services
- ◆ if the lessor uses services of the owner and those services are integral to the reasons for their occupancy of the property.

Investment property includes Port Marlborough's marinas, reclamation land and their supporting facilities.

Investment property is stated at its fair value at the balance sheet date.

Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

Biological Assets

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

The fair value of standing timber older than 10 years, being the age at which it becomes marketable, is based on the market price of the estimated recoverable wood volumes, net of harvesting costs. The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantation at maturity. The present values are calculated using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the asset.

Non-current Assets Held for Sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The valuation of net realisable value was carried out by Abel Properties Limited.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Impairment

The carrying amounts of Councils assets other than inventories are reviewed each balance date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the greater of market value less costs to sell and value in use.

The Council, and other PBEs in the Group, measure the value in use of assets whose future economic benefits are not directly related to their ability to generate net cash inflows held, at depreciated replacement cost.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised in the Income Statement.

For non-revalued assets, impairment losses are recognised as an expense immediately.

For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for that asset class.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase to the extent that any impairment losses had been previously charged to equity.

Provisions

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

Provisions for restructuring costs are recognised when a detailed formal plan for the restructuring that has been communicated to affected parties.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

The Council undertakes financial instrument arrangements as part of their normal operations.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investments

Investments are recognised on a trade-date basis and are initially measured at cost, including transaction costs. At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are stated at their nominal value.

Equity instruments

Equity instruments issued by the MDC's subsidiaries are recorded at the proceeds received, net of direct issue costs.

Derivative Financial Instruments

Derivative financial instruments (primarily interest rate hedges and foreign currency forward contracts) are used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such derivatives are initially recorded at cost, if any, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows relating to firm commitments and forecasted transactions are recognised directly in equity. If the hedged firm commitment or forecasted transaction results in the recognition of an asset or a

liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss, for example, when the future sale actually occurs.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Employee Entitlements

Provision is made in respect of the Group's liability for retiring gratuity allowances, annual and long service leave, and sick leave.

The retiring gratuity liability is assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

Liabilities for accumulating short-term compensated absences (e.g., annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance sheet date.

Statement of Cashflows

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

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

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

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

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that the Council makes of its accumulated surpluses. The component of equity are:

Retained Earnings

Ordinary Reserves

Revaluation Reserves

Reserves

Special Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by Council without reference to Courts or third party. Transfer from these reserves can be made by certain specified purposes or when certain specified conditions are met.

Council created reserves are reserves established by Council decision. The Council may alter the without reference to any third party or the Courts. Transfer to and from these reserves are at the discretion of Council.

CHANGES IN ACCOUNTING POLICIES

These are MDC's first financial statement that apply and conform to the New Zealand International Financial Reporting Standards (NZ IFRS). As a result of changing from New Zealand Generally Accepted Accounting Practice (NZ GAAP) to NZ IFRS there are no significant or material effects on the information reported.

NOTES TO THE ACCOUNTS

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 (000's)

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:

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Community Housing	112	112	112	112	112					
Community Safety	11	11	11							
Community Facilities	91	91	91	91	91	91	91	91	91	91
Land Transport	545	545	545	545	545	545	545	545	453	453
Sewerage	860	863	860	860	895	970	1,077	1,227	1,404	1,636
Stormwater	211	211	211	211	211	211	195	181	163	144
Water	1,673	1,673	1,785	2,048	2,723	3,061	3,612	3,890	4,376	5,039
Waste	463	463	463	463	463	463	455	455	449	429
General	9	9	9	9	9	9	9	9	9	9
	3,975	3,978	4,087	4,339	5,049	5,350	5,984	6,398	6,945	7,801

3. Capital Expenditure Summary (GST Exclusive) (000's)

CAPITAL EXPENDITURE REPORT		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
DEMOCRACY											
Democracy											
TOTAL DEMOCRACY											
PEOPLE											
Arts and Heritage -		Funded by Rates									
Heritage: Havelock museum	Improvements			11				12			
Heritage: Ward museum	Improvements			2							
Heritage: Picton museum	Improvements	10							12		
Heritage: Renwick museum	Buildings										
Memorials: Cleghorn Rotunda	Improvements		12								
Memorials: Havelock	Improvements			4							
Memorials: Other	Improvements	8			9			9			
Memorials: Picton	Improvements		3				20				
Memorials: Rai Valley	Improvements	6						11			
Memorials: Rural	Improvements	3							4		
Memorials: Seddon	Improvements										
Memorials: Town Centre Clock	Improvements		36								
Memorials: War Memorial Fountain	Improvements		21								
Memorials: Ward	Improvements										
		27	72	17	9		20	32	16		
Community Housing -		Funded by User Charges									
Community Housing	Improvements	120	123	127	130	133	136	138	141	143	145
		120	123	127	130	133	136	138	141	143	145

CAPITAL EXPENDITURE REPORT			2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Community Safety -	Funded by Rates											
Community: Security	Security Cameras				218						242	
					218						242	
Libraries -	Funded by User Charge and Rates											
Libraries	Books and Equipment	274	318	279	238	290	342	398	297	348	469	
TOTAL PEOPLE		421	513	423	595	423	498	568	454	733	614	
EMERGENCY MANAGEMENT												
Emergency Management	Equipment	27	29	33	29	32	35	33	33	39	34	
LAND AND WATER												
COMMUNITY FACILITIES												
Cemeteries	Funded by User Charges and Rates											
Cemeteries: Fairhall	Development	25	31	32	6	33	5	6	5	6	6	
Cemeteries: Flaxbourne	Development					17						
Cemeteries: Havelock	Development	12										
Cemeteries: Omaka	Development	107	32	6	6	7	7	7	7	7	7	
Cemeteries: Picton	Development	5	77					29	18			
Cemeteries: Tuamarina	Development	35	21									
Cemeteries: Other	Development	10										
		194	161	38	12	57	12	42	30	13	13	
Halls -	Funded by Rates											
Halls: Awarua Park (gp 1)	Improvements						14					
Halls: Canvastown (gp 3)	Improvements			11								
Halls: Fairhall (gp 5)	Improvements							12				
Halls: Flaxbourne (gp 3)	Improvements							12				
Halls: French Pass (gp 3)	Improvements	8										
Halls: Havelock (gp 3)	Improvements	15							18			
Halls: Linkwater (gp 3)	Improvements				11							
Halls: Okaramio (gp 3)	Improvements		12									
Halls: Okiwi Bay (gp 3)	Improvements	35					11					
Halls: Queen Charlotte (gp 8)	Improvements	20					23					
Halls: Rapaura (gp 9)	Improvements					9						
Halls: Renwick (gp 9)	Improvements						11					
Halls: Spring Creek (gp 9)	Improvements					11						
Halls: Wairau Road Centre (gp 7)	Improvements					11						
Halls: Waitaria Bay (gp 2)	Improvements		10					8				
Halls: Other (gp 3)	Improvements	30	11	5								
		108	33	16	11	31	59	32	18			
Reserves -	Funded by Land Subdivision Account											
Reserves: A&P Park (Group 6)	Improvements	45	46									
Reserves: Alana playground (Group 1a)	Improvements	25										
Reserves: Anakiwa (Group 14)	Improvements			7								
Reserves: Athletic park (Group 7)	Improvements	93	10	45	32	50						
Reserves: Awarua Park (Group 4)	Improvements	15		19	27							
Reserves: Auckland Street/Wairau Road (Group 2a)	Improvements	75		6	11			25				
Reserves: Beach Road (Group 2a)	Improvements	7	19						41			
Reserves: Blenheim skate park (Group 7)	Improvements	20	21	21	22	22	23	23	23	24	24	
Reserves: Bobs Bay (Group 8)	Improvements	7										
Reserves: Brown River (Group 14)	Improvements				4				14			
Reserves: Burleigh Park (Group 1a)	Improvements	28	7	11								
Reserves: Cedar Grove (Group 1a)	Improvements	24										
Reserves: Ching Park (Group 1a)	Improvements	10										
Reserves: Churchward Park (Group 9)	Improvements	12	7	7								
Reserves: College Park (Group 1a)	Improvements	30			217							
Reserves: Covent Gardens (Group 1a)	Improvements											
Reserves: Dillons Point Centre (Group 1a)	Improvements	20	21	26								
Reserves: Double Bay (Group 14)	Improvements	7		8				9				
Reserves: Eltham Road (Group 1a)	Improvements	15										
Reserves: Endeavour Park (Group 5)	Improvements	1,000										
Reserves: Esplanade (Group 14)	Improvements	20	21	21	22	22	23	23	23	24	24	
Reserves: Essons Valley (Group 8)	Improvements	6			4			40				
Reserves: Faulkland Drive (Group 1a)	Improvements	24										
Reserves: Fisherman's (Group 2a)	Improvements		10			9						
Reserves: Fultons Creek (Group 1a)	Improvements		10	21								

CAPITAL EXPENDITURE REPORT		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Reserves: George Powell (Group 1a)	Improvements	35	10								
Reserves: George Young (Group 1a)	Improvements										
Reserves: Harling Park (Group 1a)	Improvements	25		21							
Reserves: Havelock Domain (Group 10)	Improvements	58					20				
Reserves: Henderson Street (Group 1a)	Improvements	8	8	8	8						
Reserves: Holdaway Street (Group 1a)	Improvements	15									
Reserves: Horton Park (Group 6)	Improvements	55	10		22	33	40	54	6		6
Reserves: Koromiko Deer Park (Group 14)	Improvements	12	4			89					
Reserves: Kowhai Drive (Group 1b)	Improvements	10				-17					
Reserves: Leafmere Drainage (Group 1a)	Improvements					17					
Reserves: Manor Park (Group 1a)	Improvements	30									
Reserves: Memorial Park (Group 2a)	Improvements	55						12			
Reserves: Moana View (Group 2a)	Improvements		5						12		
Reserves: Morrington (Group 1a)	Improvements						8				
Reserves: Murphy's Creek (Group 1a)	Improvements							29			
Reserves: Nelson Square (Group 11)	Improvements	38	12								
Reserves: Nikau Place (1a)	Improvements										
Reserves: Okiwi Bay (Group 14)	Improvements		5	37		50			23		
Reserves: Oliver Park (Group 7)	Improvements	25	19	5		6		6		6	
Reserves: Picton Foreshore (Group 8)	Improvements	80	51		38		51				
Reserves: Pollard Park General (Group 12)	Improvements	105									
Reserves: Pollard Park Golf (Group 15)	Improvements	15	15	16	32						
Reserves: Ranui Street (Group 2a)	Improvements	6	19		22						
Reserves: Rata Park (Group 1a)	Improvements	18									
Reserves: Rema Reserve (Group 1a)	Improvements	45									
Reserves: Renwick Domain (Group 4)	Improvements	30	15	16							
Reserves: Renwick Domain (Group 4)	Improvements										
Reserves: Renwick Domain (Group 4)	Improvements	50									
Reserves: Rewi Murray Polo Ground (Group 15)	Improvements	100	15	16	70	72					
Reserves: Rimu Terrace (Group 2a)	Improvements			11							
Reserves: Riversdale Park (Group 1a)	Improvements	55									
Reserves: Riverside Park (Group 12)	Improvements	250	243	32	9						
Reserves: Rousehill (Group 1b)	Improvements					28					
Reserves: Scotland Street (Group 2a)	Improvements			16							
Reserves: Seddon Domain (Group 10)	Improvements	30	26								
Reserves: Seymour Square (Group 12)	Improvements	35	36	37		122					
Reserves: Shelly Beach (Group 8)	Improvements	95	19					14			
Reserves: Simonsen (Group 1a)	Improvements	10	15								
Reserves: Snowden Crescent (Group 1a)	Improvements	24									
Reserves: Sutherland Stream (Group 1a)	Improvements	25	15	16	16						
Reserves: Taylor Dam (Group 1a)	Improvements	20	26								
Reserves: Taylor River (Group 12)	Improvements	35	36	37	38	39					
Reserves: Tirimoana (Group 14)	Improvements		10			9					
Reserves: Unspecified (Group 1a)	Improvements	20	25	24	24	22	24	27	27	26	27
Reserves: Upper Spring Creek (Group 1b)	Improvements	10	10								
Reserves: Victoria Domain (Group 8)	Improvements	35	10					86			
Reserves: Waikawa Foreshore (Group 8)	Improvements	141		48		17			35		
Reserves: Ward Beach (Group 14)	Improvements	5									
Reserves: Ward Domain (Group 10)	Improvements	20	27				23				
Reserves: Whitehead Park (Group 1a)	Improvements	45	67	37							
Reserves: Wither Hills Amenity Planting (Group 13)	Improvements	15	15	16	16	17	17	17	18	18	18
Reserves: Wither Hills Farm Park(Group 13)	Improvements	4									
Reserves: Walkways Blenheim Urban (Group 1a)	Improvements	8		8			9				
Reserves: Walkways Picton Urban (Group 8)	Improvements	85	6		9			9			10
Reserves: Walkways Picton Rural (Group 8)	Improvements	18	6	12	6	7	7	7	7	7	7
Reserves: Wither Hills Walkway (Group 13)	Improvements		46		135		6		6		
Reserves: Wither Hills Walkway (Group 13)	Improvements	8	21	8	9	9	9	9	9	10	10
Reserves: Walkways - Other Rural (Group 14)	Improvements	10									
		3,301	1,019	613	793	623	260	390	244	115	126

Public conveniences -

Funded by Rates

Public Conveniences: Awatere	Improvements			11							
Public Conveniences: Blenheim	Improvements	145	10	87	76		74		76		
Public Conveniences: Flaxbourne	Improvements	65									
Public Conveniences: Picton	Improvements	110	87	37							
Public Conveniences: Renwick	Improvements	50									
Public Conveniences: Sounds	Improvements		36								

CAPITAL EXPENDITURE REPORT		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Conveniences: Rai Valley	Improvements				4						
Public Conveniences: Rural	Improvements	10				11					
Public Conveniences: Canvastown	Improvements		5								
Public Conveniences: Other	Improvements			10							
		380	138	145	80	11	74		76		
Swimming Pools -	Funded by Rates										
Swimming Pools: Pictou	Improvements	25		6			40				
Swimming Pools: Awatere	Improvements	20						40			
Swimming Pools: Blenheim	Improvements		51		704						
		45	51	6	704		40	40			
Total Community Facilities		4,028	1,402	818	1,600	722	445	504	368	128	139
LAND TRANSPORT											
Parking	Funded by User Charges										
Parking	Equipment	4,259	5	5	5	22	6	6	6	6	6
		4,259	5	5	5	22	6	6	6	6	6
Roading	Funded by Rates and Development Levies										
Roads: General Roading	Vested Assets	624	643	662	680	697	713	728	742	754	766
Roads: General Roading	Culverts	65	66	68	69	71	72	73	74	75	76
Roads: General Roading	Sealed pavement	1,500	1,231	1,261	1,288	1,314	893	908	922	934	946
Roads: General Roading	Surface water channels	50	51	53	54	55	56	57	58	58	59
Roads: General Roading	Traffic Islands/Services										
Roads: General Roading	Renewals:										
	Area wide pavement treatment	700	616	630	644	657	670	681	691	700	709
Roads: General Roading	Renewals: Bridges	200	205	210	215	219	223	227	230	233	236
Roads: General Roading	Renewals: Culverts	87	89	91	93	94	95	97	98	100	101
Roads: General Roading	Renewals: Maintenance chip seal	1,520	1,560	1,597	1,654	1,774	1,897	2,020	2,143	2,264	2,388
Roads: General Roading	Renewals: Major rehabilitation	300	308	315	322	329	335	340	346	350	355
Roads: General Roading	Renewals: Sealed pavement	475	488	500	511	521	531	540	548	555	562
Roads: General Roading	Renewals: Surface Water Channels	100	103	105	107	110	112	113	115	117	118
Roads: General Roading	Renewals: Thin asphaltic coating	150	154	155	163	164	167	170	173	175	177
Roads: General Roading	Renewals: Unsealed pavement	428	440	450	460	470	478	488	493	498	507
Roads: Kenepuru Road SRA (non-sub)	Sealed pavement	250		126		131		136		140	
Roads: Archers Roads SRA (non-sub)	Sealed pavement		95								
Roads: Rainbow Road	Renewals: Maintenance chip seal	60			64			68			71
Roads: Dillon's Point Road	Sealed pavement										
Roads: Old Ford Road	Sealed pavement										
Street Plots - Blenheim	Street plots	10	10	11	11	11	11	11	12	12	12
Street Plots - Pictou	Street plots	5	5	5	5	5	6	6	6	6	6
Street Trees - Blenheim	Street trees	8	8	8	9	9	9	9	9	9	9
Street Trees - Pictou	Street trees	5	5	5	5	5	6	6	6	6	6
CBD Works: Blenheim	Paved/Cobbled areas	25									
Roading Related Works: Blenheim	Sealed pavement										
Roading Related Works: Wairau/Awatere	Sealed pavement	16	42	58	59	60	61	62	63	64	65
Roading Related Works: Other	(Budget member)										
	Sealed pavement			105	107	110	112	113	115	117	118
Roading Related Works: Other	(Budget member)										
	Footpaths (concrete)	78	80	82	84	85	87	89	90	91	92
Roading Related Works: Other	(Budget member)										
	Kerb & Channel	80	67	68	70	71	73	74	75	76	77
Roading Related Works: Other	(Budget member)	20	21	21	21	22	22	23	23	23	24
Roading Related Works: Other	(Budget member)										
	Streetlighting	36	37	38	38	39	40	41	41	42	42
Roading Related Works: Other	(Budget member)										
	Vehicle crossings	10	10	11	11	11	11	11	12	12	12
Roading Related Works: Other	(Budget member)										
	Renewals: Footpaths (sealed)	240	215	221	225	230	234	238	242	245	248
Roading Related Works: Other	(Budget member)										
	Renewals: Kerb and Channel	55	56	58	214	206	210	214	218	222	225
Roading Related Works: Other	(Budget member)										
	Renewals: Street Furniture	30	31	32	16	16	17	17	17	18	18
Roading Related Works: Other	(Budget member)										
	Renewals: Vehicle crossings	15	15	16	16	16	17	17	17	18	18
Wharves: Other	Wharves.	60	21	42	64	66	22	23	69	70	24
Roads: Subdivisional Works	Sealed pavement	150	154	158	161	164	167	170	173	175	177
		7,352	6,826	7,162	7,440	7,732	7,347	7,770	7,821	8,159	8,244
Total Land Transport		11,611	6,831	7,167	7,445	7,754	7,353	7,776	7,827	8,165	8,250

CAPITAL EXPENDITURE REPORT		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
RIVERS AND LAND DRAINAGE		Funded by Rates									
Rivers in the Wairau Valley											
Lower Wairau	Stopbanks	100	208	87	90	93	96	99	101	103	106
Wairau Diversion	Stopbanks	40	42	76	79	81	84	86	88	90	93
Wairau Tuamarina	Stopbanks	60	63	108	112	116	120	123	126	129	132
Wairau gravel extraction	Rock and Gabion protection	80	83	87	90	93	96	99	101	103	106
Gibson Creek	Drainage channels										
Lower Opawa	Stopbanks	40		22	22	23	24	25	25	26	26
Opawa Loop	Stopbanks			42	47	47	47	48	52	52	53
Lands and Witherhills Streams	Rock and Gabion protection										
Taylor Dam	Dams										
Taylor below Burleigh	Stopbanks	35	10	49	22	23	24	25	25	26	26
Taylor above Burleigh	Stopbanks										
Land purchases	Land	100	103	106	108	111	113	115	117	119	121
		455	509	577	570	587	604	620	635	648	663
Rivers outside the Wairau Valley											
Waikawa	Trees and tree retards										
Picton/Waikawa	Rock and Gabion protection	20	21	22	22	23	24	25	25	26	26
		20	21	22	22	23	24	25	25	26	26
Drainage											
Drainage Pump Stations: Blenheim	Pump stations	30	31	33	34	35	36	37	38	39	40
Drainage Pump Stations: Rural	Pump stations	45	31	22	22	23	24	25	25	26	26
Drains: Blenheim Minor Rivers	Drainage channels	50	52	43	45	46	48	49	51	52	53
Drains: Rural Zone A	Drainage channels	80	63	65	67	70	72	74	76	78	79
		205	177	163	168	174	180	185	190	195	198
Total Rivers and Land Drainage		680	707	762	760	784	808	830	850	869	887
SEWERAGE		Funded by Rates									
Sewerage: Blenheim	Connections	25	26	27	28	29	30	31	32	32	33
Sewerage: Blenheim	Engineering	177	76	219	260	333	104	77	341	79	872
Sewerage: Blenheim	Pipelines	1,678	406	549	315	290	300	308	316	330	848
Sewerage: Blenheim	Pump stations	1,040	396	238	393	244			1,914		3,008
Sewerage: Blenheim	Renewals: Pipelines	158	21	22	22	23	24	25	25	26	26
Sewerage: Blenheim	Renewals: Pump stations	16		439		18		106	119		
Sewerage: Blenheim	Telemetry field equipment	1	3	6	6	1	2	2	2	2	2
Sewerage: Blenheim	Treatment plant	2,776	1,305	1,274	3,933				3,999		
Sewerage: Blenheim	Vested Assets	221	228	234	241	247	252	258	263	267	271
		6,092	2,461	3,008	5,198	1,185	712	807	7,011	736	5,060
Sewerage: Picton	Connections	10	10	11	11	12	12	12	13	13	13
Sewerage: Picton	Engineering	53	112	115	94	131	13	216	102	4	4
Sewerage: Picton	Pipelines	5	319	1,223	6	1,828	6	1,211	6	6	7
Sewerage: Picton	Pump stations	125	646		854			92	5,857		
Sewerage: Picton	Renewals: Pipelines	108	1,304	1,278	56	23	24		25		
Sewerage: Picton	Renewals: Pump stations			64							
Sewerage: Picton	Telemetry field equipment	1	2	3	4	1	1	1			
Sewerage: Picton	Treatment plant		167		28	418					
		302	2,560	2,694	1,053	2,413	56	1,532	6,003	23	24
Sewerage: Havelock	Connections	2	2	2	2	3	2	3	3	3	3
Sewerage: Havelock	Engineering	5					47			28	1
Sewerage: Havelock	Oxidation ponds	145					156				
Sewerage: Havelock	Renewals: Pump stations									137	
Sewerage: Havelock	Telemetry field equipment		1	2	2		1				
Sewerage: Havelock	Treatment plant										
		152	3	4	4	3	206	3	3	168	4
Sewerage: Seddon	Connections	2	2	3	3	3	2	3	3	2	2
Sewerage: Seddon	Engineering	4					1			1	2
Sewerage: Seddon	Telemetry field equipment										
Sewerage: Seddon	Treatment plant	15	125								7
		21	127	3	3	3	3	3	3	3	11
Sewerage: Spring Creek	Telemetry field equipment		1	1	1		1	1	1	1	1
Sewerage: Spring Creek	Connections	1	1	1	1	1	1	1	1	1	1
Sewerage: Spring Creek	Oxidation ponds	30	218								
Sewerage: Spring Creek	Treatment plant										
Sewerage: Spring Creek	Engineering	8									
		39	220	2	2	1	2	2	2	2	2

CAPITAL EXPENDITURE REPORT		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Sewerage: Renwick	Engineering										
Sewerage: Renwick	Pipelines										
Sewerage: Other	Pipelines	340	4,176	3,812	252	4,938		647	12,585		
		340	4,176	3,812	252	4,938		647	12,585		
Total Sewerage		6,946	9,547	9,523	6,512	8,543	979	2,994	25,607	932	5,101
STORMWATER	Funded by Rates										
Stormwater: Blenheim	Connections	40	42	43	45	46	48	49	51	52	53
Stormwater: Blenheim	Pipelines	60									
Stormwater: Blenheim	Renewals: Pipelines	90	52	54	56	58	60	62	63	65	66
Stormwater: Blenheim	Vested Assets	260	268	276	283	290	297	303	309	314	319
		450	362	373	384	394	405	414	423	431	438
Stormwater: Picton	Connections	5	5	5	6	6	6	6	6	6	6
Stormwater: Picton	Pipelines	20	21	22	22	23	24	25	25	26	26
Stormwater: Picton	Pump stations										
Stormwater: Picton	Renewals: Pipelines	50	31	33	34	10	11	11	12		
		75	57	60	62	39	41	42	43	32	32
Other Stormwater	Connections	5	5	5	6	6	6	6	6	6	7
Other Stormwater	Pipelines	94	176	64	37	19	32	32	18	18	19
Other Stormwater	Renewals: Pipelines		10	11	11	12	14	15			
		99	191	80	54	37	52	53	24	24	26
Total Stormwater		624	610	513	500	470	498	509	490	487	496
WATER	Funded by Rates										
Water: Blenheim	Connections	50	52	54	56	58	60	62	63	65	66
Water: Blenheim	Engineering	228	185	373	313	18	153	44	199	323	50
Water: Blenheim	Pipelines	2,363	733	1,277	842	1,296			1,071	1,322	27
Water: Blenheim	Pump stations	125		1,257	2,564	44	210				
Water: Blenheim	Renewals: Connections	120	125	130	135	139	144	148	152	225	159
Water: Blenheim	Renewals: Pipelines	50	52	54	56	58	60	62	63		
Water: Blenheim	Renewals: Pump stations	112	15	43		16					
Water: Blenheim	Reservoirs	2,910		829	1,660						
Water: Blenheim	Treatment plant			1,691	1,360	2,284			10,108		
Water: Blenheim	Vested Assets	195	201	207	212	218	223	227	232	235	239
		6,153	1,363	5,915	7,198	4,131	850	543	11,888	2,170	541
Water: Picton	Connections	12	13	13	13	14	14	15	15	16	16
Water: Picton	Engineering	113	194	12	19	426	32	19	142	24	27
Water: Picton	Pipelines	888	710	20	191	4,962	23	23	24	25	105
Water: Picton	Pump stations		740		22	372					
Water: Picton	Renewals: Connections	26	27	28	29	30	31	32	33	34	34
Water: Picton	Renewals: Pipelines	35	36	38	39	41	42	43	44	45	46
Water: Picton	Renewals: Pump stations	13		27							
Water: Picton	Reservoirs	2,437	172	813		1,119					
Water: Picton	Treatment plant	217	2,365	677	56	906			8,087		
		3,741	4,257	1,628	369	7,870	142	132	8,345	144	228
Water: Awatere	Connections	6	6	7	7	7	7	7	8	8	8
Water: Awatere	Engineering	137	9	34	120	4	396	598	7	30	18
Water: Awatere	Pipelines		615	16	569		237				
Water: Awatere	Renewals: Pipelines	120	251	260	63	65	67	69	71	72	74
Water: Awatere	Renewals: Pump stations	30	1	76	3	1	1	1	322		
Water: Awatere	Reservoirs			33	1,529		1,039				
Water: Awatere	Treatment plant	439	1,672	1,739				3,572			
		732	2,554	2,165	2,291	77	1,747	4,247	408	110	100
Water: Havelock	Connections	2	2	2	2	2	4	3	3	3	3
Water: Havelock	Engineering	9		125			1	1	33	1	1
Water: Havelock	Pipelines		256						152		
Water: Havelock	Pump stations										
Water: Havelock	Renewals: Pipelines	53	2	2	3	3	2	2	3	3	3
Water: Havelock	Renewals: Pump stations			11							
Water: Havelock	Reservoirs			1,062							
Water: Havelock	Telemetry field equipment			1	1						
Water: Havelock	Treatment plant			379					1,768		
		64	260	1,582	6	5	7	6	1,959	7	7
Water: Renwick	Connections	4	4	4	4	5	5	5	5	5	5
Water: Renwick	Engineering	81	193	1	3	3	217	2	53	3	3
Water: Renwick	Pipelines	3	1,200	3	3	26	730	4	4		
Water: Renwick	Pump stations		1,533								
Water: Renwick	Renewals: Pipelines	5	5	5	6	6	6	6	6	6	7

CAPITAL EXPENDITURE REPORT		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Water: Renwick	Renewals: Pump stations				34	8					
Water: Renwick	Reservoirs			2,222					531		
Water: Renwick	Treatment plant			135	2,360				2,527		
		93	2,935	2,370	2,410	48	958	17	3,126	14	15
Water: Riverlands	Engineering	18	80	2					86		
Water: Riverlands	Pipelines	466	1	1	1	1	2	1	191		
Water: Riverlands	Renewals: Pump stations			17							
Water: Riverlands	Reservoirs	35	737						948		
Water: Riverlands	Treatment plant	80	1,511						3,790		
		599	2,329	20	1	1	2	1	5,015		
Water: Southern Valleys	Communications equipment										
Water: Southern Valleys	Engineering										
Water: Wairau Valley	Engineering		11		6					17	
Water: Wairau Valley	Renewals: Pump stations										
Water: Wairau Valley	Treatment plant	25	295		107				979		
		25	306		113				996		
Total Water		11,407	14,004	13,680	12,388	12,132	3,706	4,946	31,737	2,445	891
WASTE MANAGEMENT Funded by User Charges and Rates											
Waste Landfill: Regional	Engineering	5		1	84	5	4	3		500	30
Waste Transfer Station: Picton	Land	60									
Waste Landfill: Regional	Landfills	146	15	16	1,645	86	17	17	18	2,549	136
Waste Landfill: Blenheim	Landfills										
Waste Landfill: Blenheim	Other buildings & Structures	370	52								
Waste Projects: Recycling	Permanent material buildings	1,136									
Total Waste Management		1,717	67	17	1,729	91	21	20	18	3,049	166
Total Land and Water		37,013	33,168	32,480	30,934	30,496	13,810	17,579	66,897	16,075	15,930
ENVIRONMENT Funded by Rates											
Environment Review	Instrumentation	46	48	49	50	52	53	54	54	55	56
Environment Review	Telemetry field equipment	3	3	3	3	3	3	3	4	4	4
Total Environmental		49	51	52	53	55	56	57	58	59	60
REGULATORY											
Consents & Compliance - Funded by User Charges & Rates											
Consents: Resource Consents	Computers	1	1	1	1	1	1	1	1	1	1
Consents: Resource Consents	Instrumentation	4	4	4	4	4	4	4	4	4	4
Consents: Health & Liquor	Instrumentation	2	2	2	2	2	2	2	2	2	2
Consents: Building Control	Sundry plant	1	1	1	1	1	1	1	1	1	1
Total Consents		8	8	8	8	8	8	8	8	8	8
Harbour Control Funded by Rates											
Harbour: Control	Navigational aids	104	26	27	27	28	29	29	30	30	31
Total Regulatory		104	34	35	35	36	37	37	38	38	39
OTHER ACTIVITIES											
Plant	Funded by Internal User Charges	213	304	478	397	125	204	90	294	425	206
Investment Activities											
Property: Rental Housing	Improvements	10	21	4		3	1				
Land Development: Blenheim	Land	582	1,113	615							
Marlborough Regional Forestry	Equipment		10		10		10		10		10
		592	1,144	619	10	3	11		10		10
Overhead Activities											
Information Services	Computer hardware/software	431	411	432	906	513	450	1,787	545	551	441
Office Services: Administration	Office equipment	80	82	85	87	89	91	93	95	97	98
Office Accommodation	Building	126	17	68	40	58	158	69	70	71	
		637	510	585	1,033	660	699	1,949	710	719	539
Management Activities											
Biosecurity Management	Equipment	2	2	2	2	2	2	2	2	2	2
		2	2	2	2	2	2	2	2	2	2
TOTAL OTHER ACTIVITIES		1,444	1,950	1,684	1,432	790	906	2,041	1,006	1,146	747
TOTAL CAPITAL EXPENDITURE		39,066	35,755	34,707	33,087	31,831	15,352	20,315	68,496	18,088	17,436

4. Overhead Accounts

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

5. Expenditure Disclosures

EXPENDITURE DISCLOSURES	2005-06 \$000's	2006-07 \$000's	2007-08 \$000's	2008-09 \$000's	2009-10 \$000's	2010-11 \$000's	2011-12 \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's
Depreciation	10,503	10,998	11,674	12,682	13,056	13,601	14,767	15,243	16,005	17,347	17,779
Interest	359	1,689	2,885	4,274	5,446	6,038	6,405	6,010	7,617	8,933	8,195
Rate Remissions	322	262	270	278	286	293	299	306	312	317	322

6. Reconciliation of Other Income

	2006-07 \$000's	2007-08 \$000's	2008-09 \$000's	2009-10 \$000's	2010-11 \$000's	2011-12 \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	
Other Income a \$000's per Activity Statements -											
Democratic Process		2	23	2	3	24	2	2	26	2	2
Community Housing		912	948	982	1,016	1,049	991	1,012	1,032	1,048	1,064
Community Safety		303	314	316	323	329	336	344	348	354	358
Libraries		107	110	113	117	120	123	125	128	129	132
Emergency Management		30	32	32	33	33	35	35	36	36	36
Community Facilities		141	189	200	206	219	229	242	252	262	275
Land Transport		2,105	2,090	2,155	2,234	2,312	2,387	2,456	2,527	2,593	2,662
Rivers and Land Drainage		1,777	1,834	1,886	1,937	1,986	2,032	2,073	2,113	2,147	2,181
Sewerage		1,084	1,153	1,235	1,330	1,436	1,553	1,670	1,797	1,952	2,103
Stormwater		358	377	397	416	436	456	466	476	483	488
Water		1,090	699	788	899	1,029	1,181	1,336	1,495	1,720	1,911
Solid and Hazardous Waste Management		1,663	1,745	1,817	1,888	1,960	2,031	2,097	2,165	2,226	2,202
Consents and Compliance		3,304	3,403	3,498	3,593	3,683	3,767	3,847	3,918	3,981	4,046
Animal and Plant Pests		2,745	2,831	2,913	2,992	3,066	3,137	3,203	3,265	3,317	3,367
Harbour Control		1,537	1,227	1,263	1,536	1,329	1,360	1,645	1,415	1,437	1,735
Animal Control		373	384	395	406	416	426	435	443	450	457
Subtotal		17,531	17,359	17,992	18,929	19,427	20,046	20,988	21,436	22,137	23,019
Less Sinking Fund Interest included above		(510)	(650)	(838)	(1,070)	(1,341)	(1,561)	(1,850)	(2,169)	(2,576)	(2,877)
Add Other Activities of Council		3,901	4,204	4,326	4,443	4,554	4,659	4,757	4,847	4,925	5,003
		20,922	20,913	21,480	22,302	22,640	23,144	23,895	24,112	24,486	25,145
Less eliminations on consolidation with Marlborough Regional Forestry		(1,163)	(1,162)	(1,339)	(1,338)	(1,338)	(1,340)	(1,343)	(1,340)	(1,342)	(1,338)
Other Income as per											
Statement Of Financial Performance		19,759	19,751	20,141	20,964	21,302	21,804	22,552	22,772	23,144	23,807

7. Loans

New loan raising requirements budgeted for 2007/08 to 2015/16 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.

	2005-06 \$000's	2006-07 \$000's	2007-08 \$000's	2008-09 \$000's	2009-10 \$000's	2010-11 \$000's	2011-12 \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's
Total Cemeteries	25	187	156	30		30			15		
Total Public Conveniences	146	370	133	122	79				76		
Total Swimming Pools					700						
Total Parking		4,100									
Total Roading Related Works	388										
Total Stormwater	1,195	60	170	50	30						
Waste Management	759	1,613			1,645	82					
Sewerage: Blenheim	4,164	5,201	1,447	1,913	4,004				2,700		
Sewerage: Picton			2,219	2,436	755	1,072			5,628		
Sewerage: Havelock		140									
Sewerage: Renwick	441										
Sewerage: Seddon			80								
Sewerage: Spring Creek		30	220								
Sewerage: Other		410	4,176	3,812	252	4,938			12,585		
Water: Blenheim	97	5,000	554	1,978	2,200	579			5,700		
Water: Havelock	54	50	255	1,530					1,750		
Water: Picton	100	3,500	3,956	1,400		2,388			6,730		
Water: Renwick	100		2,742	2,361	2,350				2,740		
Water: Awatere		198	1,640	1,134	2,094						
Water: Riverlands		100	2,300						4,500		
Water: Wairau Valley		25	306		89				946		
	7,469	20,984	20,354	16,766	14,198	9,089			43,370		

ASSUMPTIONS, DISCLOSURES AND COMPLIANCE

Assumptions

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

Impact of Population Growth on Asset Management Planning

Population growth has been forecast using the Department of Statistics medium growth forecast. The growth over the term of the plan is forecast to be 5%. Statistics New Zealand's projections are shown in the following table:

Projected Population Marlborough District (Base 2001 – 40700 Pop)			
Year	Low Projection	Medium Projection	High Projection
2006	42,400	43,100	43,800
2011	42,900	44,200	45,600
2016	43,100	45,100	47,200
2021	43,100	45,700	48,500

Within the LTCCP, growth has been based on known planning constraints or if there are no known constraints then growth is assumed to be 'straight-line' between years. These assumptions have been applied when projecting expenditure and revenue over the ten-year period. The projections for different infrastructure services, such as water and sewer, will vary from the above population figures, because the areas served by each scheme do not necessarily involve the whole district, and the probable rate of growth will differ from scheme to scheme.

Asset Management Planning has taken this population growth into account along with projected changes in household density (which show a slight reduction over period) to forecast demand for respective services, for water and sewerage supplies the following demand loadings have been used:

Water Supply

Blenheim

Scenario	Residential Lots to Service	Peak Day (m ³ /day) Water Requirements	Estimated Period When Peak Demand Might Eventuate
Status Quo	8,900	35,000	2005
Urban area fully developed (incl infill)	11,500	45,000	2022 - 27
Probable Growth areas outside urban area added to urban zone	13,500	52,000	2034 - 42
Contingency Added		55,000	2035 - 45

Havelock

Year	Population Served	Dwellings Served	Peak Hour Demand (m ³ /hr)	Peak Day Demand (m ³ /day)
2001	549	220	88	993
2026	977	368	155	1699

Picton

Year	Pop Served	Dwellings Served	Peak Day Demand (m ³ /day)
2004	4,080	1,626	6,500
2025	6,600	2,500	9,000

Renwick

Year	Population Served	Peak Hour Demand (l/s)	Peak Day Demand (m ³ /day)
1999	1,687	67	3,339
2013	2,042	88	4,408

Riverlands and Cloudy Bay Industrial Parks

Year	Peak Day Demand (m ³ /day)
2004	2,000
2015	6,628

It is not proposed to extend the supply area for the Wairau Valley, subject to community consultation to determine community preferences.

No additional capacity is forecast for the Southern Valleys' irrigation scheme.

No additional capacity has been forecast for the Awatere.

Additional demand will be considered on a subdivision by subdivision basis.

Projected Growth in Sewerage Schemes

Blenheim

Locality	1996 Population	Year 2006 Population	2016 Population
Blenheim	20,900	22,400	24,100
Renwick	1,650	1,800	1,900
Riverlands	230	240	250
Burleigh	290	310	330
Ashford Grove	100	110	110
Spring Creek	280	310	330
Grovetown	270	300	320
Fairhall Resort		1,200	1,200
Total	23,720	26,670	28,540

Blenheim

Year	Population	Current / Future Sewer Loadings		
		Peak Day Flow (m ³ /d)	Peak Flow (l/s)	Avg BOD Loadings (kg/day)
1996	20,900	43,200	500	2,660
2016	28,540	63,000	3,400	730

Picton

Year	Population	Current / Future Sewer Loadings	
		Avg BOD Loadings (kg/day)	Peak Day Flow (m ³ /d)
2000	4,100	292	3,500
2016	4,650	500	6,750

Havelock

Year	Population	Current / Future Sewer Loadings	
		Avg BOD Loadings (kg/day)	Peak Day Flow (m ³ /d)
2001	549	42	175
2016	680	80	300

Seddon

Year	Population	Current / Future Sewer Loadings	
		Avg BOD Loadings (kg/day)	Peak Day Flow (m ³ /d)
1996	546	55	228
2016	710	85	400

Year	Population	Current / Future Sewer Loadings	
		Avg BOD Loadings (kg/day)	Peak Day Flow (m ³ /d)
1995	356	39.5	164

Inflation

Inflation has been included in the financial forecasts utilising the following inflation indices prepared by Business and Economic Research Limited (BERL):

Year ending	% change per annum					
	Road	Property	Water	Energy	Staff	Other
June 08	2.6	2.9	4.2	4.1	2.5	3.1
June 09	2.4	2.7	4.0	3.8	2.4	2.9
June 10	2.2	2.5	3.7	3.6	2.2	2.7
June 11	2.0	2.3	3.4	3.3	2.0	2.5
June 12	1.9	2.1	3.1	3.0	1.8	2.3
June 13	1.7	1.9	2.8	2.8	1.7	2.1
June 14	1.5	1.7	2.6	2.5	1.5	1.9
June 15	1.3	1.5	2.3	2.2	1.3	1.6
June 16	1.3	1.5	2.3	2.2	1.3	1.6
June 17	1.3	1.5	2.3	2.2	1.3	1.6

Grants paid by Council have not been inflated as previous experience has shown that grants do not follow inflation trends.

Interest Rates/Term of Loans

All loans have been raised for a period of twenty years with interest of 7.5% being applied. Interest on investments and bank deposits calculated at 5%.

Revenue

Revenue from user chargers 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. Forestry income and expenditure has been forecast using age profile of forest with harvesting undertaken at 30 years of age. Log prices have been estimated using the average of the past three years.

Change in Levels of Service

With the exception of where major capital works are undertaken there has been no change to the level of infrastructure service to customers incorporated into this plan. Capital works are primarily to ensure performance targets contained in the plans are maintained over the period of the Plan. Greater emphasis is proposed in the areas of environmental planning, pest control and harbour control.

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.

Revaluations

It has been assumed that revaluation of Council infrastructure assets will occur every three years. Inflation indices have been used to forecast these. Land and building valuations have not been altered as the change in value is not expected to be material and there is no impact expected on depreciation and funding.

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. Most of the provisions of these Acts took effect from 1 July 2003.

This plan has been prepared on the basis of the provisions in the new legislation.

Future changes in legislation or central government policy could significantly impact on local government and the communities it serves. Currently, there are reviews being undertaken by central government that could affect the requirements on Council with regard to water quality standards, building control, animal control and with regard to its obligations under the Resource Management Act.

Contained in this plan is an allowance for capital works to achieve compliance with proposed drinking water standards. This expenditure is subject to a high degree of uncertainty.

Consumption and Demand

With the exception of infrastructure services, current levels of demand for services and consumption of services and functions provided by Council have been used to forecast for the next 10 years. Clearly changes to consumption patterns or activity within the District will impact on the functions carried out by Council. In the event of infrastructure planning, increases to demand associated with population growth have been incorporated.

Subsidies

It has been assumed that subsidies (Animal Health Board contributions) received by Council for carrying out Bovine Tb control will continue unchanged. The actual programme of works carried out by Council is determined by the Animal Health Board each year and may be subject to significant fluctuations. The base level of Transfund subsidy for roading functions is 46% throughout the duration of the Plan.

Reserves

Council has established disaster recovery reserves for flood damage, river control re-instatement, storm damage (roading re-instatement) and general infrastructure. These reserves will be used in the event of a significant natural disaster (most likely threat is an earthquake).

Vested Assets from Subdivisions

Assets vested to Council as a result of subdivision have been included in the Plan. The forecast income and assets have been determined taking account of the last three years average with an allowance for inflation over the life of the Plan.

Postponement Policy

No estimates have been made of the likely take up of Council's new postponement policy for people over 65. The policy affects the timing of payments made but has no impact on actual revenue recognition.

Disclosures

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. 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

Entity Statement

This Long Term Council Community Plan (LTCCP) 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 LTCCP 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

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.

TREASURY MANAGEMENT POLICIES

1. Introduction

Marlborough District Council (“MDC”) undertakes borrowing (liability management) and investment activities, which in total are referred to as treasury activity. MDC’s treasury activities are carried out within the requirements of the Local Government Act 2002 (“LGA 2002”), its related amendments and other relevant local authority legislation.

This Treasury Management Policy provides the policy framework for all of MDC’s borrowing and investment activities and defines key responsibilities and the operating parameters within which borrowing, investment and related risk management activities are to be carried out.

Key borrowing and investment objectives form the basis of the policies. These objectives, while consistent with corporate best practice, are subject to overall Council objectives, as stated in the Annual Plan and the Long Term Council Community Plan (“LTCCP”).

Because this policy can only be amended as an LTCCP amendment or as part of an LTCCP (per the LGA 2002 Section 102), other than in exceptional circumstances, this policy will be reviewed and amended, if required, on a 3-yearly basis coinciding with LTCCP preparation.

This Treasury Policy covers:

- ◆ Liability management.
- ◆ Investments.
- ◆ Foreign exchange.

MDC acknowledges that there are various financial risks such as interest rate risk, currency risk, liquidity risk and credit risk arising from its treasury activities but operates under the assumption that being a risk averse entity it does not wish to incur unnecessary risks from its treasury activities.

MDC’s Chief Executive has overall responsibility for the operations of Council. The Corporate Planning and Finance Manager has responsibility for the day to day operation of the treasury function and is assisted by the District Treasurer, Financial Accountant, and the Accounts Officer. Council may also appoint an independent Treasury Advisor to assist with the management of MDC’s treasury exposures.

MDC does not undertake any treasury activity that is unrelated to its underlying cash flows or is purely speculative in nature.

Legislative Requirements

The Liability Management and Investment Policies of the Treasury Management Policy are in compliance with the requirements of the LGA 2002.

2. Liability Management Policy

2.1 Purpose

MDC borrows for the following primary purposes:

- ◆ General debt to fund Council’s capital works primarily on infrastructure assets. The use of debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to Council’s assets and investments.
- ◆ Specific debt associated with significant “one-off” projects and non-financial investments from time to time.
- ◆ Borrowing through hire purchase, credit, deferred payment or lease arrangements in the ordinary course of Council business.

2.2 Local Government Act 2002 Requirements

Section 104 of the LGA 2002 provides that the Liability Management Policy required to be adopted under Section 102(4)(b) must state the local authority policies in respect of liability management, including:

- ◆ Interest rate exposure.
- ◆ Credit exposure.
- ◆ Liquidity.
- ◆ Debt repayment.
- ◆ Specific borrowing limits.
- ◆ The giving of security.

2.3 Objectives

The objectives of the Liability Management Policy are consistent with market best practice and will take into account MDC’s 10 year plans as set out in the LTCCP. The key Liability Management objectives in relation to borrowings are to:

- ◆ Prudently manage MDC's borrowing activities to ensure the ongoing funding of Council.
- ◆ Borrow only under Council approved facilities and as permitted by this policy.
- ◆ Minimise borrowing costs within prudent risk management control limits.
- ◆ Manage exposure to adverse interest rate movements.
- ◆ Ensure operational controls and procedures to protect MDC against financial loss, opportunity cost and other inefficiencies are maintained.

2.4 Borrowing Management and Internal Controls

Council approves policy parameters in relation to borrowing activities.

Council approves, by resolution, the borrowing requirement for each financial year in the annual plan or LTCCP or by later resolution during the year.

Council considers the impact on its borrowing limits (Section 2.10) as well as the size and the economic life of the asset that is being funded and its consistency with Council's LTCCP.

A resolution of Council is not required for hire purchase, leased, credit or deferred purchase of goods if:

- ◆ The period of indebtedness is less than 365 days; or
- ◆ The goods or services are obtained in the ordinary course of operations on normal commercial terms for amounts not exceeding in aggregate \$50,000.
- ◆ MDC's borrowing activities are managed centrally through its accounting function. The accounting function is broadly charged with the following responsibilities:
 - ◆ Manage MDC's borrowing programme to ensure funds are readily available at margins and costs favourable to Council.
 - ◆ Raise authorised and appropriate borrowing, in terms of both maturity and interest rate strategies.
 - ◆ Manage the impact of market risks such as interest rate risk and liquidity on MDC's borrowing by undertaking appropriate hedging activity in the financial markets.
 - ◆ Minimise adverse interest rate related increases on ratepayer charges and maintain overall interest costs within budgeted parameters.
 - ◆ Provide timely and accurate reporting of treasury activity and performance.

Council's systems of internal controls over borrowing activity include:

- ◆ Adequate segregation of duties among the core borrowing functions of deal execution, confirmation, settling and accounting/reporting.
- ◆ There are a small number of people involved in borrowing activity, however the risk from this will be further minimised by the following processes:
 - A documented approval process for borrowing activity.
 - Regular management reporting and review.
 - Regular operational risk control reviews by an independent audit function.
- ◆ Organisational, systems, procedural and reconciliation controls to ensure:
 - All borrowing activity is bona fide and properly authorised.
 - Reviews in place to ensure MDC's accounts and records are updated promptly, accurately and completely.

MDC is prohibited from borrowing in a foreign currency by Section 113 of the LGA 2002.

2.5 Interest Rate Risk Management

Interest rate risk management refers to managing the impact that movements in interest rates can have on MDC's cash flows. This impact can be both favourable and unfavourable.

Interest is incurred on any bank funding facility, issuance of local authority stock and other borrowing arrangements. This policy recognises that the longer the term of borrowing, the greater the interest rate risk. Longer term fixed rate borrowings may be of benefit if market interest rates rise, but equally may not allow MDC to take advantage of periods of low interest rates.

A balance is achieved through having variable terms with regard to interest rate resets. The following table details the interest rate risk management parameters that MDC is required to adhere to for all externally sourced debt.

FIXED RATE HEDGING PERCENTAGES

	Minimum Fixed Rate	Maximum Fixed Rate
Less than 1 year	50%	100%
1 year to 3 years	30%	60%
3 years to 5 years	20%	40%
5 years to 10 years	0%	20%

Any hedging outside these parameters or for longer than 10 years must be approved by the full Council before being initiated.

The hedging parameters are cumulative. For example if total debt was \$25 million, \$5 million of hedging entered into for a period of 5 years would increase the hedging profile for all time buckets up to 5 years, by 20%.

Fixed rate debt is defined as any debt that has an interest rate reset beyond 3 months.

MDC decides the interest rate risk management strategy by monitoring the interest rate markets on a regular basis, evaluating the outlook for short term rates in comparison to the rates payable on fixed rate borrowing. Council may use interest rate risk management products to convert fixed rate borrowing into floating rate and floating rate borrowing into fixed or hedged borrowing.

2.6 Authorised Interest Rate Risk Management Instruments

Council may use the following interest rate risk management instruments to manage externally sourced debt:

- ◆ Interest Rate Swaps.
- ◆ Forward Rate Agreements.
- ◆ Interest Rate Options on approved underlying instruments, e.g. on Interest Rate Swaps or bonds.
- ◆ Interest Rate Collar strategy, but only where the ratio of the face value and interest rate exposure on bought to sold legs is 1:1.

2.7 Counterparty Exposure

Interest rate hedging can only be undertaken with New Zealand Registered Banks. An up-to-date list of New Zealand Registered Banks and current credit ratings can be obtained from the Reserve Bank of New Zealand's website.

2.8 Liquidity and Funding Risk

Liquidity management refers to the timely availability of funds when needed, without incurring penalty costs. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and terms than that of existing facilities. A key factor of funding risk management is to reduce the concentration of risk at any one point in time so that if one-off internal or external negative credit events occur, the overall interest cost is not unnecessarily increased.

The following guidelines have been established to provide MDC with appropriate levels of liquidity at all times, as follows:

- ◆ Cash flow forecasts will be produced to assist in the matching of operational and capital expenditure to revenue streams and borrowing requirements.
- ◆ MDC will maintain its financial market investments in liquid instruments.

The following guidelines have been established to control funding risk:

- ◆ To avoid a concentration of debt maturity dates no more than 50% or \$25 million (whichever is the highest) of debt can be subject to refinancing on a rolling 12 month basis.

2.9 Debt Repayment

Repayment of debt (interest and principal) is governed by:

- ◆ Affordability of debt servicing costs.
- ◆ Intergenerational equity principles.
- ◆ Maintenance of prudent debt levels and borrowing limits.

MDC repays borrowings from general or targeted rates, general funds or renewal loans.

2.10 Borrowing Limits

In managing its borrowings, MDC will adhere to the following financial covenants:

- ◆ Earnings before interest and tax has to be at least 2.5 times net interest.

- ◆ Gross annual interest expense cannot exceed 10% of total operating revenue.
- ◆ Net cash flow from operating activities to exceed gross annual interest expense by at least two times.

The actual ratios for the above covenants will be determined by Council and reviewed annually.

2.11 Security

All loans are secured over either the separate general and targeted rates of the district or Council assets.

Formal security over either the separate general and targeted rates of the district or Council assets requires prior Council approval.

2.12 Borrowing Mechanisms

In developing strategies for new borrowing (in relation to source, term, size and pricing) Council takes into account the following:

- ◆ Available and Council approved sources, terms and types of borrowing.
- ◆ MDC's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- ◆ Prevailing interest rates, margins and total cost relative to term and nature of the borrowing.
- ◆ The market's and Council's outlook on future interest rate movements.
- ◆ Legal documentation and financial covenants.

3. Investment Policy

3.1 Introduction

MDC holds financial investments which include:

- ◆ Special funds, sinking funds and reserves.
- ◆ Funds set aside for approved future expenditure.
- ◆ Proceeds from the sale of assets.
- ◆ Forestry.
- ◆ Temporary surpluses and working capital funds.

Council provides loans and advances to:

- ◆ MDC Holdings Limited.
- ◆ Community groups.
- ◆ Others.

Council holds equity investments which include:

- ◆ MDC Holdings Limited.
- ◆ Port Marlborough Limited.
- ◆ Marlborough Airport Limited.

3.2 Local Government Act 2002 Requirements

Section 105 of the LGA 2002 provides that the Investment Policy required to be adopted under Section 102(4)(c) must state the local authority policies in respect of investments, including:

- ◆ The mix of investments.
- ◆ The objectives in terms of which financial and equity investments are to be managed.
- ◆ The acquisition of new investments.
- ◆ An outline of the procedures by which investments are managed and reported on to the local authority.
- ◆ An outline of how risks associated with investments are assessed and managed.

3.3 Objectives

The objectives of this investment policy are consistent with market best practices and will take into account the requirements of MDC's Annual Plan and LTCCP. The key investment policy objectives are to:

- ◆ Prudently manage MDC's investment assets in the interests of the Council's district and its inhabitants and ratepayers, only for lawful purposes and so as to safeguard against loss.
- ◆ Manage investments in accordance with the LGA 2002 and the Trustee Act 1956; administer, manage and account for its funds and exercise the care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others.
- ◆ Maximise investment income within a prudent level of investment risk. Council recognises that as a responsible public authority any investments that it does hold should be of relatively low risk. It also recognises that lower risk generally means lower returns.
- ◆ Ensure the integrity of MDC's financial market investments by only investing in appropriate organisations and financial market instruments as specified in this policy.
- ◆ Ensure investments are maintained at an appropriate level of liquidity to enable the provision of cash flow when required.
- ◆ Manage the potential risk due to adverse interest rate movements.
- ◆ Maintain relationships with financial market participants, to enable MDC to carry out its financial market investment activities in an efficient and practical way.
- ◆ Regularly review the performance and credit-worthiness of all investments.
- ◆ Maintain operational controls and procedures to best protect Council against financial loss, opportunity cost and other inefficiencies.

3.4 Investment Management and Internal Controls

Council approves policy parameters in relation to investment activities.

MDC's investment activities are managed centrally through an accounting function and takes the following into consideration when deciding on the suitability of any investment:

- ◆ The desirability of diversifying investments.
- ◆ The nature of existing investments.
- ◆ The risk of capital loss or depreciation.
- ◆ The potential for capital appreciation.
- ◆ The likely income return.
- ◆ The length of the term of the proposed investment.
- ◆ The marketability of the proposed investment.
- ◆ The effect of the proposed investment in relation to tax liability.
- ◆ The likelihood of inflation affecting the value of the proposed investment.

Council's systems of internal controls over investment activity include:

- ◆ Adequate segregation of duties among the core investment functions of deal execution, confirmation, settling and accounting/reporting. There are a small number of people involved in investment activity, however the risk from this will be further minimised by the following processes:
 - A documented approval process for investment activity.
 - Regular management reporting and review.
 - Regular operational risk control reviews by an independent audit function.
- ◆ Organisational, systems, procedural and reconciliation controls to ensure:
 - All investment activity is bona fide and properly authorised.
 - Reviews are in place to ensure MDC's accounts and records are updated promptly, accurately and completely.
- ◆ Overall assessment of performance of funds management.

3.5 Financial Market Risk Management

MDC's primary objective when investing is the protection of its capital. Accordingly, only creditworthy counterparties are acceptable. Specifically, MDC minimises its credit exposure by ensuring that all financial market investments meet the criteria outlined in the following table. These limits are cumulative and relate to the combined 'short and long' term funds portfolios.

Liquidity risk is managed by ensuring that all investments are readily tradable on the secondary market. In practice this is achieved by the credit rating and financial market instrument criteria contained in the investment table.

Counterparty risk shall be managed by only permitting financial market transactions with New Zealand Registered Banks and full members of the New Zealand Stock Exchange.

Authorised Investment Criteria				
Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments	Credit Rating Criteria	Limit for each issuer subject to overall portfolio limit for issuer class.
New Zealand Government or Government Guaranteed	100%	<ul style="list-style-type: none"> ◆ Government Stock ◆ Treasury Bills 	Not Applicable	Unlimited
Local Authorities where rates are used as security	70%	<ul style="list-style-type: none"> ◆ Promissory Notes ◆ Bonds/MTN's/FRN's 	Not Applicable	\$3.0 million \$3.0 million
New Zealand Registered Banks	100%	<ul style="list-style-type: none"> ◆ Call/Deposits/Bank Bills/Promissory Notes ◆ Bonds/MTN's/FRN's 	Short term S&P rating of A1 or better Long term S&P rating of A+ or better	\$10.0 million \$5.0 million
State Owned Enterprises	50%	<ul style="list-style-type: none"> ◆ Promissory Notes ◆ Bonds/MTN's/FRN's 	Short term S&P rating of A1 Long term S&P rating of A- or better Long term S&P rating of A+ or better	\$3.0 million or better \$1.0 million \$3.0 million
Corporates	70%	<ul style="list-style-type: none"> ◆ Promissory Notes ◆ Bonds/MTN's/FRN's 	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better	\$3.0 million \$1.0 million \$3.0 million
District Health Boards	40%	<ul style="list-style-type: none"> ◆ Promissory Notes ◆ Bonds/MTN's/FRN's 	Short term S&P rating of A1 or better Long term S&P rating of A+ or better	\$3.0 million \$3.0 million

Investments that no longer comply with minimum rating criteria due to a rating downgrade must be sold within one month of the downgrade being notified.

3.6 Interest Rate Risk Management

Interest rate risk refers to the impact that movements in interest rates can have on MDC's cash flows. MDC's financial investments give rise to direct exposure to interest rate movements. Interest rate risk is managed by Council as part of its overall investment strategy.

The following interest rate risk management instruments in relation to investment are approved by Council:

- ◆ Interest Rate Swaps.
- ◆ Forward Rate Agreements.

Council does not enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency.

3.7 Duration Control for Long Term Funds Portfolio ("LTFP")

Duration calculates the effective average term of an investment portfolio by combining all individual investments and weighting all the cash flows using a series of net present value calculations. Duration is then reported as the average life of the portfolio as if it was effectively one investment instrument, e.g. 2.9 years.

The duration for the LTFP shall be controlled by referencing its duration against an appropriate external benchmark. MDC is able to vary the duration of the portfolio by no more than 25% either side of the benchmark portfolio's duration. Compliance with the duration control is not required if the nominal value of the portfolio is less than \$5 million.

3.8 Benchmarking

Benchmarking measures the performance of a portfolio against an appropriate external benchmark, thus providing MDC with an indication as to the effectiveness and suitability of the current investment parameters and the manner in which the parameters are being implemented at an operational level.

MDC shall benchmark the performance of the LTFP against the performance of an appropriate external benchmark portfolio. Compliance with the benchmarking standard is not required if the nominal value of the portfolio is less than \$5 million.

3.9 Equity Investments

MDC reviews the performance of the trading enterprises at least annually to ensure that strategic and financial objectives set are being achieved. In particular the Council reviews the financial returns and the present and future values of these investments.

Significant dispositions and acquisitions require Council approval.

All income is reflected in the consolidated MDC accounts with dividend income reflected in the MDC accounts as revenue.

It is not contemplated that MDC will make any future equity investments, to do so would require a specific Council resolution.

3.10 Loans and Advances

These are made to:

- ◆ Trading enterprises on an arms length basis and in accordance with normal commercial practice.
- ◆ Community organisations to facilitate the ongoing provision of community services or recreational opportunities. These are usually at a lower than commercial interest rate.

Council sets the criteria to apply for any other loans or advances as they are granted. It is normal that MDC secures loans and advances against the assets of the organisation and obtains personal guarantees where appropriate. MDC as a rule is not a lender of money.

Interest and principal repayments are monitored to ensure they comply with loan agreements.

4. Foreign Exchange Policy

MDC may incur foreign exchange exposures through the occasional purchase of foreign exchange denominated plant, equipment and services. All significant commitments defined as an exposure in excess of NZD50,000 equivalent are hedged using foreign exchange contracts.

REVENUE AND FINANCING POLICY

1. The Revenue and Financing Policy provides a summary of Council's funding policies in respect of both operating expenses and capital expenditures. Council reviews its funding policy at least every three years. The last review was completed in conjunction with the adoption of the 2006 Long Term Council Community Plan (LTCCP), and proposed changes to the existing policy are detailed in paragraph 12.
2. Sources of funds available to Council are as follows: -
 - ◆ General rates.
 - ◆ Targeted rates.
 - ◆ Fees and charges.
 - ◆ Interest and dividends from investments.
 - ◆ Borrowing.
 - ◆ Proceeds from asset sales.
 - ◆ Development contributions.
 - ◆ Financial contributions.
 - ◆ Grants and subsidies.
 - ◆ Other sources permitted by statute.
3. Council's Revenue and Expenditure Policy deals with the revenue and financing mechanisms at an "Activity" level. Activities are a sub-set of "Functional Activities", which in turn are a sub-set of "Activity Groups" e.g. One of Council's Activity Groups is "People". One of People's Functional Activities is "Community Support". One of Community Support's Activities is "Recreation".
4. In determining which sources were appropriate, Council gave consideration to the following matters in relation to each activity to be funded: -
 - ◆ the community outcomes to which the activity primarily contributes;
 - ◆ the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
 - ◆ the period in or over which those benefits are expected to occur; and
 - ◆ the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
 - ◆ the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
 - ◆ the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.
5. Prior to determining the "Residual amount to be funded by General-type Rates", Council identified all other funding sources appropriate to each activity. These other sources, and the approach taken by Council are listed in the paragraph 9 table, which highlights the funding sources for every Council activity and any sub-activity which may exist. The table shows the rating tools which Council has determined to be fair and equitable for each activity.

Fees and Charges

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

Grants and Subsidies

These are sought and applied for whenever they are available.

General Revenues

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

General Type Targeted Rates and Charges

The proportion of each activity's costs to be met from general type targeted rates and charges is detailed in Table 9. The allocations in that table reflect Council's assessment of the benefits which should be funded by property value rates, and the benefits which should be funded by uniform annual charge. In these instances Council believe separate general targeted rates and charges are the most equitable funding mechanism based on the benefits assessed for each targeted geographic area.

Separate Targeted Rates/Charges

Targeted rates/charges are levied to meet the full cost of separate water and sewerage schemes, refuse collections, defined roading improvements, defined marketing and tourism activities, and for other services where Council has been requested to levy such rates. In these instances Council believe separate targeted rates are the most equitable funding mechanism based on the benefits assessed for the targeted area. Targeted rates or charges will also be utilised to recover subdivisional upgrade costs where Council considers this to be appropriate.

6. The following explanations will give readers an understanding of terminology used in this policy statement.

Unless otherwise specified, the term –

- ◆ Uniform Annual Charge (UAC) or Charge refers to a targeted rate of a uniform amount calculated on each separately used or inhabited part of every rating unit; or for some charges, on every rating unit.
- ◆ General type targeted Rates are rates that are targeted to a particular geographic rating area or a differential rating area group. (These rates are based on the land value of each property).
- ◆ General type targeted Charges are charges that are targeted to a particular geographic rating area. (These charges are not based on property values).
- ◆ Separate targeted Rates are rates that are targeted to a particular area of benefit. e.g. Water, Sewerage. (Separate targeted rates are based on the land value of each property other than Wairau River Rates and Kenepuru Road Rates which are levied on capital value).
- ◆ Separate targeted Charges are charges that are targeted to a particular area of benefit eg Water, Sewerage.
- ◆ Land values, capital values or rating units refers to rateable land values, rateable capital values or rateable rating units as the case may be.
- ◆ Residual Rate Funding Percentages refer to the residual amount to be funded, after allowance for sources of funds other than rates.
- ◆ Funding relationship weightings refer to a methodology for allocating the various general-type rates and charges where the highest weighting is always expressed as 100.

(Where a weighting shows as zero, there is no contribution from that area, but where a weighting shows as a number between zero and 100 (e.g. 85), that area will pay a rate or uniform charge (as the case may be) of 85% of any area that has a weighting of 100.

If all areas have a weighting of 100, the rate in the dollar or uniform charge (as the case may be) will be the same for all areas).

7. Property Valuation System

Independent property valuations are provided to Council, under contract, by Quotable Value New Zealand. The Marlborough district was last revalued on 1 July 2005 and the new values apply from the 2006-07 rating year.

8. Compliance with Financial Management Requirements

The “Functional Activities” that comprise the seven “Activity Groups” of Democracy, People, Emergency Management, Land and Water, Environment, Regional Development and Regulatory are listed in the following tables together with a summary of Council’s consideration outcomes:

8.1 Operating Expenses Funding Policy

The following table summarises Council’s Operating Expenses Funding Policy at a Functional Activity level.

	Targeted Rates	Fees & Charges	Interest & Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants & Subsidies	Other Sources
Democratic Process	Yes	No	Yes	No	No	No	No	No
Arts and Heritage	Yes	No	Yes	No	No	No	No	No
Community Housing	No	Yes	No	No	No	No	No	No
Community Safety	Yes	No	Yes	No	No	No	Yes	Yes
Community Support	Yes	No	Yes	No	No	No	Yes	Yes
Libraries	Yes	Yes	Yes	No	No	No	No	No
Emergency Management	Yes	No	Yes	No	No	No	No	Yes
Community Facilities	Yes	Yes	Yes	No	No	No	Yes	No
Land Transport	Yes	Yes	Yes	No	No	No	Yes	No
Rivers and Land Drainage	Yes	Yes	Yes	No	No	No	No	No
Sewerage	Yes	Yes	No	No	No	No	No	No
Stormwater	Yes	Yes	Yes	No	No	No	No	No
Water	Yes	Yes	No	No	No	No	No	No
Solid and Hazardous Waste Management	Yes	Yes	Yes	No	No	No	No	No
Environment	Yes	No	Yes	No	No	No	No	No
Regional Development	Yes	No	Yes	No	No	No	Yes	Yes
Consents and Compliance	Yes	Yes	Yes	No	No	No	No	No
Animal and Plant Pests	Yes	No	Yes	No	No	No	Yes	Yes
Harbour Control	Yes	Yes	Yes	No	No	No	No	No
Animal Control	Yes	Yes	Yes	No	No	No	No	No

8.2 Capital Expenditure Funding Policy

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

	Targeted Rates	Fees & Charges	Interest & Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants & Subsidies	Other Sources
Democratic Process	Yes	No	Yes	Yes	No	No	No	No
Arts and Heritage	Yes	No	Yes	Yes	No	No	No	No
Community Housing	No	No	No	Yes	Yes	No	Yes	No
Community Safety	Yes	No	Yes	Yes	No	No	No	No
Community Support	Yes	No	Yes	No	No	No	No	Yes
Libraries	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Emergency Management	Yes	No	Yes	Yes	Yes	No	No	Yes
Community Facilities	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Land Transport	Yes	Yes	Yes	Yes	No	Yes	No	Yes
Rivers and Land Drainage	Yes	Yes	Yes	Yes	No	No	No	Yes
Sewerage	Yes	Yes	No	Yes	No	Yes	Yes	Yes
Stormwater	Yes	Yes	Yes	Yes	No	Yes	No	Yes
Water	Yes	Yes	No	Yes	No	Yes	Yes	Yes
Solid and Hazardous Waste Management	Yes	Yes	Yes	Yes	No	No	No	No
Environment	Yes	No	Yes	No	No	No	No	No
Regional Development	Yes	No	Yes	No	No	No	No	No
Consents and Compliance	Yes	No	Yes	No	No	No	No	No
Animal and Plant Pests	Yes	No	Yes	No	No	No	No	No
Harbour Control	Yes	Yes	Yes	Yes	Yes	No	No	No
Animal Control	Yes	Yes	Yes	Yes	No	No	No	No

8.3 Prior to determining the funding basis for each activity, Council gave consideration to the following matters which are summarised below at a Functional Activity level: (Table 9 further identifies the rate funding basis at an Activity level).

Community Outcomes to which Activities Contribute

Democratic Process	Full participation.
Arts and Heritage	Creativity; heritage
Community Housing	Affordable housing
Community Safety	Safety and security
Community Support	Full participation, positive youth; physical activity
Libraries	Full participation
Emergency Management	Safety and security
Community Facilities	Essential services; healthy choices, physical activity
Land Transport	Essential services; healthy choices; physical activity
Rivers and Land Drainage	Essential services; environmental sustainability; prosperity
Sewerage	Essential services; environmental sustainability, healthy choices
Stormwater	Essential services
Water	Essential services; healthy choices
Solid and Hazardous Waste Management	Essential services; environmental sustainability
Environment	Prosperity; environmental sustainability
Regional Development	Prosperity
Consents and Compliance	Prosperity; environmental sustainability; healthy choices
Animal and Plant Pests	Prosperity; environmental sustainability
Harbour Control	Essential services; prosperity; physical activity
Animal Control	Safety and security

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

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

Solid and Hazardous Waste Management	<p>Council provides waste management services for public health reasons and to protect the environment.</p> <p>Benefits apply directly to those who are in an area which has a kerbside refuse collection service. The Council considers that properties that receive, or will receive, a waste collection service should be responsible for funding expenditure relating to collection and those that dispose of refuse at the transfer stations should pay a disposal fee.</p>
Environment	<p>The regional community is the primary beneficiary of this activity as the information is used by the Council to make and report on policies and plans. The regional community benefits directly from the Council's general policing of compliance from the knowledge that the environment is being managed appropriately and concerns are being addressed.</p> <p>People and organisations benefit in the regional community through the sustainable management of the region's resources.</p>
Regional Development	<p>For the bulk of this activity Council is primarily a purchaser of regional development services through Destination Marlborough, Marlborough Regional Development Trust, Festivals & Events Trust and the Marlborough Research Centre. These 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.</p>
Consents and Compliance	<p>Persons or organisations applying for services require the Council to undertake work and this is reflected in user charges.</p> <p>Environmental health compliance benefits all through having a clean, healthy environment.</p>
Animal and Plant Pests	<p>Private landowners farming cattle and deer in areas where control operations are being carried out receive a direct private benefit by having bovine Tb controlled on their farm and in their area.</p> <p>All private landowners farming cattle and deer benefit directly through reduced loss through disease, both on the farm and in the market place.</p> <p>Bovine product processors receive an indirect private benefit by avoiding loss of business.</p> <p>Private landowners benefit by reduced loss of pasture and crops, reduced damage to trees and shrubs, and better produce and through the eradication of unwanted pest plants. The regional community benefits by reduced spread of unwanted pest damage to ecosystems.</p>
Harbour Control	<p>Recreational harbour users benefit directly by avoiding natural and other hazards e.g. collisions. They benefit directly from a clean marine environment and shorter duration of pollution. Swimmers and other recreational harbour users benefit directly from effective management of the harbour and marine environment by enjoying safe, less congested waterways and by avoiding other hazards.</p> <p>Commercial shipping and commercial fishing owners and operators benefit directly by avoiding natural and other hazards e.g. collisions; they also enjoy a direct commercial benefit. They also benefit directly from a clean marine environment and through shorter duration of pollution, thus avoiding delays and loss of business.</p>
Animal Control	<p>The activity protects the public from aggressive or straying animals.</p>

Costs and Benefits of Funding the Activity Distinctly from Other Activities

Democratic Process	Costs associated with Democracy have been separated for reasons of transparency and accountability.
Arts and Heritage	Council funding is provided from general-type rates and charges as it is considered that all residents benefit from the well-being gained from creative pursuits and it is believed that it is beneficial to have a strong community which is knowledgeable of its heritage, and preserves and respects the achievements of the past.
Community Housing	Appropriate rentals are set to recover the costs associated with providing community housing.
Community Safety	The costs associated with community safety have been separated for reasons of transparency and accountability.
Community Support	Council provides grants and donations for social and community development groups and assists community groups to access funds for other (non-Council) sources. It works with specific sectors of the community including youth, and the older community, helps to provide liaison between community organisations and develops partnerships with and between central government and non-governmental organisations for the benefit and well-being of Marlborough residents.
Libraries	There is private benefit for those that use the library services, however, the Council considers that there are wide community benefits from ensuring only minimal charges are imposed.
Emergency Management	The significance of ratepayers funding this activity is an assurance of having a safer and secure community which benefits all.
Community Facilities	The benefit of identifying community facilities distinctly is that it enables appropriate user charges to be calculated for applicable facilities. The Council accepts however that user charges cannot fully fund the actual costs of the upkeep of the facilities and the shortfall is funded by way of general-type rates and charges.
Land Transport	The benefit of funding roading distinctly is to enable a fairer distribution of rates between rural and urban ratepayers to be determined.
Rivers and Land Drainage	The activity, being an essential service to the district, benefits all, although some more than others. Therefore varying rates apply across the district that take account of benefits provided. Gravel extraction and quarry operations are 100% funded from user charges.
Sewerage	The benefit of funding sewerage distinctly is that only those in the area of benefit will contribute to the funding.
Stormwater	The benefit of funding drainage distinctly is that only those within urban drainage areas will contribute to their funding and rural drainage systems will be funded by rural areas.
Water	Water supplies are funded distinctly from other activities because only those within the supply area fund the scheme costs.
Solid and Hazardous Waste Management	Where benefits are identified to specific users it is appropriate that user charges and targeted rates are set to match the private benefit received.
Environment	The benefit is from Council's general policing of compliance from the knowledge that the environment is being managed appropriately and concerns are being addressed. The community benefits through the sustainable management of the region's resources. It is totally funded by general type rates and charges.
Regional Development	The benefit of this activity is the enrichment of the quality of life for Marlborough residents.
Consents and Compliance	Charges can be administered cost effectively. Funding is partly user charges and the remainder, rate funded. There is no alternative funding mechanism that would be a reasonable substitute.
Animal and Plant Pests	Landowners in the area of benefit relating to pests, and Bovine Tb are rated accordingly.
Harbour Control	Recreational harbour users, commercial shipping and commercial fishing owners and operators benefit directly by this activity.
Animal Control	Separation of costs allows charges to be calculated on a full cost-recovery basis.

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

Democratic Process	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective decision making and leadership for the community, and through effective public information.
Arts and Heritage	The overall impact is significant in terms of promoting cultural enrichment, and giving residents the opportunity to gain valuable knowledge of their heritage.
Community Housing	Significant impact on the social well-being of the community.
Community Safety	Safety and security have a significant impact on the social, economic, cultural and environmental well being of the community.
Community Support	Significant impact on the social, economic and cultural well-being of the community in terms of promoting cultural enrichment and opportunities for residents to participate in community life.
Libraries	The provision of libraries contributes to the economic, social and cultural well-being of the community by providing individuals with the opportunity to enhance learning and contributes to the well being of the community.
Emergency Management	Significant impact on the social, economic, cultural and environmental well-being of the community through maintaining readiness to respond to adverse events, and assisting with the health, safety and well-being of the community.
Community Facilities	Significant impact on the social, economic and cultural well-being of the community, in terms of promoting cultural enrichment and opportunities for residents to be involved in community life.
Land Transport	An efficient road transport network has a significant impact on the social, economic and environmental well-being of the community.
Rivers and Land Drainage	Adequate river protection has a significant impact on the social, economic and environmental well being of the community.
Sewerage	Significant positive impact on the social, economic and environmental well being of the community. Treatment and disposal will protect the health of the community and the environment from adverse affects of untreated or uncontrolled effluent disposal.
Stormwater	An adequate drainage system has a significant impact on the social, economic and environmental well-being of the community.
Water	Water is a necessity of life and the supply of water has a significant impact on the social, economic and environmental well-being of the community.
Solid and Hazardous Waste Management	An adequate refuse collection and disposal system has a significant impact on the social, economic and environmental well-being of the community.
Environment	Significant impact on the social, economic and environmental well being of the community through protecting the sustainability of the community.
Regional Development	Significant impact on the social, economic, cultural and environmental well being of the community.
Consents and Compliance	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective public information and applying due diligence in processing and maintaining compliance.
Animal and Plant Pests	Significant impact on the social, economic and environmental well being of the community should ecosystems be damaged in this region.
Harbour Control	Significant impact on the social, economic and environmental well being of users of the waterways.
Animal Control	The diligent policing of this activity has a significant impact on the social, economic, cultural and environmental well-being of the community.

Distribution of Benefits

	District-Wide	Targeted Area	Individuals
Democratic Process	100%		
Arts and Heritage	100%		
Community Housing			100%
Community Safety	10%	90%	
Community Support	100%		
Libraries	20%		80%
Emergency Management	100%		
Community Facilities	50%	50%	
Land Transport	80%		20%
Rivers and Land Drainage	20%	80%	
Sewerage		100%	
Stormwater		100%	
Water		100%	
Solid and Hazardous Waste Management	10%	90%	
Environment	80%	20%	
Regional Development	80%	20%	
Consents and Compliance	20%		80%
Animal and Plant Pests	10%	90%	
Harbour Control	10%	90%	
Animal Control		10%	90%

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

9. Funding of Expenditure by Activity

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

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

Funding of Expenditure by Activity						
ALLOCATION OF COSTS TO GEOGRAPHIC AREAS, LAND USE CATEGORIES AND OTHER TARGETED RATES	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	RESIDUAL RATE FUNDING BASIS			
			General Type Targeted "Rates" %	General Type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
DEMOCRATIC PROCESS (excluding Community Boards)			0	100	0	0
Community Boards (as determined)			0	0	100	0
Community Boards (as determined)			0	0	0	100
ARTS & HERITAGE						
Arts: Marlborough Art Gallery Grants			40	60	0	0
Arts: Other Grants			40	60	0	0
Heritage: Marlborough Historical Society Grants			40	60	0	0
Heritage: Other Grants			40	60	0	0
Museums – Picton			100	0	0	0
Museums: Renwick			100	0	0	0
Museums – Rural			100	0	0	0
Memorials: Cleghorn Rotunda			100	0	0	0
Memorials: Picton			100	0	0	0
Memorials - Seymour Square			100	0	0	0
Memorials: Town Centre Clock			100	0	0	0
Memorials – Other			100	0	0	0
COMMUNITY HOUSING	*		0	0	0	0
COMMUNITY SAFETY						
Community: Safer Community	*	*	40	60	0	0
Community: Security Cameras [Blenheim CBD]			100	0	0	0

Funding of Expenditure by Activity

ALLOCATION OF COSTS TO GEOGRAPHIC AREAS, LAND USE CATEGORIES AND OTHER TARGETED RATES	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	RESIDUAL RATE FUNDING BASIS			
			General Type Targeted "Rates"	General Type Targeted Charges "UACs"	Separate Targeted Rates	Separate Targeted Charges "UAC's"
			%	%	%	%
COMMUNITY SUPPORT						
Community: Grants & Donations			40	60	0	0
Community: Recreation			0	100	0	0
LIBRARIES	*		0	100	0	0
EMERGENCY MANAGEMENT						
Fire Protection	*	*	100	0	0	0
Emergency Management – Other		*	40	60	0	0
COMMUNITY FACILITIES						
Cemeteries	*	*	0	100	0	0
Halls (Group 1) Awarua Park			100	0	0	0
Halls (Group 2) Waitaria			100	0	0	0
Halls (Group 3) Gen Rural Halls			100	0	0	0
Halls (Group 5) Fairhall Hall			100	0	0	0
Halls (Group 6) Koromiko Hall			100	0	0	0
Halls (Group 7) Wairau Rd C/Centre			100	0	0	0
Halls (Group 8) QC College			100	0	0	0
Halls (Group 9) B/V Halls			100	0	0	0
Public Conveniences			0	100	0	0
Reserves (Group 1a) Bln Neighbourhood			1	99	0	0
Reserves (Group 1b) B/V Neighbourhood			1	99	0	0
Reserves (Group 2a) Ptn Neighbourhood	*		1	99	0	0
Reserves (Group 2b) P/V Neighbourhood			1	99	0	0
Reserves (Group 3) WV Domain			1	99	0	0
Reserves (Group 4) Bln Vicinity Domains			4	96	0	0
Reserves (Group 5) Endeav. Prk/Waitohi Domain			4	96	0	0
Reserves (Group 6) A&P/Horton Park			10	90	0	0
Reserves (Group 7) Ath Park/Oliver Park	*		10	90	0	0
Reserves (Group 8) Bobs Bay/Ptn F'Shore etc			40	60	0	0
Reserves (Group 9) Churchward Park			28	72	0	0
Reserves (Group 10) Rural Domains			4	96	0	0
Reserves (Group 11) Nelson Square			28	72	0	0
Reserves (Group 12) Pollard/Seymour/R'side etc			40	60	0	0
Reserves (Group 13) Wither Walkway etc			40	60	0	0
Reserves (Group 14) Rural Reserves			100	0	0	0
Reserves (Group 15) Misc Leased Reserves	*		100	0	0	0
Swimming Pools: Aquatic Centre	*		3	97	0	0
Swimming Pools: Awatere	*		3	97	0	0
Swimming Pools: Picton	*		3	97	0	0
LAND TRANSPORT						
Subdivisional Works	*		100	0	0	0
Roading Network		*	100	0	0	0
Roading Related Works			100	0	0	0
Street Trees, Berms & Plots			100	0	0	0
Blenheim CBD Works			100	0	0	0
Picton CBD Works			100	0	0	0
Targeted: Archers Road			0	0	0	100
Targeted: Dillons Point Road			0	0	0	100
Targeted: French Pass Road			0	0	0	100
Targeted: Kenepuru Road			0	0	100	0
Targeted: Okiwa Bay Jetty			0	0	0	100
Targeted: Taylor Pass Road			0	0	0	100
Targeted: Other Roads (as approved)			0	0	0	100
Targeted: Other Roads (as approved)			0	0	100	0
Parking: Blenheim Loans			100	0	0	0
Parking: Blenheim Other	*		100	0	0	0
Parking: Picton Loans	*		0	100	0	0
Parking: Picton Other	*		0	100	0	0
RIVERS AND LAND DRAINAGE						
Rivers in Wairau Valley District - (Sep. Targeted Rate)	*		0	0	100	0
Rivers outside WV Rating District	*		100	0	0	0

Funding of Expenditure by Activity

ALLOCATION OF COSTS TO GEOGRAPHIC AREAS, LAND USE CATEGORIES AND OTHER TARGETED RATES	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	RESIDUAL RATE FUNDING BASIS			
			General Type Targeted "Rates"	General Type Targeted Charges "UACs"	Separate Targeted Rates	Separate Targeted Charges "UACs"
			%	%	%	%
SEWERAGE - (Separate Targeted Rates)						
- Blenheim Capital	*		0	0	100	0
- Blenheim Operating			0	0	0	100
- Havelock Capital	*		0	0	100	0
- Havelock Operating			0	0	0	100
- Havelock Sewerage Loan - No Lump Sum			0	0	100	0
- Picton Capital	*		0	0	100	0
- Picton Operating			0	0	0	100
- Picton Sewerage Loan - No Lump Sum			0	0	100	0
- Renwick – New Scheme Cap.	*	*	0	0	100	0
- Renwick On-going – Same as Bln			0	0	0	100
- Renwick Sewerage Loan - No Lump Sum			0	0	100	0
- Renwick Sewerage - Lump Sum Option			0	0	100	0
- Seddon Capital	*		0	0	100	0
- Seddon Operating			0	0	0	100
- Spring Creek Capital	*		0	0	100	0
- Spring Creek Operating			0	0	0	100
- Spring Creek Sewerage Loan - No Lump Sum			0	0	100	0
STORMWATER						
Stormwater – Blenheim	*		100	0	0	0
Stormwater - Havelock [General Rural]	*		100	0	0	0
Stormwater - Okiwi Bay			0	0	0	100
Stormwater – Picton	*		100	0	0	0
Stormwater - Rai Valley [General Rural]			100	0	0	0
Stormwater - Renwick [Blenheim Vicinity]	*		100	0	0	0
Stormwater - Seddon [General Rural]	*		100	0	0	0
Stormwater - Spring Creek [Blenheim Vicinity]	*		100	0	0	0
Stormwater – Other			100	0	0	0
WATER (Separate Targeted Rates)						
- Awatere Water	*		0	0	0	100
- Blenheim Water – Capital	*		0	0	100	0
- Blenheim Water – Metered			0	0	0	100
- Blenheim Water – UAC			0	0	0	100
- Havelock Water – Capital	*		0	0	100	0
- Havelock Water – Metered			0	0	0	100
- Havelock Water – UAC			0	0	0	100
- Picton Water – Capital	*		0	0	100	0
- Picton Water – Metered			0	0	0	100
- Picton Water – UAC			0	0	0	100
- Renwick Water – Capital	*		0	0	100	0
- Renwick Water – Metered			0	0	0	100
- Renwick Water – UAC			0	0	0	100
- Riverlands Water	*		0	0	0	100
- Southern Valley Irrigation – Capital			0	0	100	0
- Southern Valleys Irrigation – Metered	*		0	0	0	100
- Wairau Valley Water	*		0	0	0	100
- Wairau Valley Water Loan - No Lump Sum			0	0	0	100
SOLID AND HAZARDOUS WASTE MANAGEMENT						
Blenheim/Picton Refuse Collection (Separate targeted rate)						
Admin Area Refuse Collection			0	100	0	0
Landfills, Transfer Stations, Waste Minimisation	*		0	100	0	0
ENVIRONMENT						
Environment Policy			80	20	0	0
Environment Review [Monitoring]			80	20	0	0
REGIONAL DEVELOPMENT						
Destination Marlborough			100	0	0	0
Tourism			0	0	0	100
Research Centre			100	0	0	0
Other Developments			100	0	0	0
Events Management			0	100	0	0

Funding of Expenditure by Activity

ALLOCATION OF COSTS TO GEOGRAPHIC AREAS, LAND USE CATEGORIES AND OTHER TARGETED RATES	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	RESIDUAL RATE FUNDING BASIS			
			General Type Targeted "Rates" %	General Type Targeted Charges "UACs" %	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
CONSENTS AND COMPLIANCE						
Building Control	*		100	0	0	0
Compliance Section			100	0	0	0
Health & Liquor	*		0	100	0	0
Hearings	*		0	100	0	0
Legal Section			100	0	0	0
PIM & LIM Section	*		100	0	0	0
Public Information			100	0	0	0
Resource Consents	*		100	0	0	0
ANIMAL AND PLANT PESTS						
Biosecurity: Regional Pest Control	*	*	100	0	0	0
Bovine T.B. Control	*	*	100	0	0	0
HARBOUR CONTROL						
	*		100	0	0	0
ANIMAL CONTROL						
Dog Control	*		0	0	0	0
Other Animal Control	*		100	0	0	0
FORESTRY						
	*		100	0	0	0
LAND DEVELOPMENT						
	*		100	0	0	0
RENTAL HOUSING						
	*		100	0	0	0
COMMERCIAL LEASES						
	*		100	0	0	0
RIVER LEASES						
	*		100	0	0	0
MDC HOLDINGS						
			100	0	0	0
LAND SUBDIVISION RESERVE GRANTS						
	*		0	0	0	0
AGENCIES						
			0	0	0	100
SPECIAL REVENUES						
			100	0	0	0
GENERAL REVENUES (ALLOCATED ON THE BASIS OF GENERAL-TYPE RATES AND CHARGES LEVIES)						
	*		variable	variable	0	0

10. Funding of Capital Requirements

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

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

11. General Revenue Sources

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

These include –

Dividends and Interest from Investments

- ◆ Funded to specified Reserves for particular purposes or events (eg Flood Damage 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

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

Asset sale proceeds

- ◆ In general, 25% of all asset sales are used to build up 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.

Development and Financial Contributions

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

Forestry Income

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

12. Proposed Changes to Existing Funding Policy

Following an in-depth review of its Revenue and Financing Policy, Council initiated a number of funding changes that will take effect from 1 July 2006.

The review included the following issues:

- ◆ Consideration of the background to the existing funding policies.
- ◆ A review of user charges.
- ◆ An examination of the provisions of the Local Government (Rating) Act 2002.
- ◆ The appropriateness of the existing geographic areas for levying general-type rates and charges.
- ◆ The advantages and disadvantages of using either Land Value or Capital Value for levying general-type rates. (The current system is based on property land values).
- ◆ Levying general-type rates on an undifferentiated Land Value or Capital Value basis across the district, together with a District-wide Uniform Annual Charge.
- ◆ Review of the “funding relationship weightings system” (see explanation of this in Terminology), to ensure that appropriate funding allocations are made to take account of the Financial Management considerations outlined in Section 101 of the Local Government Act 2002.
- ◆ The effect of collecting more revenue from “uniform annual charges” instead of from “rates levied on property values”, having regard to the legislative constraints of the Local Government (Rating) Act 2002, and the regressive impact on low value properties.
- ◆ A review of Council’s existing funding policy for Roads, Streets, and Bridges. Council proposes that it will discontinue the additional road levy of \$20,354 on Kenepuru ratepayers, which was previously levied as part of the separate Kenepuru Road Rate.

This means that \$20,354 will again be met from the district at large, and that the Kenepuru Road Rate will only be applied towards improvements in the targeted area.

- ◆ A review of the Wairau Valley River Protection Rates. Council proposes to modify the weightings of the various Wairau Valley Rivers’ groups to adjust for disproportionate valuation movements arising from the 2005 district wide revaluation.

This means that the various differential groups will have similar levies (in total) on the new capital values, as for the former valuation.

- ◆ Council proposes to amalgamate two tourist charge differentials as a result of submissions from Destination Marlborough and feedback from the tourism industry.

The amalgamated charge will apply to Properties used for Residential Baches or other Dwelling Units that are advertised for short term rental accommodation; and properties used for Commercial Rental Accommodation where less than 30 people can be accommodated.

- ◆ Local Government NZ is currently in the process of seeking a Declaratory Judgement in respect of the rateability of marine farms.

Because the judgement may not be released before Council consults on its 2006 – 16 Long Term Community Plan, (and because Council has independent legal advice on the rateability issue), it has determined that it will include marine farm funding proposals in the 2006-16 LTCCP, to enable consultation with marine farming interests.

The indicative rate in the dollar for Marine farms would be 0.088218 cents in the dollar (on the basis of the Draft LTCCP) and the indicative uniform charge for the Marine Area would be \$219.00.

A separate supplementary report outlining “Relationship determinations and Area Funding %s” for the entire district, (with the inclusion of the Marine Area) is available on request. This provides a detailed analysis of all Rating Areas contribution to General-type targeted rates and charges, and the relationships between general-type rates and charges.

FINANCIAL CONTRIBUTIONS POLICY

1. Council levies financial contributions in accordance with the Resource Management Act 1991. It intends in due course to levy Development Contributions in accordance with the Local Government Act 2002 following extensive consultation with affected parties.

Summary Capital Expenditure

2. The capital expenditure programme outlined in the LTCCP has been further detailed in an appendix to this policy highlighting only capital expenditure relating to growth. Land Transport capital expenditure is itemised in the programme contained in the notes to the LTCCP. Capital expenditure for Land Transport relates to both catering for growth and maintaining levels of service.

Funding

3. The LTCCP funds the capital expenditure for each activity through the use of reserves, loans, other income, financial contributions and rates.

Funding the Cost of Growth

4. It is necessary for the Council to determine funding sources for costs incurred to meet the increased demand for community facilities resulting from growth.

Alternative funding sources include:

- i) Contributions, in the form of:
 - Development contributions – levied in accordance with the provisions of the Local Government Act 2002; or
 - Financial contributions – levied in accordance with the provisions of the Resource Management Act 1991 (and through the District Plan).
- ii) Other sources of funding:

Such as general rates, targeted rates, uniform annual general charges, fees and charges, interest and dividends from investments, borrowing, proceeds from asset sales and grants and subsidies.

Capital costs for community facilities required for purposes other than growth are met by rates, supplemented where appropriate by other sources of funding. These costs are for works intended to benefit the existing community and are best distributed to the community as a whole.

The methods of funding operating and capital expenditures of Council activities are set out in the Revenue and Financing Policy. That document identifies which Council activity or groups of activities contribute to each community outcome, together with a cost of service statement. These activities or groups are further refined by reference to demand characteristics and provide the basis for the costs of growth tables shown in this document.

Council's Revenue and Financing Policy stipulates that where capital expenditure can be funded from financial/development contributions, Council will generally use these sources of funding to meet the cost of growth of the District in preference to other sources.

The introduction of financial/development contributions is based on the economic principle that costs should be borne by those who cause such costs. The recovery of costs from those who cause such costs would encourage efficient allocation of resources in the District. If developers are aware of the cost of the community facilities required for new developments in advance, they can take those costs into account when taking development decisions.

Council has to invest in advance in community facilities to create extra capacities to meet the demand caused by the growth of the district over time. It is not considered equitable to ask the current ratepayers to fund the facilities provided for the future users because the current ratepayers are paying their share of the cost of the existing infrastructure.

Financial/development contributions send clear signals to developers and the growth community about the true cost of growth. Growth costs can be properly apportioned over time so that members of the growth community only pay for capacity that they "use up". Financial/development contributions, as a dedicated growth funding source, offers more security of funding for community outcomes affected by growth.

The impact on the existing ratepayers is minimised (note however that an increase in capital expenditure contributes to an increase in operating expenditure and depreciation which has to be funded from rates).

Financial/development contributions are specifically designed to recover Council's capital expenditure in providing for growth. They relate solely to projects where Council is committing expenditure through its LTCCP or has already incurred expenditure in anticipation of growth.

In this Policy, capital expenditure figures are expressed in 2006 dollars, and will be amended as appropriate in accordance with Construction Cost Index.

5. Council policy is to fund the cost of growth by financial contributions. The following activities have included financial contribution income as follows:
- | | |
|---------------------|----------------------|
| Blenheim Sewerage | \$250,000 per annum |
| Blenheim Water | \$250,000 per annum. |
| North West Blenheim | \$160,000 per annum |
| Picton Sewerage | \$100,000 per annum |
| Picton Water | \$100,000 per annum |
| Land Transport | \$150,000 per annum |

New schemes that are proposed in the Plan would be funded from targeted rate over the direct area of benefit in the first instance.

Financial Contributions

The following extract is from Council's Resource Management Plan and highlights the basis for which financial contributions will be levied and the rules associated with subdivision.

2.19 Financial Contributions

2.19.1 Definition of Cost

Cost includes all cost associated with the subdivision/development and will incorporate the cost of research and the holding cost of money over time.

For the sake of clarity, all establishment costs shall be the developer's responsibility.

2.19.2 Development Levies for Commercial or Industrial purposes (Applies in all zones)

Development is defined as:

'Constructing, erecting or altering any one or more buildings/structures (excluding utilities), intended to be used solely or principally for commercial or industrial purposes where the value of the construction, erection or alteration will exceed \$250,000'.

2.19.2.1 The developer shall pay to the Council an amount not exceeding 0.5% of the value of the development;
OR

If the Council's policies for reserve land acquisition can be satisfied, provide an area of land to be set aside as public reserve of value equal to the amount otherwise payable;

OR

A combination of the above

2.19.3 Development Levy for Residential Purposes (Applies to Residential Zones only)

Residential Development is defined as:

'Constructing, erecting or altering any one or more buildings for the purpose of providing one or more additional household units'.

2.19.3.1 The developer shall meet the requirements of Rule 2.19.4 (Reserve Fund Contributions), with each household unit site deemed to be an allotment for this purpose.

2.19.3.2 The following matters shall apply to the development levies specified in Rules 2.19.2 and 2.19.3

- ◆ Council will waive or reduce contributions in relation to any particular proposals where the developer suggests alternatives to avoid, remedy or mitigate the adverse effects of that proposal.
- ◆ For the purposes of esplanade reserves and esplanade strips 'Developments' have the same status as subdivisions.
- ◆ On receipt of documentary evidence from the developer Council will credit any residential development levy payable against any reserve fund contribution previously paid.

2.19.4 Reserve Fund Contributions

Cash up to the maximum percentage specified below of the value of additional lots created on subdivision/development. The amount required shall be determined in accordance with the table set out below:

Rural Residential	4%	} of the land value of the newly created allotments
Rural, where residential lots of 1 ha or less are created	4%	
Urban Residential Zones	7.5%	
Township Residential/Deferred Township Residential	7.5%	
District Recreation Zone	7.5%	
Central and Neighbourhood Business Zones	7.5%	
Industrial and Port Zones	7.5%	
Rural Township Zone	7.5%	

and/or, land to the equivalent value if the land proposed to vest satisfies Council's policies for reserve land acquisition.

2.19.4.1 The following matters apply to reserve fund contributions:

- ◆ Council will waive or reduce contributions in relation to any particular proposal where the developer suggests alternatives to avoid, remedy or mitigate the effects of that proposal;
- ◆ If a developer can provide documentary evidence that a Development Levy has been paid for a particular residential property under the Local Government Act 1974, or other provisions contained in this Plan, then the levy paid will be credited against any reserve fund contribution for subdivision of that property.

2.19.5 Financial Contributions for Connection to Sewerage Reticulation, Water Supply Networks and Stormwater Collection and Disposal Systems

Where connection is required to existing community servicing infrastructure, the Council will require the subdivider/developer to pay to the Council the following costs:

- ◆ The full and actual cost of trunk sewer, water and stormwater mains or lateral connections to connect the subdivision/development to existing reticulation system(s).
- ◆ Alternatively, the developer may directly install the mains, laterals and pump stations required to do this.

Advisory Note:

All works will need to comply with Council's Code of Practice for Subdivision and Land Development and be certified as such prior to acceptance by Council for connection to community infrastructure.

2.19.6 Financial Contributions for Extension/Upgrading Community Trunk Sewerage Network, Sewage Treatment and Disposal Systems, Stormwater Collection and Disposal Systems and Water Supply Network

- ◆ Council will, as a condition of resource consent, require the subdivider/developer to pay for the full and actual costs of upgrading main trunk sewerage disposal, water supply and stormwater disposal networks.
- ◆ This includes the cost of the future upgrading of infrastructure where it is necessary to carry out the upgrading earlier than planned to cater for the increased demand created by a subdivision/development.
- ◆ The following formula shall apply.

$$\text{Cost of upgrading services for subdivision/development} = \frac{(E+D)-C}{(B-A)}$$

E = actual or estimated cost of upgrading services to serve the potential total number of allotments.

D = value of any estimated surplus capacity in existing services over that which is required to serve total number of properties currently in area.

C = estimated cost of upgrading required to existing services to serve total number of properties currently in area.

B = potential total number of lots likely to be in the area to be served by the upgraded service, when the area is fully developed.

A = total number of lots in area which are served by the service.

Advisory Note:

The Council's Annual Plan sets out priorities for funding of specific land purchases and also provides the current financial information to enable the services contribution formula to be applied. It also makes provision for accommodating holding costs on a case by case basis where Council is required to act as interim banker in circumstances where a stage of subdivision/development is beyond the physical reaches of the existing network.

2.19.7 Financial Contributions for Roading

2.19.7.1 Direct and On Site Roading Requirements

In the event of subdivision/development where roads, kerb and channel, footpaths, grass berms and vehicle crossings are considered inadequate to service the subdivision/development, the subdivider/developer will be responsible for the following.

- ◆ Full development of all new roads within the area of subdivision/development or pay to the Council the full cost of the formation of that new road;
- ◆ Pay the full cost of seal widening, beyond the subdivision/development which is directly attributable to the potential adverse effects generated by the subdivision/development on the existing roading infrastructure, and meet the cost of any carriageway parking;
- ◆ Pay the cost of the kerb and channel on the frontage of the subdivision/development and stormwater drainage for the subdivision/development;

- ◆ Pay the cost of any construction or levelling or sowing of grass berms on the frontage of the subdivision/development;
- ◆ Pay the full cost of footpaths for the frontage of the subdivision/development;
- ◆ Pay the cost of all vehicle crossings required to service individual sections in the subdivision, where roads are intended to be sealed.
- ◆ Pay 50% of the cost of sealing a gravel road adjoining the frontage of the subdivision where a sealed road is required;
- ◆ Vest in the Council an area of land for road widening where required.

2.19.7.2 **Advisory Note**

In the event that a subsidy is granted to Council for any new works undertaken to create facilities or improve existing facilities those subsidies will offset the contributions required.

2.19.7.3 **Financial Contributions towards the District Roding Network**

Council will require:

- ◆ A contribution of \$1,000 per new allotment created in every subdivision in Rural or Rural Residential zones;
- ◆ A contribution of \$500 per new allotment created in every subdivision in Urban Residential, Township Residential, Deferred Township Residential, Central and Neighbourhood Business, Rural Township, Port and Industrial Zones.

2.19.7.4 Council may waive or reduce the contributions specified in 2.19.7.3 in relation to any particular proposal where the subdivider/ developer suggests suitable alternatives to avoid, remedy or mitigate the adverse effects of that subdivision/development on the immediate or district roding network.

2.19.7.5 **Advisory Note**

◆ **Offsite Roding Contributions**

The extent of the Council's roding system coupled with the wide variance in the standard of roding in particular areas and the diverse spread of the Marlborough population, effectively renders the subdivision of certain rural areas untenable, in terms of the cost to provide access to those areas.

With this in mind, Council accepts that it would be impractical and uneconomic in many cases to require a developer to meet the full and actual cost of upgrading the access roding infrastructure to service many subdivisions. Accordingly, Council will require the payment of a standard financial contribution in money for the off-site actual and potential adverse effects on the district roding infrastructure generated by the subdivision or development.

2.19.8 **Development**

Where a developer seeks consent to a land use activity that anticipates connection to existing services and roads and the site of that proposal is outside the area served by the established servicing infrastructure, then as a condition of that consent, the Council will require:

- ◆ The installation of all trunk mains required to connect to existing services or alternatively pay to the Council an amount to cover the value of such work;
- ◆ A financial contribution for the right to utilise the existing trunk water, sewerage or stormwater infrastructure calculated using the formula specified in Rule 2.19.6;
- ◆ A financial contribution towards the upgrading of existing roads which will service the development.

2.19.9 **Advisory Notes**

Goods and Services Tax

All monetary contributions are exclusive of GST and linked to the Opus Construction Cost Index (CCI).

Developments

Because of the unpredictable and diverse nature of development these financial contributions will be calculated based upon the specific adverse effects that may be generated by each unique development, using the principles applied to the financial contributions for subdivision.

Contribution Amounts

Contribution amounts for the upgrading of services will be published in the Council's Annual Plan, along with the parameters used to calculate them.

Life of Contribution Amounts

Any values determined at the time of consent will remain fixed for a period of two years from the date of consent and will be adjusted accordingly taking into account the Opus CCI where the scope of the consent extends beyond two years.

Review of Contributions

Council will review the financial contributions required for specific developments and subdivisions as part of its annual planning process and provide an indication of the levies to be charged. These levies will be based upon certain assumptions regarding lot sizes, timing of developments in the area and estimates of the cost to upgrade. Confirmation will need to be sought from Council that the indicated levies are appropriate for the development planned.

DESCRIPTION	2006/07 BUDGET	2007/08 BUDGET	2008/09 BUDGET	2009/10 BUDGET	2010/11 BUDGET	2011/12 BUDGET	2012/13 BUDGET	2013/14 BUDGET	2014/15 BUDGET	2015/16 BUDGET
Awatere Water										
Pipelines (NEW)	G	590,000	15,000	506,000		198,000				
New reservoir 1500	LOS/G		30,000	1,361,000		866,500				
Total		590,000	45,000	1,867,000		1,064,500				
Blen Water Pipe										
Arthur Baker to Wither Taylor Pass	G		15,000	563,000				15,000	573,000	
Booster to Reservoir	G	1,191,600								
Burleigh - New R Rd	G		473,0							
Booster to New Low Res To Taylor reservoir	G	773,000								
Capacity to east	G									
Meters and air valves	G			25,000				25,000		
Blm NW	G	398,000	6,100		19,700			7,600		20,500
Total		2,362,600	494,100	588,000	19,700			847,600	573,000	20,500
Blen Water Reservoirs										
New Low&Taylor Reservoirs 6000	G	2,910,000								
New wells	G			810,000						
Total		2,910,000		810,000						
Blen Water Total		5,272,600	494,100	588,000	829,700			847,600	573,000	20,500
Havelock Water										
Pipeline (NEW)	G		245,000					120,000		
Reservoir	G			980,000						
Total			245,000	980,000				120,000		
Picton Water Pipelines										
Flow Meters & Air Valves	G	45,000								60,000
Booster Pump 225mm	G/LOS									
Waikawa, Rutland- Surrey	G/LOS	221,800								
Waikawa Surrey to Lincoln	G/LOS		342,200							
Waikawa, Lincoln to Leicester	G/LOS					342,200				
As noted	G/LOS	224,000	181,000			210,000				
Wairau to Speeds/Graham	G				150,000	3,700,000				
Speeds	G		140,000							
To reservoir	G/LOS	379,200								
Total		870,000	663,200		150,000	4,252,200				60,000
Picton Reservoirs										
Webster/Canterbury Reservoir	G					83,000				
Waikawa Reservoir	G	48,000								
Wairau Aquifer/Graham Pumps	G					880,000				
Main Reservoir 3000	G	2,390,000	35,000							
Total		2,438,000	35,000			963,000				
Picton Water Pumps										
Booster Pump Station	G									
Wairau Aquifer/Graham Pumps	G			20,000	320,000					
Total				20,000	320,000					
Picton Water Treatment										
Wairau Aquifer or Graham River	G	10,000	10,000	10,000	50,000	780,000		2,900,000		
Total		10,000	10,000	10,000	50,000	780,000		2,900,000		
Picton Water Total		3,318,000	708,200	10,000	220,000	6,315,200		2,900,000		60,000
Renwick Water Pumps										
Wells/Pumps	G/LOS		1,405,000							
Retic Pump 3 & Transformer	G		65,000							
Total			1,470,000							
Renwick Reservoir										
Renwick Pipelines	G/LOS			2,050,000				420,000		
Wells to Treatment	G/LOS		1,119,000		20,000	606,000				
Hammond Share	G/LOS		30,000							
Boyce St South	G/LOS									
Total			1,149,000		20,000	606,000		420,000		
Renwick Water Total			2,619,000	2,050,000		20,000		606,000		420,000

DESCRIPTION		2006/07 BUDGET	2007/08 BUDGET	2008/09 BUDGET	2009/10 BUDGET	2010/11 BUDGET	2011/12 BUDGET	2012/13 BUDGET	2013/14 BUDGET	2014/15 BUDGET	2015/16 BUDGET
Riverlands Water											
Pipelines	G	465,000							150,000		
Reservoirs	G	35,000	707,500						750,000		
Pumping Station/well	G										
Total		500,000	707,500						900,000		
Wairau Valley Treat/capacity	LOS/G	25,000	283,000		95,000				775,000		
Blen Sewer											
NW Zone	G		36,000		30,000						27,000
Industrial Pipeline	G		104,000								
AMPS Rising Main	G										
Vernon St sewer	G										
Battys Rd P S (IPS) to AMPS	G										
Purkiss St Pump to Battys PS	G										
Murphys to Colemans PS 375	G									5,000	294,000
McL PS upgrade to 300	G										51,000
R/M Cole/King/Moorings/ Purk/McL	G	\$264,000		257,000							
Local Sewers	G	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Burleigh Retic	G										19,000
Taylor Pass Connec	G	1,164,000									
Greenfields	G										
Total		1,678,000	390,000	507,000	280,000	250,000	250,000	250,000	250,000	255,000	641,000
Blen Sewage Pumps											
AMPS + Nelson St	G										1,200,000
Springlands Green Pump Station (IPS)	G										
Battys Rd (David St) Pump Stn	G										
Colemans Rd Pump Station	G	380,000									
Burleigh P/S	G										25,000
McL Kin Moor Pur	G	280,000		195,000							
Renwick	G							1,195,000			
Storage/generators	G										1,050,000
CMP Pump Stn	G		380,000						320,000		
Sheffield St PS	G	380,000									
Vernon St PS	G			25,000	350,000	210,000					
Total		1,040,000	380,000	220,000	350,000	210,000			1,515,000		2,275,000
Blen Sewer Total		2,718,000	770,000	727,000	630,000	460,000	250,000	250,000	1,765,000	255,000	2,916,000
Picton Sewerage											
Picton Sewage Pumps	LOS/G	125,000	620,000		760,000			75,000	4,635,000		
Picton Sewer Pipe	LOS/G		301,000	1,124,000		1,568,000		978,000			
Picton Outfall to Shakespeare Bay	LOS/G		1,144,000	1,144,000							
Total		125,000	2,065,000	2,268,000	760,000	1,568,000		1,053,000	4,635,000		
Renwick Sewerage											
Renwick Sewerage	G										
Total											
Blen NW SW Pipes	G		29,100		127,200		10,500				
Blen NW SW Pumps	G										
Total			29,100		127,200		10,500				
Other Sewerage											
St Andrews	G	40,000	490,000								
Grovetown retic	G	120,000	810,000	810,000							
Grovetown/Spring Creek to Blenheim	G	180,000	2,708,000	2,708,000							
Tuamarina	G				224,000	4,250,000					
Rarangi	G							525,000	9,960,000		
Total		340,000	4,008,000	3,518,000	224,000	4,250,000		525,000	9,960,000		
Renwick S/W	G	40,000									
BLM NW Roothing	G				60,000						54,800
Cemeteries	G	\$194,000	\$160,524	\$38,044	\$11,915	\$56,514	\$12,445	\$41,503	\$30,484	\$13,090	\$13,288
Reserves	G	\$3,301,300	\$1,018,709	\$612,973	\$792,904	\$623,316	\$260,219	\$390,251	\$244,463	\$114,841	\$126,227
Public Conveniences	G	\$380,000	\$138,401	\$144,779	\$80,157	\$11,081	\$73,540		\$76,211		
Parking	G	\$4,259,000									

Key G = Growth LOS = Maintaining or improving Level of Service

RATE MOVEMENTS 2006 – 2016

Total Rates and Charges for 2006-07 are estimated at \$38,491,560 (GST exclusive). This represents an increase of \$1,454,790 (3.93%) on last year's levy. The rating effect will be different for individual properties because of the varying effects of the recent district-wide revaluation; movements in general-type rates not impacting uniformly on all geographic rating areas; and movements in targeted separate rates (such as Blenheim Sewerage, Picton Water, etc) affecting only properties in those areas.

Significant contributors to the overall increase are as follows:		
Democratic Process	\$157,000	Additional compliance costs to meet the requirements of the Local Government Act.
Community Grants	\$181,503	Mistletoe Bay Trust \$150,000, Grants to other organisations \$31,503.
Library	\$27,000	Extension of library hours.
Cemeteries	\$30,505	Increased operating costs.
Emergency Management	\$73,000	Additional compliance costs for emergency management readiness planning and extensions to Waihopai Fire Shed.
Public Conveniences	\$89,361	Debt servicing and depreciation costs for new facilities, together with increased operating costs.
Parks and Reserves	\$269,108	To maintain new parks and reserves and increased operating costs.
Kenepuru Road Rate	(\$20,200)	Road maintenance levy discontinued
Taylor Pass Seal Extension Charge	(\$9,300)	Rate reduction due to savings on estimated cost.
Tyntesfield Rd Improvements Charge	(\$6,600)	Cessation of targeted charge.
Roading Network	\$129,889	Reduction in Transfund subsidy rate from 47% to 46% and increased operating costs.
Picton Parking	\$8,000	Net cost increase arising from more regular parking enforcement.
Blenheim/Renwick Sewerage	\$253,000	Increased debt servicing costs for new treatment plant, pump stations and pipeline, together with increased operating costs.
Havelock Sewerage	\$14,000	Increased debt servicing costs for oxidation pond upgrade, together with increased operating costs.
Picton Sewerage	\$50,100	Increased operating costs for power, reticulation manholes, and desludging.
Renwick Sewerage	(\$254,000)	Cessation of lump sum payment rates
Awatere Water	\$23,000	Increased reticulation and mains maintenance costs, together with investigation costs for water treatment.
Blenheim Water	\$127,000	Increased funding for debt servicing costs for the new reservoirs, together with increased operating costs.
Havelock Water	\$2,300	Increased operating and maintenance costs.
Picton Water	\$162,000	Increased funding for debt servicing costs for a new reservoir, together with additional treatment and pump station costs.
Renwick Water	\$17,900	Increased pump station and treatment costs.
Riverlands Water	\$10,400	Increased operating and debt servicing costs.
Wairau Valley Water	\$3,900	Increased operating costs.
Refuse Collection	\$35,800	Increased operating costs.
Environment	\$10,000	Increased operating costs.
Regional Development	\$73,000	Information Centre Study \$15,000, Marlborough Regional Development Trust contribution \$58,000.
Building Control	\$10,000	Increased operating costs.
Harbour Control	\$24,000	Management of identified risks.

2007-2008 (Inflation adjusted using BERL indices)		2008-2009 (Inflation adjusted using BERL indices)	
Total rates and charges are estimated at \$41,051,329.		Total rates and charges are estimated at \$44,489,989.	
Principal changes include:		Principal changes include:	
◆ Blenheim/Renwick Sewerage	\$347,279	◆ Blenheim/Renwick Sewerage	\$372,041
◆ Havelock Sewerage	\$2,154	◆ Havelock Sewerage	\$3,229
◆ Picton Sewerage	\$85,711	◆ Picton Sewerage	\$315,846
◆ Spring Creek Sewerage	\$13,861	◆ Spring Creek Sewerage	\$14,306
◆ New Sewerage Schemes	\$364,037	◆ New Sewerage Schemes	\$387,349
◆ Awatere Water	\$180,098	◆ Awatere Water	\$224,048
◆ Blenheim Water	\$301,480	◆ Blenheim Water	\$506,250
◆ Havelock Water	\$20,467	◆ Havelock Water	\$121,848
◆ Picton Water	\$449,598	◆ Picton Water	\$316,942
◆ Renwick Water	\$77,309	◆ Renwick Water	\$277,726
◆ Riverlands Water	\$182,742	◆ Riverlands Water	\$180,176
◆ Wairau Valley Water	\$22,106	◆ Wairau Valley Water	\$30,859
◆ Wairau Valley River Works	\$94,123	◆ Wairau Valley River Works	\$106,634
◆ Bln/Ptn Refuse Collection	\$23,032	◆ Bln/Ptn Refuse Collection	\$14,371
◆ General-type activities	\$407,966	◆ General-type activities	\$594,337

Note: Most anticipated changes in water rates are due to the possible introduction of mandatory water quality standards by Central Government.

The following rates and charges are estimated for 2009-2016 (Inflation adjusted using BERL indices)

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$47,725,141	\$50,827,289	\$52,315,877	\$53,754,465	\$58,384,804	\$61,217,414	\$62,136,774

INDICATIVE RATING IMPACT ON BENCHMARK PROPERTIES									
	Land Value	Capital Value	Reval. LV % Mvt	Reval. CV % Mvt	05/06 ACTUAL	05/06 Reval Equiv.	05/06 Reval Mvt	06/07 Budget Mvt	06/07 Final Plan
Blenheim Residential	146,000	295,000	151.72%	91.56%	1,595	1,608	13	80	1,688
Blenheim Residential	128,000	265,000	150.98%	89.29%	1,557	1,565	8	75	1,640
Blenheim Residential	162,000	395,000	149.23%	75.56%	1,713	1,712	(1)	85	1,797
Blenheim Vacant Section	136,000	136,000	151.85%	151.85%	1,307	1,331	25	70	1,401
Blenheim Commercial	76,000	310,000	40.74%	40.91%	2,659	2,126	(532)	100	2,227
Blenheim Commercial	264,000	360,000	100.00%	35.85%	5,231	5,144	(87)	276	5,420
Picton Residential Note 1	106,000	320,000	149.41%	79.78%	1,599	1,570	(29)	108	1,678
Picton Residential Note 2	175,000	300,000	153.62%	92.31%	1,837	1,809	(28)	141	1,950
Picton Vacant Section Note 1	110,000	110,000	150.00%	150.00%	1,282	1,253	(28)	78	1,332
Picton Commercial Note 1	320,000	365,000	201.89%	122.56%	3,897	4,547	650	311	4,858
Picton Motels (19 units) Note 2	375,000	980,000	150.00%	16.67%	6,508	6,584	76	564	7,148
Blenheim Vicinity	1,125,000	2,090,000	44.23%	67.20%	4,218	3,805	(413)	113	3,918
Blenheim Vicinity	610,000	850,000	62.67%	51.79%	2,462	2,197	(265)	73	2,270
Blenheim Vicinity	13,500,000	15,160,000	40.63%	43.02%	43,696	35,923	(7,773)	1,235	37,157
Blenheim Vicinity	3,040,000	5,646,000	24.59%	35.72%	12,600	9,639	(2,961)	286	9,926
Blenheim Vicinity	2,560,000	4,560,000	21.90%	12.87%	11,270	8,059	(3,211)	244	8,303
Renwick Residential Note 3	87,000	280,000	89.13%	79.49%	1,681	1,694	14	(656)	1,038
Renwick Residential Note 4	87,000	185,000	89.13%	81.37%	1,109	1,106	(3)	46	1,153
Spring Creek Residential	90,000	245,000	150.00%	88.46%	1,057	1,129	71	13	1,142
Rarangi Residential	300,000	440,000	212.50%	136.56%	779	1,043	264	40	1,083
Picton Vicinity	1,160,000	1,290,000	96.61%	85.61%	2,709	2,005	(704)	99	2,104
Ngakuta Bay - bach	180,000	395,000	233.33%	83.72%	547	573	26	21	594
General Rural - French Pass	2,800,000	3,500,000	156.88%	110.84%	6,062	6,820	758	253	7,073
General Rural - Manaroa	3,200,000	4,000,000	226.53%	150.00%	5,951	8,149	2,198	18	8,167
General Rural - Opouri Valley	1,230,000	1,500,000	53.75%	40.19%	4,096	2,906	(1,189)	122	3,028
General Rural - on Awatere Water	2,220,000	2,700,000	100.00%	82.43%	7,449	6,885	(564)	372	7,257
Havelock Residential	160,000	295,000	201.89%	91.56%	1,298	1,401	103	81	1,482
Seddon Residential	53,000	205,000	430.00%	150.00%	853	919	66	24	943
Admin Rural - farm	7,395,000	7,988,000	110.68%	99.95%	9,063	6,409	(2,654)	685	7,094
Admin Rural - bach	250,000	410,000	201.20%	118.09%	457	452	(5)	31	483
Admin Rural - bach	310,000	485,000	302.60%	144.95%	442	498	56	37	535

LV % Mvt is the percentage increase in the property's land value as a result of the 2005 revaluation.

CV % Mvt is the percentage increase in the property's capital value as a result of the 2005 revaluation.

Reval Equiv. is what the 2005-06 rates would have been if levies were based on the 2005 revaluation.

Reval Mvt is the difference between the 2005-06 Actual Rates and the Revaluation Equivalent amount.

*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.

*3 & 4 Connections to the Renwick Sewerage Scheme will incur additional charges from date of connection.

There were wide-ranging valuation movements in the 2005 district-wide revaluation and the Benchmarks above may not reflect the range of valuation movements.

The valuation movement range for each area (and each area's average movement) are detailed in the Financial Impact Statement.

If a property has a valuation movement above the average for that area, a rates increase will arise as a result of the revaluation.

If a property has a valuation movement less than the average for that area, a rates decrease will arise as a result of the revaluation.

A revaluation does not increase Council's rate levy, however it does redistribute the levy between ratepayers.

The following Rates and Charges report illustrates the estimated rate movements for the 10 year period by Rate Type: (inflation adjusted using Business and Economic Research Ltd's indices).

	2006-07	2007-08	2008-09	2009-10	2010-11
Gen. Type Rates/Charges					
Blenheim Res/Rural rates	3,763,458	3,806,471	3,895,963	3,986,821	4,104,859
Blenheim Ind/Com rates	2,374,975	2,354,688	2,464,629	2,538,232	2,582,199
Blenheim UAC	4,293,862	4,446,392	4,499,184	4,688,087	4,839,329
	10,432,295	10,607,551	10,859,776	11,213,140	11,526,387
Blenheim Vicinity Res/Rural rates	3,497,751	3,544,494	3,675,371	3,755,162	3,875,005
Blenheim Vicinity Ind/Com rates	112,238	107,930	110,818	112,660	115,369
Blenheim Vicinity UAC	1,217,847	1,260,529	1,273,076	1,327,788	1,371,210
	4,827,836	4,912,953	5,059,265	5,195,610	5,361,584
Picton Res/Rural rates	1,023,923	1,038,345	1,070,828	1,094,020	1,122,964
Picton Ind/Com rates	539,073	534,615	555,875	569,895	580,285
Picton UAC	1,024,864	1,047,390	1,054,916	1,096,274	1,130,219
	2,587,860	2,620,350	2,681,619	2,760,189	2,833,468
Picton Vicinity Res/Rural rates	172,460	175,715	180,090	182,734	189,707
Picton Vicinity Ind/Com rates	5,702	5,433	5,523	5,581	5,711
Picton Vicinity UAC	131,332	135,363	135,973	141,737	146,360
	309,494	316,511	321,586	330,052	341,778
General Rural Res/Rural rates	3,781,391	3,823,527	3,933,184	4,016,743	4,154,806
General Rural Ind/Com rates	81,180	79,073	80,850	82,239	84,480
General Rural UAC	1,294,996	1,342,828	1,352,425	1,408,018	1,454,166
	5,157,567	5,245,428	5,366,459	5,507,000	5,693,452
Admin Rural Res/Rural rates	328,051	336,440	342,966	350,327	359,409
Admin Rural Ind/Com rates	10,644	10,268	10,396	10,541	10,719
Administration Rural UAC	313,311	325,523	327,294	341,399	353,126
	652,006	672,231	680,656	702,267	723,254
	23,967,058	24,375,024	24,969,361	25,708,258	26,479,923
Targeted Roading Rates/Charges					
Targeted charge: Archers' Road	21,440	21,440	0	0	0
Targeted charge: Dillons Point Road	6,966	6,966	0	0	0
Targeted charge: French Pass Road Okiwi	8,800	0	0	0	0
Targeted charge: French Pass Road	23,970	23,970	23,970	23,970	23,970
Targeted rate: Kenepuru Road	32,000	32,000	32,000	32,000	32,000
Targeted charge: Okiwa Bay Jetty	231	231	231	231	231
Targeted charge: Taylor Pass Road	3,505	0	0	0	0
	96,912	84,607	56,201	56,201	56,201
River Protection/Drainage Rate					
Wairau Valley Rivers Works rate	2,785,793	2,879,916	2,986,550	3,039,740	3,119,762
Sewerage Rates/Charges					
Blenheim Sewerage	3,250,035	3,597,314	3,969,355	4,364,008	4,508,098
Havelock Sewerage	105,942	108,096	111,325	112,510	113,510
Picton Sewerage	773,125	858,836	1,174,682	1,442,166	1,703,970
Renwick Sewerage (Loan Rate only)	47,649	47,649	47,649	47,649	47,649
Seddon Sewerage	63,676	63,983	64,502	65,372	66,244
Spring Creek Sewerage	59,772	73,633	87,939	92,412	93,694
Proposed New Sewerage Schemes		364,037	751,386	911,782	1,260,548
	4,300,199	5,113,548	6,206,838	7,035,899	7,793,713

	2006-07	2007-08	2008-09	2009-10	2010-11
Targeted Stormwater					
Targeted charge: Okiwi Bay S/Water	14,133	14,588	15,172	15,733	16,268
Targeted Water Rates/Charges					
Awatere Water	297,821	477,919	701,967	969,426	1,072,738
Blenheim Water	2,377,285	2,678,765	3,185,015	3,973,315	4,620,716
Havelock Water	151,435	171,902	293,750	365,223	366,673
Picton Water	1,052,939	1,502,537	1,819,479	1,924,475	2,469,998
Renwick Water	263,549	340,858	618,584	968,524	1,135,035
Riverlands Water	254,850	437,592	617,768	623,924	629,917
Southern Valleys Irrigation	1,984,721	1,984,720	1,984,721	1,984,722	1,984,721
Wairau Valley Water	21,892	43,998	74,857	83,111	88,291
	6,404,492	7,638,291	9,296,141	10,892,720	12,368,089
Refuse Collection Charges					
Blenheim / Picton refuse charge	804,850	827,882	842,253	859,117	875,860
Misc Targeted Charges					
Targeted charge: Tourism	107,830	107,830	107,830	107,830	107,830
Targeted charge: Rarangi works	8,310	8,310	8,310	8,310	8,310
Targeted charge: Tuamarina Hall	1,333	1,333	1,333	1,333	1,333
Targeted charge: Tuamarina Water	650	0	0	0	0
	118,123	117,473	117,473	117,473	117,473
Total Rates & Charges	38,491,560	41,051,329	44,489,989	47,725,141	50,827,289

	2011-12	2012-13	2013-14	2014-15	2015-16
Gen. Type Rates/Charges					
Blenheim Res/Rural rates	4,163,389	4,255,054	4,365,725	4,431,977	4,462,836
Blenheim Ind/Com rates	2,603,512	2,641,471	2,707,585	2,710,964	2,729,666
Blenheim UAC	4,890,854	5,000,525	5,148,427	5,202,950	5,322,872
	11,657,755	11,897,050	12,221,737	12,345,891	12,515,374
Blenheim Vicinity Res/Rural rates	3,927,589	4,025,178	4,132,817	4,192,977	4,251,726
Blenheim Vicinity Ind/Com rates	116,578	118,871	121,362	122,678	124,060
Blenheim Vicinity UAC	1,371,908	1,414,639	1,458,079	1,476,168	1,508,987
	5,416,075	5,558,688	5,712,258	5,791,823	5,884,773
Picton Res/Rural rates	1,136,902	1,163,287	1,189,136	1,201,503	1,215,669
Picton Ind/Com rates	586,309	596,288	609,136	610,523	616,318
Picton UAC	1,137,282	1,186,851	1,199,496	1,215,400	1,240,456
	2,860,493	2,946,426	2,997,768	3,027,426	3,072,443
Picton Vicinity Res/Rural rates	192,451	197,752	201,078	204,646	208,485
Picton Vicinity Ind/Com rates	5,768	5,865	5,938	5,995	6,064
Picton Vicinity UAC	147,682	151,001	155,749	157,845	161,258
	345,901	354,618	362,765	368,486	375,807
General Rural Res/Rural rates	4,203,639	4,311,235	4,420,656	4,488,052	4,547,779
General Rural Ind/Com rates	85,303	87,115	88,939	90,025	91,036
General Rural UAC	1,463,260	1,494,593	1,543,050	1,566,667	1,599,448
	5,752,202	5,892,943	6,052,645	6,144,744	6,238,263
Admin Rural Res/Rural rates	364,992	374,367	381,280	385,987	392,400
Admin Rural Ind/Com rates	10,828	11,017	11,152	11,247	11,373
Administration Rural UAC	354,799	360,527	374,089	380,133	387,785
	730,619	745,911	766,521	777,367	791,558
	26,763,045	27,395,636	28,113,694	28,455,737	28,878,218
Targeted Roading Rates/Charges					
Targeted charge: Archers' Road	0	0	0	0	0
Targeted charge: Dillons Point Road	0	0	0	0	0
Targeted charge: French Pass Road Okiwi	0	0	0	0	0
Targeted charge: French Pass Road	23,970	23,970	23,970	23,970	
Targeted rate: Kenepuru Road	32,000	32,000	32,000	32,000	32,000
Targeted charge: Okiwa Bay Jetty			0	0	0
Targeted charge: Taylor Pass Road	0	0	0	0	0
	55,970	55,970	55,970	55,970	32,000
River Protection/Drainage Rate					
Wairau Valley Rivers Works rate	3,193,604	3,275,237	3,349,873	3,401,346	3,409,102

	2011-12	2012-13	2013-14	2014-15	2015-16
Sewerage Rates/Charges					
Blenheim Sewerage	4,659,716	4,698,217	5,048,151	5,273,293	5,468,042
Havelock Sewerage	125,409	131,972	135,230	148,842	150,490
Picton Sewerage	1,822,240	1,973,112	2,205,874	2,476,426	2,660,585
Renwick Sewerage (Loan Rate only)	47,649	47,649	47,649	47,649	47,649
Seddon Sewerage	67,035	67,996	69,611	69,611	70,017
Spring Creek Sewerage	94,965	96,374	97,668	98,629	99,603
Proposed New Sewerage Schemes	1,450,990	1,495,362	2,384,726	2,870,268	2,871,341
	8,268,004	8,510,682	9,988,909	10,984,718	11,367,727
Targeted Stormwater					
Targeted charge: Okiwi Bay S/Water	16,772	17,242	21,480	25,853	22,480
Targeted Water Rates/Charges					
Awatere Water	1,176,213	1,553,648	1,750,640	1,756,934	1,766,138
Blenheim Water	4,768,666	4,796,041	5,572,359	6,141,116	6,226,948
Havelock Water	368,281	374,368	495,010	583,702	583,475
Picton Water	2,816,093	2,849,932	3,453,817	3,823,607	3,834,543
Renwick Water	1,171,059	1,193,694	1,404,200	1,537,026	1,546,958
Riverlands Water	635,495	641,633	996,876	1,214,950	1,219,333
Southern Valleys Irrigation	1,984,721	1,984,721	1,984,722	1,984,720	1,984,722
Wairau Valley Water	89,124	89,928	166,147	210,060	210,729
	13,009,652	13,483,965	15,823,771	17,252,115	17,372,846
Refuse Collection Charges					
Blenheim / Picton refuse charge	891,357	898,260	913,634	924,202	936,928
Misc Targeted Charges					
Targeted charge: Tourism	107,830	107,830	107,830	107,830	107,830
Targeted charge: Rarangi works	8,310	8,310	8,310	8,310	8,310
Targeted charge: Tuamarina Hall	1,333	1,333	1,333	1,333	1,333
Targeted charge: Tuamarina Water	0	0	0	0	0
	117,473	117,473	117,473	117,473	117,473
Total Rates & Charges	52,315,877	53,754,465	58,384,804	61,217,414	62,136,774

The following Rates and Charges report illustrates the estimated rate movements for the 10 year period by Activity: (inflation adjusted using Business and Economic Research Ltd's indices)

	2006-07	2007-08	2008-09	2009-10	2010-11
Democratic Process	1,872,669	2,022,297	1,998,962	2,013,470	2,159,506
Arts	142,756	143,340	143,838	144,463	145,131
Heritage	232,731	233,630	234,591	235,530	236,557
Memorials	60,216	63,343	63,928	66,450	67,249
Community Safety	74,149	78,246	38,426	48,676	58,995
Community Support	577,050	413,428	417,126	421,421	426,042
Libraries	972,602	1,005,511	1,031,879	1,061,567	1,085,475
Emergency Management	556,708	550,906	559,707	574,464	588,182
Cemeteries	191,102	173,872	186,655	194,160	213,786
Halls	131,800	135,130	137,981	139,333	143,961
Public Conveniences	442,727	477,279	501,310	520,476	532,864
Reserves and Parks	2,115,145	2,178,119	2,209,030	2,264,540	2,320,022
Swimming Pools	438,631	448,513	456,490	514,829	546,693
Subdivisional Works	117,973	121,319	124,097	126,948	129,777
Roading Network	5,271,491	5,246,590	5,435,952	5,523,548	5,742,760
Roading Related Works	1,270,143	1,251,139	1,434,992	1,544,003	1,566,350
Street Trees, Berms and Plots	300,470	310,121	319,084	328,096	336,909
Blenheim CBD Works	318,433	318,970	319,710	320,634	321,548
Picton CBD Works	79,608	79,742	79,928	80,158	80,387
Parking	196,602	197,028	197,541	198,171	198,804
Rivers in Wairau Floodplain	2,785,793	2,879,916	2,986,550	3,039,740	3,119,762
Rivers outside the Wairau Floodplain	119,804	123,872	127,546	131,300	135,017
Sewerage: Blenheim/Renwick	3,250,035	3,597,314	3,969,355	4,364,008	4,508,098
Sewerage: Havelock	105,942	108,096	111,325	112,510	113,510
Sewerage: Picton	773,125	858,836	1,174,682	1,442,166	1,703,970
Sewerage: Renwick (Construction Loan)	47,649	47,649	47,649	47,649	47,649
Sewerage: Seddon	63,676	63,983	64,502	65,372	66,244
Sewerage: Spring Creek	59,772	73,633	87,939	92,412	93,694
Sewerage: Other	0	364,037	751,386	911,782	1,260,548
Stormwater: Okiwi Bay (Targeted)	14,134	14,588	15,172	15,733	16,268
Stormwater: Other	950,432	973,780	993,865	1,003,244	1,025,997

	2006-07	2007-08	2008-09	2009-10	2010-11
Water: Awatere	297,821	477,919	701,967	969,426	1,072,738
Water: Blenheim	2,377,285	2,678,765	3,185,015	3,973,315	4,620,716
Water: Havelock	151,435	171,902	293,750	365,223	366,673
Water: Picton	1,052,939	1,502,537	1,819,479	1,924,475	2,469,998
Water: Renwick	263,549	340,858	618,584	968,524	1,135,035
Water: Riverlands	254,850	437,592	617,768	623,924	629,917
Water: Southern Valleys	1,984,721	1,984,720	1,984,721	1,984,722	1,984,721
Water: Wairau Valley	21,892	43,998	74,857	83,111	88,291
Solid/Hazardous Waste Mngt	887,629	963,173	946,790	1,106,409	1,090,950
Refuse Collections	804,850	827,882	842,253	859,117	875,860
Environment	2,707,612	2,878,841	2,939,505	3,010,941	3,084,318
Regional Development	795,949	746,302	748,257	750,886	753,738
Consents and Compliance	2,031,090	2,084,510	2,108,656	2,139,489	2,176,653
Animal/Plant Pests	866,154	886,317	905,238	926,314	983,035
Harbour Control	393,501	403,648	412,088	420,812	429,571
Animal Control	56,623	58,496	60,220	61,958	63,675
Agencies	10,293	9,643	9,643	9,643	9,643
	38,491,560	41,051,329	44,489,989	47,725,141	50,827,289

	2011-12	2012-13	2013-14	2014-15	2015-16
Democratic Process	2,129,954	2,161,722	2,326,404	2,278,174	2,289,469
Arts	145,497	146,208	146,903	147,151	147,584
Heritage	237,104	238,169	239,275	239,739	240,361
Memorials	69,765	70,654	72,386	73,422	76,908
Community Safety	59,353	59,849	60,323	71,499	57,916
Community Support	429,512	434,890	439,885	442,015	445,573
Libraries	1,118,903	1,164,420	1,205,908	1,228,710	1,256,219
Emergency Management	601,277	615,285	628,394	630,787	640,044
Cemeteries	204,716	214,117	218,236	218,580	221,588
Halls	146,503	149,581	147,277	154,209	135,904
Public Conveniences	546,763	559,538	578,518	583,151	585,271
Reserves and Parks	2,342,079	2,479,668	2,472,313	2,497,894	2,583,993
Swimming Pools	554,253	563,083	570,636	549,233	555,327
Subdivisional Works	132,257	135,205	137,875	139,508	141,624
Roading Network	5,815,542	5,950,045	6,161,023	6,333,148	6,348,660
Roading Related Works	1,595,764	1,626,663	1,707,569	1,676,608	1,700,174
Street Trees, Berms and Plots	344,609	352,860	360,567	366,255	372,079
Blenheim CBD Works	321,872	322,574	323,341	323,685	324,085
Picton CBD Works	80,468	80,643	80,835	80,921	81,021
Parking	186,502	186,999	187,521	187,751	187,468
Rivers in Wairau Floodplain	3,193,604	3,275,237	3,349,873	3,401,346	3,409,102
Rivers outside the Wairau Floodplain	138,254	141,858	145,235	147,604	150,360
Sewerage: Blenheim/Renwick	4,659,716	4,698,217	5,048,151	5,273,293	5,468,042
Sewerage: Havelock	125,409	131,972	135,230	148,842	150,490
Sewerage: Picton	1,822,240	1,973,112	2,205,874	2,476,426	2,660,585
Sewerage: Renwick (Construction Loan)	47,649	47,649	47,649	47,649	47,649
Sewerage: Seddon	67,035	67,996	69,611	69,611	70,017
Sewerage: Spring Creek	94,965	96,374	97,668	98,629	99,603
Sewerage: Other	1,450,990	1,495,362	2,384,726	2,870,268	2,871,341
Stormwater: Okiwi Bay (Targeted)	16,772	17,242	21,481	25,853	22,480
Stormwater: Other	1,037,282	1,041,032	1,041,187	1,030,523	1,028,361
Water: Awatere	1,176,213	1,553,648	1,750,640	1,756,934	1,766,138
Water: Blenheim	4,768,666	4,796,041	5,572,359	6,141,116	6,226,948
Water: Havelock	368,281	374,368	495,010	583,702	583,475
Water: Picton	2,816,093	2,849,932	3,453,817	3,823,607	3,834,543
Water: Renwick	1,171,059	1,193,694	1,404,200	1,537,026	1,546,958
Water: Riverlands	635,495	641,633	996,876	1,214,950	1,219,333
Water: Southern Valleys	1,984,721	1,984,721	1,984,722	1,984,720	1,984,722
Water: Wairau Valley	89,124	89,928	166,147	210,060	210,729
Solid/Hazardous Waste Mngt	1,111,842	1,102,831	1,106,999	1,235,004	1,308,187
Refuse Collections	891,357	898,260	913,634	924,202	936,928
Environment	3,146,067	3,221,851	3,291,518	3,334,124	3,389,505
Regional Development	755,076	758,116	761,138	762,047	763,803
Consents and Compliance	2,204,430	2,271,409	2,328,181	2,337,481	2,376,427
Animal/Plant Pests	968,133	994,898	1,019,216	1,030,299	1,086,651
Harbour Control	437,898	448,465	450,508	450,603	452,834
Animal Control	65,173	66,803	68,325	69,413	70,650
Agencies	9,643	9,643	9,643	9,643	9,643
	52,315,877	53,754,465	58,384,804	61,217,414	62,136,774

FUNDING IMPACT STATEMENT

The Funding Impact Statement provides the following information:

- ◆ A Summary Cost of Funds Statement for 2006-07 to 2015-16.
- ◆ 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.
- ◆ Revaluation Movements Information.

Summary Source and Application of Funds Statement

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Targeted Geo General Rates and Charges	23,948	24,356	24,950	25,688	26,460	26,742	27,375	28,092	28,434	28,855
Other Targeted Rates and Charges	14,524	16,677	19,521	22,017	24,347	25,553	26,359	30,272	32,763	33,259
Subsidies and Grants	5,486	6,239	6,121	5,499	5,532	5,344	5,533	5,590	5,720	5,896
Interest	970	1,233	1,844	2,470	3,093	3,633	4,174	4,773	5,463	6,127
Dividends	471	471	471	471	471	471	471	471	471	471
Marlborough Regional Forestry	3,807	3,925	4,039	4,150	4,254	3,048	3,112	3,226	3,238	4,061
User Charges and Other Operating Revenue	19,759	19,751	20,141	20,964	21,302	21,804	22,552	22,772	23,144	23,807
New Loans	20,984	20,354	16,766	14,198	9,089	0	0	43,370	0	0
Asset Disposals	1,302	1,355	754	48	20	29	21	23	27	27
Net Movement in Reserves etc	9,971	4,817	6,933	8,149	9,419	10,685	11,239	12,553	10,252	12,700
	101,222	99,178	101,540	103,654	103,987	97,309	100,836	151,142	109,512	115,203
Operating Expenditure	59,371	59,428	62,228	65,178	67,482	69,987	71,242	74,490	77,509	78,573
Capital Expenditure	39,067	35,755	34,707	33,087	31,831	15,352	20,315	68,496	18,088	17,436
Loan Repayment Costs	2,784	3,995	4,605	5,389	4,674	11,970	9,279	8,156	13,915	19,194
	101,222	99,178	101,540	103,654	103,987	97,309	100,836	151,142	109,512	115,203

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.

Targeted General Type Rates and Charges (\$26,962,940 GST inclusive)

Although general-type rates and charges have increased overall by 4.58% (\$1,050,205 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, and valuation movements in the differential areas.

Geographic Area General Works and Services Rates (\$17,652,202 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 \$680,294 (4.53%) 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	4,233,890	0.351652
◆	Blenheim	Com/Ind	2,671,847	1.384377
◆	Blenheim	Hsty/Fsty	-	0.609833
◆	Blenheim Vicinity	Res/Rural	3,934,380	0.209084
◆	Blenheim Vicinity	Com/Ind	126,268	0.315669
◆	Blenheim Vicinity	Hsty/Fsty	589	0.235730
◆	Picton	Res/Rural	1,149,703	0.376442
◆	Picton	Com/Ind	606,457	1.010762
◆	Picton	Hsty/Fsty	2,210	0.535022
◆	Picton Vicinity	Res/Rural	194,018	0.124370
◆	Picton Vicinity	Com/Ind	6,415	0.267281
◆	Picton Vicinity	Hsty/Fsty	-	0.160098
◆	General Rural	Res/Rural	4,253,100	0.220990
◆	General Rural	Com/Ind	91,328	0.304425
◆	General Rural	Hsty/Fsty	965	0.241849
◆	Admin Rural	Res/Rural	369,057	0.086430
◆	Admin Rural	Com/Ind	11,975	0.149681
◆	Admin Rural	Hsty/Fsty	-	0.102243

Geographic Area Works and Services Charges (\$9,310,738 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 increase by \$369,911 (4.68%) GST exclusive, but there are varying impacts on the geographic areas and their differential charges.

Total Revenue sought from General Works and Services Charges in each geographic area (including Utilities) will be as follows:

		Levy	Unit Charge
◆	Blenheim	4,820,974	442
◆	Blenheim Vicinity	1,370,078	388
◆	Picton	1,152,972	443
◆	Picton Vicinity	147,749	370
◆	General Rural	1,456,870	310
◆	Admin Rural	352,475	267
◆	Utilities	9,620	370

Debt Servicing Rates and Charges (\$1,965,750 GST Inclusive)

Picton Sewage Treatment Loan Rate (\$72,144 GST inclusive)

The Picton Sewage Treatment Loan Rate is calculated on the land value of all rating units in the Picton Sewerage Special Rating Area in respect of which no contribution to the lump sum scheme was chosen.

The loan rate of 0.056721 cents in the \$ funds debt servicing costs.

No increase has occurred.