



**MARLBOROUGH
DISTRICT COUNCIL**

2012-22

LONG TERM PLAN

Our Long Term Plan

Explains what Council plans to do over the next decade and how Council activities will contribute to the community outcomes.

Here you will find how much Council intends to spend on its activities and services, how this will be funded and the expected impact on rates.

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Council's Mission Statement

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



Part I: Executive Summary

- **Mayor's Introduction**
- **Elected Council Members**
- **Plan Highlights – Key Projects**
- **Financial Overview and Strategy**
- **Community Outcomes**
- **Key Issues Facing Council**
- **Consultation**

Mayor's Introduction

Marlborough is a place where quality of life is genuinely valued, where there is pride in our District and where there is an appreciation that this region is something very special.

Your District Council plays an important part in protecting that quality of life and providing the services and facilities that support us in our everyday lives.

As Councillors, we all want to maintain services and assets and we all want to ensure that every dollar spent is delivering the best possible value for our rates. We also have to plan for the future. So decisions must be supported by good planning and an awareness of the long term outlook.

This document, Marlborough's Long Term Plan 2012-22, brings together the forecasts, the thinking, the budgeting and the ideas that will influence Council's future direction. It will guide Council's decision-making, showing in detail what is coming up in the next three years while also offering a broader picture of the decade ahead.

This Long Term Plan has been drawn up with our current difficult economic climate in mind. We understand the public wish to see us hold down rates and we have worked hard to balance that wish against the need to maintain key services. As a result, our new work programme has been trimmed and limits imposed on spending.

One of the outcomes has been a decision to extend the timeframes for projects in some of the areas where Council spends most of its funds, like the upkeep of roads and footpaths.

Where we have had to face up to increased costs, please remember they are largely the result of the major infrastructural projects which directly affect the quality of life here; our swimming pool upgrade, the maintenance of street landscaping, the upgrade of Blenheim's drinking water supply, and the depreciation on important sewerage and stormwater projects. Our commitment to environmental values also comes at a cost but greater environmental monitoring is an expectation we cannot afford to ignore.

Please note too that, where we are increasing in rates and charges, it has, in the main, been prompted by Central Government policy decisions which have raised standards while at the same time shifting obligation for delivery onto us at local government level.

Public feedback played an important part in finalising this Plan and I thank people for understanding that for the immediate year ahead, in particular that restraint is shown in any new requests for funding. Hopefully that outlook will improve and we will be able to review some decisions in the years ahead.

That said, Council needs to be able to approve a programme of work which not only recognises the economic environment but also delivers on the values and aspirations of our community.



A handwritten signature in black ink, which appears to read 'Alistair Sowman'. The signature is fluid and cursive, written on a white background.

**Alistair Sowman
Mayor**

Elected Council Members

Elected Council Members



Back – left to right: Cllr John Leggett (Blenheim Ward), Cllr David Oddie (Marlborough Sounds Ward), Cllr Terry Sloan (Blenheim Ward), Cllr Jamie Arbuckle (Blenheim Ward), Graeme Barsanti (Marlborough Sounds Ward), Cllr David Dew (Blenheim Ward), Cllr Francis Maher (Wairau/Awatere Ward).
Front – left to right: Cllr Trevor Hook (Marlborough Sounds Ward), Cllr Peter Jerram (Wairau/Awatere Ward), Cllr Jessica Bagge (Blenheim Ward), Mayor Alistair Sowman, Cllr Jenny Andrews (Blenheim Ward) (Deputy Mayor), Cllr Graeme Taylor (Blenheim Ward), Cllr Geoff Evans (Wairau/Awatere Ward).

Plan Highlights – Key Projects

The plan highlights section describes the major policies and projects that are impacting our activities and expenditure in this Plan. More details of these major policies and projects can be found where indicated in the Plan.

1. Levels of Service (Part 2 – All Activities)

Levels of service are the link between the long term goals of the Council (the Community and Council Outcomes) and the visible services that Council provide to the community. Part 2 of this Plan details the levels of service that Council activities are providing, and how they are measured. Levels of service are an important cost driver for Council, especially in areas of high expenditure such as roading and water services where the extent and quality of the infrastructure Council provide and maintains is decided according to the level of service that the community are prepared to pay for, and in some cases legislative requirements.

Levels of service for all Council services were assessed as part of the process of preparing this Plan, in the majority of instances it was decided that **current levels of service should be maintained** for the duration of the plan, with the exception of activities where improvements are required to meet legislative requirements and consent requirements – such as drinking water and sewerage. This decision was influenced by the high customer satisfaction levels indicated in Council’s annual survey over the last three years, where all measured services have consistently achieved a satisfactory or higher score. Since the production of the Draft LTP, Government funding for roading has been reduced. It is likely that this reduction in funding will result in reduced levels of service over time and this has been recognised in the reduced performance targets contained in the levels of service table on page 57. There is an increase of expenditure for Environmental Science and Monitoring activity from 2012-13 to enable additional monitoring to be undertaken. Improvements in levels of service will also occur in water and sewerage following the completion of capital projects. Some minor changes to the wording of some levels of service have been made to better reflect the services we provide. These changes are detailed in each activity section.

2. Drinking Water Standards and Demand Management (Part 2, page 87 – Water Supply)

One of the key services provided by Council to many of its communities is clean and safe drinking water. Around 82% of Marlborough’s population are supplied drinking water from Council reticulated supplies. Since the introduction of the Health (Amendment) Act 2007 water suppliers have been, subject to affordability, required to plan to meet the New Zealand Drinking Water Standards (NZDWS) to communities over a minimum size within a given timeframe dependent upon size of population. Blenheim, Picton and Riverlands will soon meet the required standards. However the ability for smaller settlements such as Awatere (61%-424% projected rate increase),

Renwick (290% projected rate increase), Havelock (124% projected rate increase) and Wairau Valley (525% projected rate increase) to afford the water rates and charges is questionable as they have fewer ratepayers to spread the cost across.

New Zealand Drinking Water Standards: Cost of Compliance and Timing

Areas	Projected total increase in cost	Current cost m ³	% projected annual water cost increase*	Current statutory compliance date	Budgeted full compliance date
Awatere:					
- Seddon	\$5.56/m ³	\$1.31/m ³	424%	2014	2017
- Rural	\$0.80/m ³	\$1.31/m ³	61%	2016	2018
- Combined	\$1.51/m ³	\$1.31/m ³	115%		
Wairau Valley	\$5.67/m ³	\$1.08/m ³	525%	2016	2018

*Projected total increase in cost / current cost.

Place	Total increase in cost	Current cost benchmark property	% increase benchmark property	Current statutory compliance date	Proposed full compliance date
Havelock	\$703	\$567	124%	2014	2017
Renwick	\$1,125	\$388	290%	2014	2017

Notes:

- Costs indicated are GST exclusive. They are based on most recent designs but exclude any Council overhead allocations.
- Per annum costs are average per property. Actuals will vary depending on water consumption or if a metered scheme land value if you pay for your water by rates.
- Current per annum cost is the rate on a benchmark property.
- Council subsidy has been applied to Awatere, Wairau Valley and Renwick schemes (generally 50% of upgrade costs).
- Seddon will achieve bacterial compliance in 2012.

*Total increase in cost / current cost benchmark property.

Following the receipt of ratepayer feedback, Council has decided that the treatment of water supplies to these communities should be deferred on affordability grounds until after the current compliance date. The Act does include affordability as a criterion in assessing whether Council has taken all practicable steps to comply with standards.

Plan Highlights – Key Projects

Further consultation on the actual cost of the scheme and options will take place with the affected communities on these proposed schemes in the coming years.

Growth in demand for water is an issue in some communities where the supply is limited, such as Picton and Havelock. Demand management techniques are being considered for these towns including universal metering, pressure zone management and leakage control. In the longer term, it is proposed that Blenheim in this regime. Reducing demand for water can defer future infrastructure upgrades and therefore reduce cost to ratepayers.

3. **Blenheim Tradewaste Charges (Part 2, Page 71)**

The Blenheim Sewage Treatment Plant is being upgraded to meet higher discharge quality standards as required by the Resource Management Act and discharge consents. These upgrades are being funded by residential and tradewaste contributors in proportion to their respective loading to the sewer system.

4. **Rating Area Review (Part 4, Funding Impact Statement), (Pages 199 to 200)**

Council has reviewed the six Geographic Rating Areas, which are Blenheim, Blenheim Vicinity, Picton, Picton Vicinity, General Rural and Administrative Rural and areas that are receiving similar benefits to contiguous rating areas, and the following changes will take place:

Blenheim Rating Area

A change will now include in the Blenheim rating area commercial/industrial properties connected (or able to be connected) to Blenheim Water or Blenheim Group Sewerage Schemes (excluding properties in the Renwick, Spring Creek and Grovetown Sewerage Rating Areas), except for those properties in Riverlands Industrial Estate and Cloudy Bay Business Park that have an area greater than 1 hectare.

The impact of this change will result in a rates increase for these properties.

Growth pockets and other growth areas identified by the Growth pockets and other growth areas rezoned Residential following notification of the new Marlborough Resource Management Plan will be excluded from the Blenheim Area until consent for subdivision is granted.

Blenheim Vicinity Rating Areas:

General Rural to Blenheim Vicinity – 42 properties in the Taylor Pass and Maxwell

Pass area, and 25 properties in Redwood Pass Road area are to be transferred from General Rural to Blenheim Vicinity.

This will result in small increases in rates for properties with lower land values. Properties with higher land values would have small rate decreases.

5. **Significance Policy (Part 5, Page 235)**

The significance policy in the Long Term Plan sets out how the Council should determine if a proposal, issue, asset or other matter is significant; and the assets that are considered to be strategic assets. Any proposed amendments to items that are deemed to be significant by the policy are required to be subject to a special (public) consultative procedure, such as the type used to adopt a Long Term Plan.

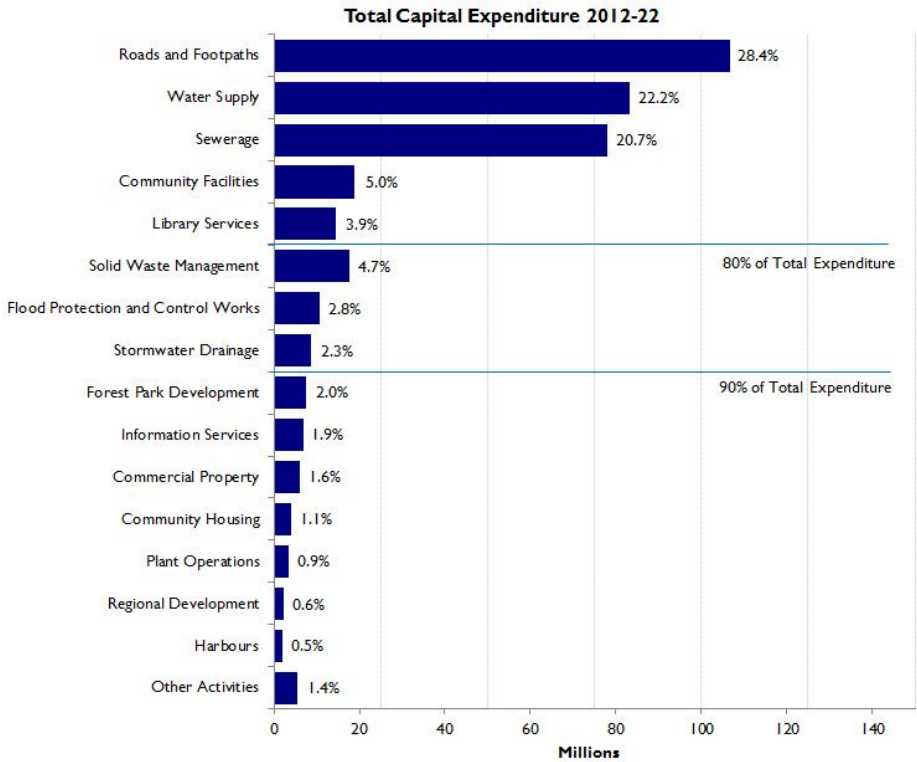
Two changes made to the current Significance Policy in this Long Term Plan:

1. The current policy states that any decisions concerning 'the sale of the Council's shareholding in any Council-controlled organisation' is deemed to be significant. A 10% trigger will be introduced, thus the policy wording will change to: 'Reducing Council's shareholding in any Council Controlled Organisation and Joint Operating Committee below 90% of the shareholding held as at 30 June 2012' being deemed to be significant.
2. The current policy states that degrees of significance will be determined after consideration of four criteria, including 'the extent to which there is, or is likely to be, a change in the way in which any significant activity is carried out'. A criteria will be removed from the Significance Policy as this criteria mirrors a previous statutory requirement that was repealed in the recent amendment to the Local Government Act. This change is appropriate as the focus should be on the services being provided and at what cost, not how the activity is delivered.

Financial Overview and Strategy

Council has prepared the 2012-22 Long Term Plan with the objectives of maintaining or enhancing existing levels of service, responding to community demands for essential infrastructure improvements while keeping rates and debt at reasonable levels.

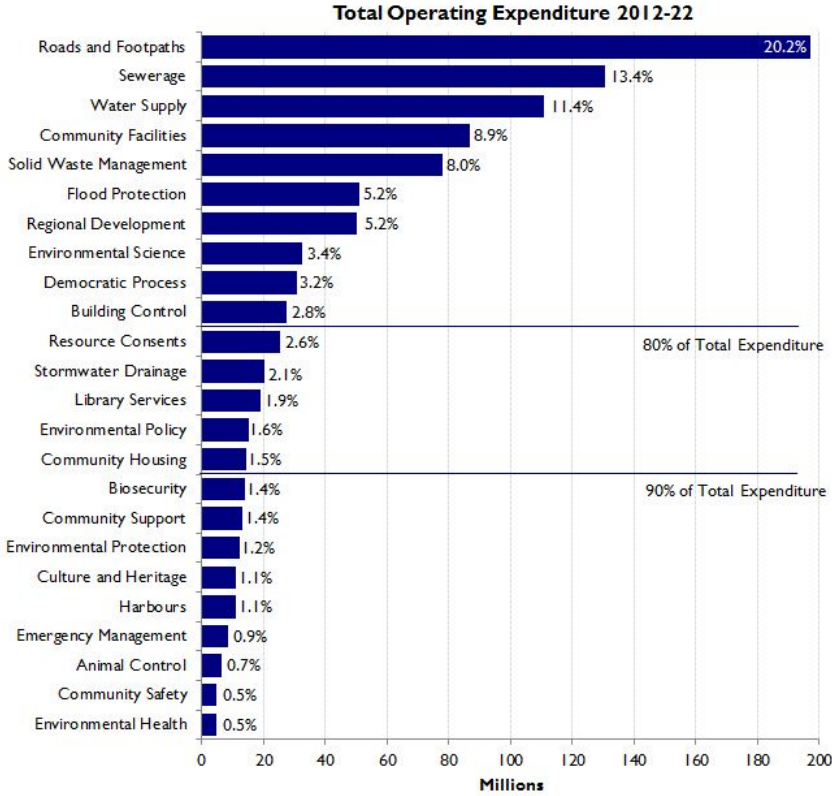
Over the next 10 years Council is embarking on a \$375.6 million (inflation adjusted) Capital Expenditure programme that replaces or improves the District’s core infrastructure. The value of this programme is \$115 million below the \$491 million included in the 2009-19 Long Term Council Community Plan, reflecting the value of capital work completed over the past three years and that Council has scrutinised very closely budgeted Capital Expenditure for need and the potential for deferral. The following graph shows the total amount to be spent over the period of the Long Term Plan and the percentage each activity represents of Council’s total Capital Expenditure. As can be seen, Capital Expenditure is heavily focused on core infrastructure, including roading, water supply, sewerage, solid waste management, flood protection and stormwater. Also included is the provision for the replacement or upgrade of the libraries in Picton and Blenheim.



Capital Expenditure is a major contributor towards rates and debt increases. Where Capital Expenditure relates to growth, Council will endeavour to recover this cost from developers instead of ratepayers. Council’s Development Contribution Policy can be found on page 240 of the Long Term Plan.

Over the next 10 years Council’s total operating expenditure is projected to increase from \$83.4 million in 2011-12 to \$110.8 million in 2022, an increase of 32.9%.

The following graph shows the total amount to be spent over the period of the Long Term Plan and the percentage each activity represents of Council’s total operating expenditure. The majority of expenditure relates to core infrastructure Council services.



Financial Overview and Strategy

The main contributors to increases in the LTP are:

- The rising costs for the goods Council purchases. The increase in Council costs is best measured by the Local Government Cost Index, prepared by BERL. This index takes account of the costs of diesel, bitumen, pipes, construction etc. The CPI has little relationship to Council costs as it takes account of household items, such as food, clothing and entertainment costs, amongst other things.
- Debt repayment, interest and depreciation costs arising from Capital Expenditure on Council infrastructural assets. This is also an increase in operating and maintenance costs associated with the newly built or acquired assets.

To finance these increased operating costs and non growth related Capital Expenditure, Council is intending to use a mixture of debt and rate increases.

Debt

Council uses debt for Capital Expenditure as a means of spreading the cost of the asset over current and future users. In most cases Council loans are repaid over a 20 year period. Council is also very conscious of the problems that arises from excessive debt. Over the period of the Long Term Plan gross debt is forecast to increase from \$42.1 million in the 2011-12 Annual Plan to \$91.2 million in 2021-22. This compares with the maximum gross debt level forecast in the 2009-19 LTCCP of \$124.9 million. Council is also taking steps to reduce the cost of debt and is intending on page 140 of the Long Term to take an ownership stake in the newly established NZ Local Government Funding Agency (LGFA). The establishment of this agency is a combined Government and Local Government initiative with Government taking a 20% shareholding and initially providing initial drawdown facilities of \$500 million with a view to increasing it to \$1 billion.

Council's proposed borrowing easily meets all the prudential policy limits set by Council and the LGFA. Council has also set a limit of \$100 million for its borrowing over the period of the LTP.

Rates

Council is proposing the following rates increases over the period of the Long Term Plan:

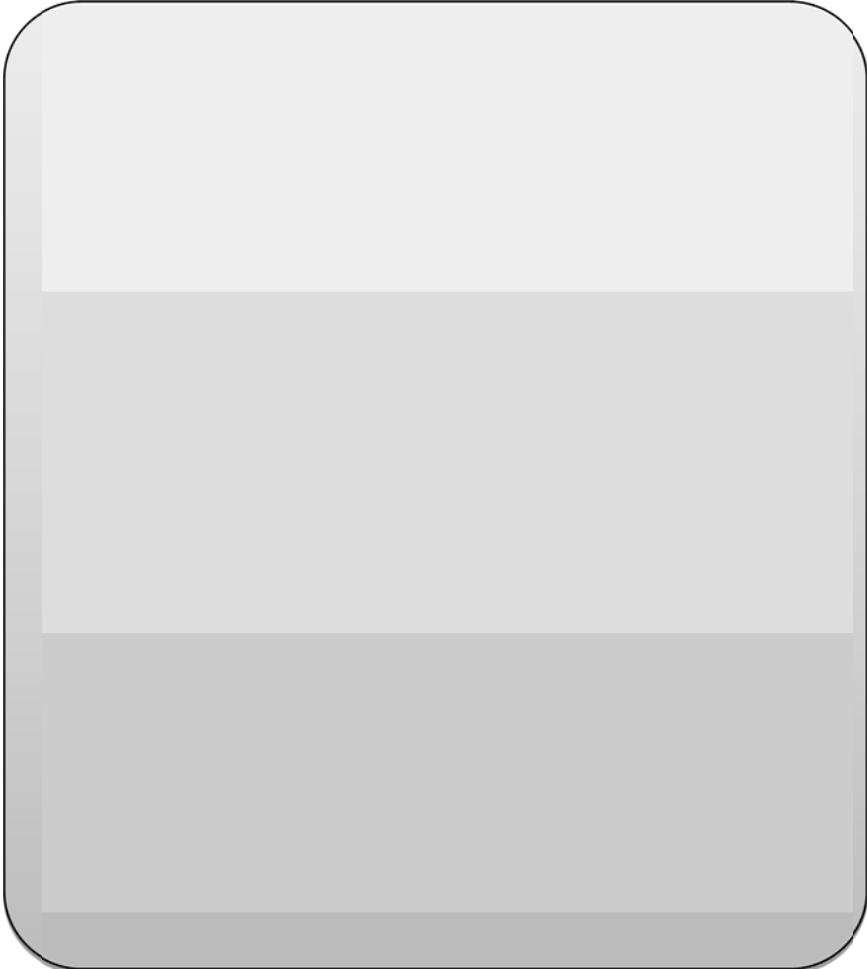
	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
2012-22 LTP	3.57	4.58	5.02	4.80	4.55	5.05	3.84	3.27	3.37	3.03
2009-19 LTCCP	6.1%	5.9%	5.5%	5.9%	5.7%	3.9%	3.4%			
LGCI	3.79	3.46	3.17	3.27	3.42	3.26	3.38	3.69	3.89	3.90
Difference	-0.22	1.12	1.85	1.53	1.13	1.79	0.46	-0.42	-0.52	-0.87

In the main, the percentage rates increases proposed are less than those forecast in the 2009-19 LTCCP. More importantly they are all within the limit for rates increases of the forecast LGCI increase plus 2%.

Community Outcomes

Community and Council Outcomes

Community Outcomes are statements that describe the sort of community Marlborough could be in the future, as a result of actions that get taken now and in years to come. The current group of Community Outcomes were adopted in 2006 following public consultation at that time. These outcomes have been recently reviewed by the Council and are considered to still be relevant today. An in-depth review of the Community Outcomes will be undertaken as part of the process of preparing the 2015-25 Long Term Plan, and will be consulted on publically.



Affordable housing
A community where people have access to a range of affordable and quality housing options

Health choices
A community where people are served by a health infrastructure that is suited and responsive to their needs, and where they can make healthy choices for their own lifestyles

Essential services
A community that is served by a strong infrastructure of essential services, where daily life and business is able to be conducted safely and easily

Heritage
A community that acknowledges values and enjoys its heritage

Physical activity
A community where people of all ages are physically active

Creativity
An enlivened and creative community in which different arts are widely practiced and enjoyed

These Outcomes are generic by design as they were designed to include activity taken by other public (police, government, health), private (business) and voluntary sectors. Councils role in achieving individual outcomes on the above list vary from significant (eg. environmental sustainability, essential services) to peripheral (health choices, safety and security). It is up to the community as a whole to achieve these outcomes, by working together, and making best uses of all the resources available.

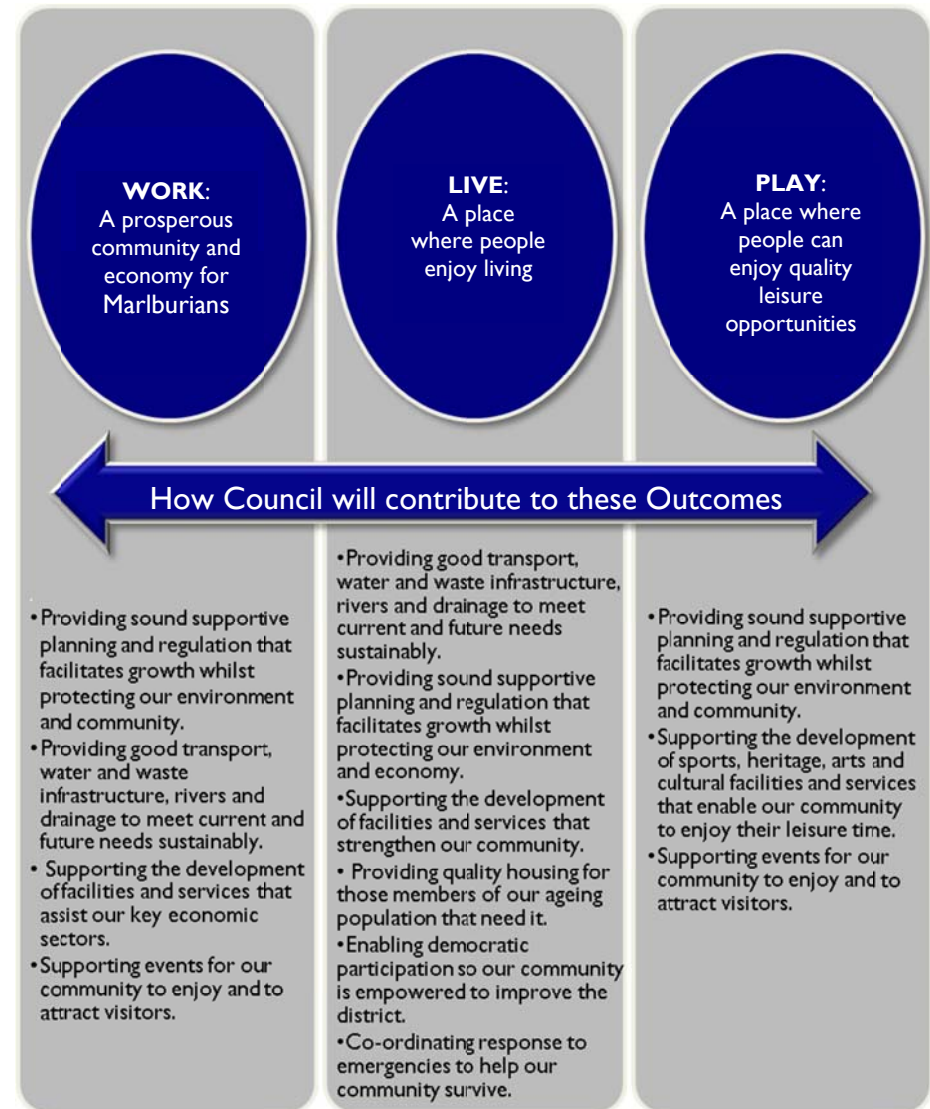
Each activity in Part 2 of this Plan describes how each of the Council activities relates to one or more of these Community Outcomes.

Council Outcomes

Council Outcomes are complementary to Community Outcomes but are more specific to the Council's planned contribution to wellbeing, and how its services/activities generate that contribution. Council Outcomes have been identified by the Council as part of the process of developing this Plan and were not subject to public consultation prior to the publication of the LTP.

Council's Outcomes, and how Council will contribute to these Outcomes is set out in the table below.

Part 2 of this Plan describes how each of the Council activities relates to one or more of these Council Outcomes.



Community and Council Outcomes and Activities Summary Table

Council activities	Community and Council Outcomes			Environmental sustainability	Prosperity	Knowledge and learning	Enterprise and endeavour	Full participation	Positive aging	Positive youth	Safety and security	Energy efficiency	Affordable housing	Health choices	Essential services	Heritage	Fun and recreation	Physical activity	Creativity
	Live	Work	Play																
Democratic Process	✓							✓											
Culture and Heritage			✓													✓			✓
Community Housing	✓								✓				✓						
Community Safety	✓								✓	✓	✓								
Community Support	✓	✓	✓	✓				✓	✓	✓		✓		✓			✓	✓	
Library Services			✓			✓		✓								✓			✓
Emergency Management	✓										✓								
Community Facilities			✓													✓	✓	✓	
The Provision of Roads and Footpaths	✓	✓		✓	✓										✓			✓	
Flood Protection and Control Works	✓			✓	✓										✓				
Sewerage Including Treatment and Disposal	✓	✓		✓											✓				
Stormwater Drainage	✓			✓											✓				
Water Supply	✓	✓		✓											✓				
Solid Waste Management	✓	✓		✓											✓				
Environmental Policy	✓	✓	✓	✓	✓														
Environmental Science and Monitoring	✓	✓		✓	✓														
Resource Consents	✓	✓		✓	✓														
Environmental Protection	✓			✓										✓					
Biosecurity		✓		✓	✓														
Building Control	✓	✓										✓	✓						
Environmental Health	✓	✓												✓					
Animal Control	✓										✓								
Harbours	✓	✓	✓	✓							✓						✓		
Regional Development		✓	✓		✓		✓	✓											

Key Issues Facing Council

One of the main purposes of the LTP is to foster debate on the key issues affecting the long term well being of the community. There can be many different views on what these key issues may be. The LTP can assist in bringing these views together, and through the processes of public submission and Council deliberation, make decisions on the pathway forward.

The principal challenges that we face are:

- The challenges of environmental sustainability;
- Climate change;
- Population change;
- Continued pressure on key infrastructure;
- The need to sustain growth and innovation; and
- Internal and external factors.

Environmental Sustainability

Introduction

Marlborough's environment is special. It is the reason that many people choose to live here, and make Marlborough their home. Our personal health and wellbeing relies on good quality fresh water, seawater, air, soils and coastlines. More importantly, as custodians of the area it is important that we ensure that its special characteristics are as good or better for our future generations to enjoy. It also serves as the basis for much of our economy, which is leveraged off the availability and quality of natural resources. Council plays a key role in managing the *sustainable development* of Marlborough.

Sustainable development is development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

Our Common Future, (Brundtland Report, 1987).

Council's Role

Under the regulatory framework, Council's role is broad, as it covers:

- Ecosystems and the things of which they are composed – plants and animals and their habitats, and people and communities – people are part of the environment.
- Natural and physical resources such as land, air, water, and also built structures such as buildings and neighbourhoods, and community infrastructure – e.g. transportation, energy, water supply, drainage, flood control, and waste disposal systems, and

- Amenity values – the things that make our environment a pleasant place in which to live, work and play, such as views of the Wither Hills, walking within Pollard Park or the open waters of the Marlborough Sounds.

Under the Resource Management Act Council has the role of providing a policy and planning context for achieving the sustainable management of resources in Marlborough. This is done through the Marlborough Regional Policy Statement and the Resource Management Plans. The Regional Policy Statement is currently being revised and will go through a public consultation and submission process in 2012. The document will provide an overview of significant environmental issues, and the various methods by which Council intends those issues to be addressed.

Council is also provided with regulatory frameworks under various other statutes to address aspects of environmental sustainability, including the Local Government, Building, Biosecurity, Conservation, Fisheries, Land Transport, Soil Conservation and Rivers Control, Health, Liquor, Dog Control, Historic Places, Reserves, and Civil Defence Emergency Acts.

Considering the effects on environmental sustainability from its service delivery and asset management is a further responsibility of Council. Council is tasked with providing infrastructure and services to assist people to provide for their social and economic needs, while limiting adverse environmental effects. For example, sewerage systems must provide the community with a reliable, low risk and cost effective service, while limiting the effects on the environment from the discharges.

Issues for the Next Ten Years

- Equitable fresh water allocation, particularly from the high-demand catchments and aquifers.
- Regional growth, including urban development, rural land use, subdivision and development on the Wairau and Awatere Plains and in the Marlborough Sounds, North Marlborough forestry and the effects of growth on landscape and amenity?
- Occupation of coastal space that permits economic growth while preserving the amenity value and natural and physical characteristics of the Sounds?
- Managing land use change.
- Freshwater quality.

Environmental Risks

Introduction

The future impact of climate change on Marlborough's environment is unknown. Climate scientists estimate that temperatures in Nelson and Marlborough could be up to 2.5°C warmer over the next 70-100 years. This compares to a temperature increase in New

Zealand during last century of about 0.7°C (MfE). South and east Marlborough currently suffers one of the longest dry periods and the most severe soil moisture deficits in New Zealand, and the predictions are for these conditions to worsen over the next 79 years (NIWA; 2005). The Marlborough region as a whole is also likely to experience more varied rainfall patterns and flooding could become up to four times as frequent by 2070

The impact of the recent Canterbury earthquakes on that region highlights the risks that Marlborough faces as it is an area with several faults passing through it. The risk of liquefaction is a prominent issue for development in parts of the region.

Council's Role

Council plays a prominent role in mitigating environmental risks through its Resource Management Plans. These plans are monitored and reviewed to ensure that the desired outcomes are achieved, and corrective action is taken if necessary. More information about Council's role is provided in the Environmental Management activity group. Council also has Civil Defence and Rural Fire responsibilities that are discussed in the Emergency Management activity within the People activity group.

Issues for the Next Ten Years

- Mitigating the effects of rising sea levels in the next 50 years. This could affect occupancy and land uses in the coastal areas of the District as Marlborough has the longest coastline of any territorial authority, with much of its population on very low-lying land.
- Mitigating the effects of longer dry periods and more extreme rainfall will affect our water infrastructure. More water storage and water metering for drinking and irrigation may be required. Low lying areas may need better stormwater and drainage systems. Extra costs to build the required infrastructure will create an affordability issue, especially in our smaller communities; and
- Plan to take advantage of any opportunities that may arise from a change in climate. For example, with enough water, land owners could benefit from opportunities to grow new crops, with a longer growing season and fewer frosts. Innovative ways to distribute, store, use and reuse water more efficiently will become more important.

Population Change

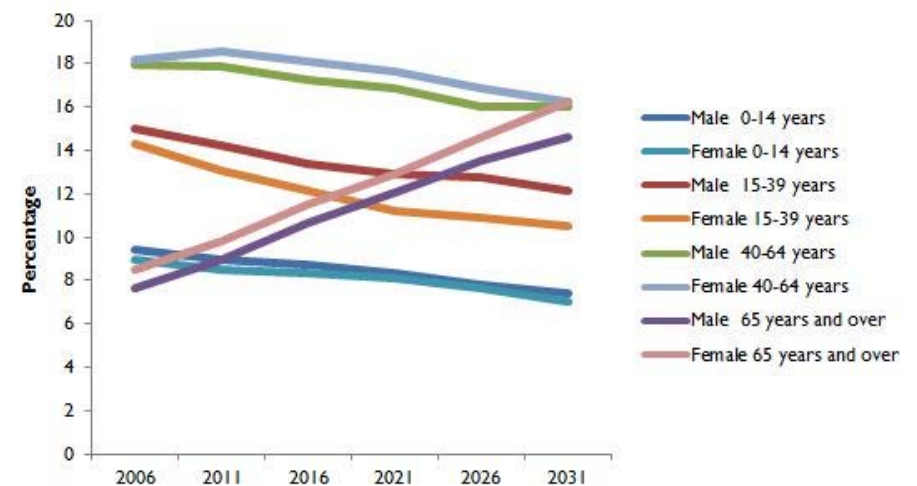
Introduction

Some key demographic trends have emerged globally in recent decades that are common to many developed nations, including New Zealand:

- People are living longer, especially females;
- By proportion, there are fewer young people than older people;
- People are living alone in a house, or with only one other person; and
- People are choosing to have children later in life.

In Marlborough, the ageing trend is more pronounced than in other parts of New Zealand. Significantly, our community in 2016 is going to be an *older* community. In 2006 the median age for Marlborough was 41.7 years. That means that half of the population was under 41.7, and half over. The national median age was 36. By 2016 it is expected that our median age will be 46.3, and by 2026, 50.3. The national median age is not expected to pass 50 before the middle of the century, if then.

The following graph demonstrates the significance of the shift to an older population. The percentage of the population aged over 65 is projected to double from around 15% to 30% by 2031. In contrast, all other age groups are projected to decline as a proportion over the same period.



The major tool for calculating population change is the Census. The Christchurch earthquake in February 2011 caused the cancellation of the planned Census in March 2011. It will now take place in March 2013. Council has had to rely upon Statistics NZ projections in its planning which may be less accurate than the statistics derived from a Census.

Besides the changing age structure of the population, the other significant change anticipated is an increase in the ethnic diversity of the Marlborough community. Predictions on the ethnic composition of the population are harder to make, but it is apparent that on a national basis, the proportion of people who identify as Pacific Island, Asian, and Maori will increase significantly over the next 20 years. Compared to the trends in aging and household distribution, Marlborough has lagged behind the national picture, and its ethnic composition has until recently been comparatively homogeneous. While data on the migrant population is unlikely to appear in any long term trends, they represent a significant proportion of the population at certain times of the year in Marlborough. It was estimated in 2010 that almost 5,000 seasonal workers worked in Marlborough during that year, most of whom were either

Key Issues Facing Council

overseas migrants, or temporary migrants from other parts of New Zealand.

Council's Role

Understanding the make up of our population is an important tool for Council planning as it affects many of the services we directly provide and our duty to identify where future development should take place.

Issues for the Next Ten Years

- Meeting the increased demand for smaller houses that are closer to amenities in urban areas.
- A change in the demand for and type of community housing provided for the elderly.
- Taking account of a higher proportion of people on fixed incomes who may be less able to afford large rate increases?
- Meeting the likely increased demand for public transport?
- Anticipating the changing requirements for community facilities? For example reduced demand for sports fields, but a possible increased demand for walking tracks.

Pressure on Key Infrastructure

Central government policy and legislative change places particular pressure upon Council services, and therefore the ratepayer who has to meet any costs. As a rural District, Marlborough has a number of small communities. These communities are reliant on Council or community run schemes to provide potable drinking water. In most cases, the existing schemes do not meet the prescribed standards that will become mandatory by 2016 or sooner and it will be expensive for the small resident communities to afford the required upgrade. There is likely to be pressure upon Council to reduce the burden on small communities by providing subsidies funded by ratepayers from elsewhere in the District.

There are many factors that change the amount and type of infrastructure required, such as:

- Economic change, leading to a changing requirement for water provision and disposal, roading and waste;
- Population change and residential development in urban and rural areas;
- Climate change;
- Government regulation, such as minimum drinking water standards;
- Affordability issues; and
- Community expectations, such as the expectation for unlimited domestic water supply and providing acceptable levels of service in our smaller communities.

Council's Role

Council is a provider of key infrastructure to the community, such as drinking water, sewerage, stormwater pipes, irrigation, river control, roading and transport facilities and waste collection and disposal. Council also provides and/or funds key community facilities such as libraries and sports facilities. These facilities are expensive to provide and maintain to the required standard and Council has a continuous programme of upgrades, renewals and investment in new infrastructure to address the growing pressure.

Issues for the Next Ten Years

- Meeting the requirements of the Government drinking water standards.
- Maintaining levels of service, including providing unlimited domestic water supply, and providing services outside the main population centres or considering whether it should move to metering to manage demand and defer costly upgrades.
- Providing sufficient, potable and affordable drinking water for our communities – especially our smaller communities within manageable environmental limits.
- Taking account of the population's ability to afford maintaining and improving infrastructure, particularly in small communities.
- Planning for changing trends in usage of community facilities, such as new technology for library services, or changing demand for different sporting facilities.
- Consider putting water meters on all new network connections.

Encouraging Growth and Innovation Introduction

The past 25 years have seen enormous growth and development across Marlborough. Much of that has been on the back of our primary industries, in particular viticulture and aquaculture. Aviation has also continued its historic contribution. Tourism has grown in significance, and is expected to continue bringing increasing numbers of domestic and international visitors to the region. Farming and forestry continue to make a contribution.

The challenge with industries based on natural resources (such as viticulture and aquaculture) is that the primary resources are essentially finite. There is only so much land, water or coastal space, available. Other things being equal, continued exploitation of the District's natural resources may eventually reach limits. Competition between alternative and rival users will become increasingly acute. The sustainable allocation of resources is essential to maintain growth and innovation in our key industries.

New Zealand's relative isolation from many of its markets also presents challenges. In general, New Zealand's competitive advantages derive from innovation and added value, rather than simple commodity trading. To continue extracting this value, the District will need to be investing in areas such as research, smart labour management, branding and investments based on human capital. Identifying skills needs and shortages, and attracting, rewarding, and

retaining skilled labour, will be crucial to sustaining Marlborough's growth and development in the coming years. Council's role in supporting the local economy beyond its usual services and statutory duties is under review at present.

Council's Role

Council's influence on the local economy is evident in four key areas:

- Water infrastructure and roading infrastructure.
- The regulatory environment, including zoning, consents and permits for use of resources.
- Investment in regional development activities, including tourism, irrigation, parking and economic development.
- Encouraging and facilitating businesses moving to Marlborough.

Issues for the Next Ten Years

- Developing and implementing a vision for Marlborough's economic development and ensuring Council's activities are consistent with this vision.
- Maintaining a stable regulatory environment, with good governance to attract and retain commercial enterprise and support innovation and growth?
- Managing the allocation of the District's natural resources in a sustainable fashion that enables economic development.
- Maintaining and develop the District infrastructure such as roads and water infrastructure in line with the development of the economy?
- Increasing wealth per head of population rather than grow the population.

Internal and External Factors

Introduction

Council has faced significant pressure in recent years in keeping pace with the fast growth of the District, and more recently in managing the transition to the redefined requirements in the current economic slowdown.

Council's Role

It has been recognised that the strategic direction of the Council in the next few years needs to be debated and agreed to ensure that the challenges of the future can be met. Part of this discussion will be to look at the opportunities of working with other Councils to share expertise and services.

The impact of the global economic downturn is widespread, but different in each place. In Marlborough's case, the impact arrived later but has remained as other regions have begun to emerge. The direct and indirect effect on Council is significant, as affordability has become a key issue in our community as household incomes have reduced. Less development in the

District has led to fewer consent applications, and therefore less work for some areas of Council that were previously overstretched. The availability and cost of borrowing will become a constraint on Council as it seeks to fund major infrastructure investment and renewal.

Like most regions, Marlborough is reliant upon many goods and services provided outside of its boundaries. This creates a reliance on other areas to maintain our quality of life. Over time, it may be possible to reduce this reliance through measures such as local energy generation, reducing energy and water use, and supporting local production.

Issues for the Next Ten Years

- Whether it should explore working with neighbouring Councils as a possible means of improving the services provided, increasing the breadth and depth of Council staff knowledge and managing costs.
- Increasing the resilience of the Marlborough by moving towards providing for its needs within the District, for example encouraging local energy and food production.

Consultation

The Draft Long Term Plan was adopted by Council and issued for public consultation on 5 April 2012. The period for submissions was open until 10 May 2012. A total of 201 submissions were received by Council.

The topics covered by the submissions were wide ranging, and included:

- The impact of implementing drinking water standards on smaller communities in Marlborough.
- Proposed changes to the Picton Geographic Rating Area.
- Requests for funding from various organisations.
- Council's Development Contributions Policy.

Submitters were offered the opportunity to speak to councillors about their submissions at hearings on 30 and 31 May 2012. A total of 62 oral submissions were made at the hearings.

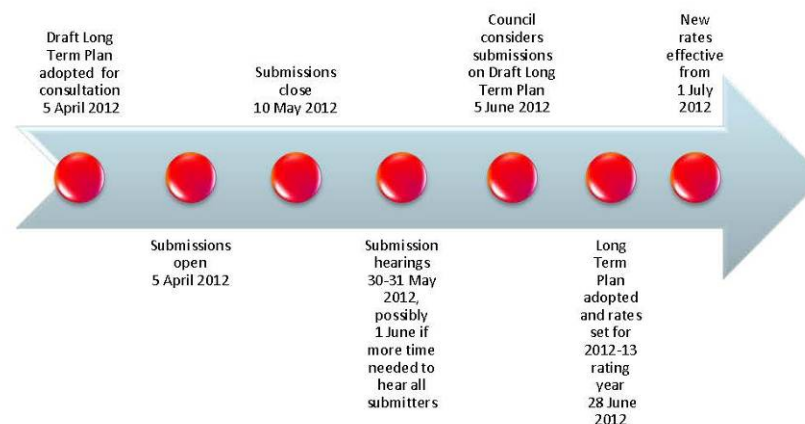
Councillors considered all submissions at a meeting held on 5 June 2012. The result of the deliberations was a final indicative rate increase of 3.57% for 2012-13. A number of funding requests or project proposals were referred to Council committees for future consideration, but, overall, few additions were made to the expenditure set out in the Draft Long Term Plan.

Following deliberations, the changes made to the Draft Plan included:

- Funding for community initiatives:
 - Regional Events Manager.
 - Sport Tasman.
 - Christmas in the Park 2012.
 - Marlborough's rescue helicopters.
 - Awatere community facilities.
- Retention of the Council's current Development Contributions Policy, and extension of the 33% 2011-12 reduction for 2012-13 financial year

Council adopted the Long Term Plan at its meeting on 28 June 2012.

Long Term Plan 2012-2022 – adoption process





Part 2: Our Business

- **Activity Groups and Activities**

Part 2 describes the activity groups and activities in the Plan. There are 11 activity groups, which are split into 24 activities.

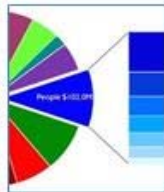
Photo: Pollard Park Croquet, Blenheim

Activity Groups and Activities

Activity Groups and Activities

An explanation of how to read the activity group and activity sections is set out below.

Activity Group



Pie chart: Activities in this group

The pie-chart shows the operating costs of the activity group as a proportion of the total for all activity groups. The stacked bar to the side shows the activities within the group (or sub-activities for groups with only one activity) and the proportion of the costs of each activity compared to the activity group total.

Major Budgeted Projects	
Biochem (includes projects 2012-15 Sewage treatment and main pump station 4 area)	2016-17 New sewer network pump station for Durley
Piston	2012-13 Including West mainline outfalls
	2014-16 Trunk main and upgrades and treatment
	2018-19 Trunk main and upgrades
Overlands	2012-14 Trade-waste pre-treatment contribution to sewerage

Table: Major budgeted projects

The table summarises the major projects planned for the group over the ten years, the year(s) they will take place, and the cost of the project.

Rationale for the delivery of the group of activities	
It is mandatory that...	
Changes to the 2011-12 Annual Plan	1. This is a new former 'Land...

Rationale for the delivery of the group of activities

This text explains why the activities have been grouped together. Some activity groups are mandatory as they are prescribed by the Local Government Act.

Changes to the activity group from the 2011-12 Annual Plan

This text explains any changes to the activity group, the activities within the group, or the sub-activities from the 2011-12 Annual Plan.

Intended Changes to levels of service from the 2011-12 Annual Plan	
The table describes any intended levels of service displayed in...	are also described.
Activity: Environmental	2011-12 Annual Plan
A reviewed resource management policy framework	
A resource management	

Table: Intended changes to levels of service from the 2011-12 Annual Plan

This table describes any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described.

Significant Negative Effects	
This activity group may include noisy machinery, earthmoving and can result in temporary disruption for these activities, contractors	

Significant negative effects associated with this group of activities

This text describes any significant negative effects associated with the activity group.

Activities

Activity: Community	
Operating costs of the activity	Outcome
Marlborough residents	

Table: Activity name

This table summarises the percentage of operating costs of total activity expenditure, the outcomes, and the community and council outcomes that are relevant to this activity.

How this Activity Contributes to Council Outcomes	
This activity contributes to the following Council Outcomes	

How this activity contributes to related community and council outcomes

This text and the initial table provides some commentary on how the activity helps deliver one or more of the adopted community and Council outcomes.

What is this Activity about?	
The Council is bound to provide a sanitary manner reduce the risk of flooding or the Marlborough District Council recovery centre, all of which are...	

What is this activity about?

Note: This section is called 'What we do and where we do it' and 'why we provide the service we do' in the water supply, sewerage and stormwater activities.

This text describes the activity that the Council delivers, any legal requirements, delivery mechanisms (direct delivery, contracts, partnerships, funding) and any other relevant information to help the public understand what the activity is about.

Asset Description	
The table below provides an overview of the assets held by the Council.	
Asset	Major Budgeted Projects
Road	The table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented.
Bridge	
Jetties	
Urban	
Footpaths	
The total	
Major Project: 2017-20	Flood protection and recovery to Waihopai community choose to pay, including...

Asset description (only included in asset related activity statements)

The text and tables describe the assets that the Council holds to deliver the activity. It provides a picture of the extent of the network as a whole, and the differing levels of assets between different communities.

Major budgeted projects

This table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented.

Emerging Issues	
The Heritage and Arts sector is investing in new technology and increasingly diverse forms of professionals in the local community.	
Council recognises the importance of organisations in accessing assistance from other funding sources.	

Emerging issues and Expected Changes

This text outlines the issues that will affect the activity up to the next ten years (the period covered by the LTP). This section signals foreseeable changes to the way the activity will be delivered, and explains some of the expenditure that Council is making. For example, in sewerage the emerging issues relate to necessary upgrades and predicted expansions to the network.

Levels of Service: Regional Council	
Level of Service	Indicator
Provide an overall level of service that meets or exceeds residents' expectations	Resident satisfaction
Underpinning strategic interventions to achieve long term sustainable economic growth for Marlborough	Community well-being

Levels of service

This table details the levels of service that the Council is proposing to deliver for each activity, and the indicators and targets we will use each year to measure our success. The baseline reflects an average of the past three years actual performance where applicable.

Financial Information in this Section

Funding Impact Sta		
2011-12 AP	2012-13	201
\$000s	\$000s	\$
5,751	6,262	6
-	-	-
10	10	-
141	142	-
693	716	-
6,595	7,130	7

The information included for each activity group and activity includes a "Funding Impact Statement" (FIS). The format of the FIS (down to the "Funding balance" line) is laid down by government regulations which require that non-cash items are excluded from the FIS. This means that the information in the FIS differs from the information in Council's financial statements which are prepared in accordance with generally accepted accounting principles (GAAP).

The "Sources of operating funding" section of the FIS includes revenue to the activity, but note:

- Grants and contributions received which are specified for funding capital expenditure are not included, they are included in "Sources of capital funding" - *whereas* under GAAP they are included in either "Development and financial contributions" or "Other revenue" in the Income Statement.
- Any gain from sale of assets is not included, instead the sale proceeds are included in "Sources of capital funding" - *whereas* under GAAP any such gain is included in "Gains" in the Income Statement.
- Internal charges and overheads recovered are shown as a source of operating funding in the FIS – *whereas* in Council's Income Statement they are deducted from operating expenditure.
- The value of assets vested in (effectively donated to) Council is excluded and is also excluded from capital expenditure - *whereas* under GAAP this amount is included in "Other revenue" in the Income Statement and added to the value of fixed assets in the Statement of Financial Position. However, for some activities a more detailed breakdown of capital expenditure is provided at the bottom of the FIS and this includes the value of vested assets.
- Some of this total may be designated by Council to fund capital expenditure.

The "Applications of operating funding" section includes operating expenditure of the activity, but note:

- Depreciation and amortisation expense is excluded as it does not involve a cash payment- *whereas* under GAAP it is included in Expenditure in the Income Statement. The value of this expense is shown in the reconciliation section.
- In Council's Income Statement internal charges and overheads recovered are deducted from operating expenditure whereas in the FIS they are shown as a source of operating funding.
- The "Finance costs" shown are the amount paid by the activity to Council's Investment unit and so are also an internal cost.

- Any loss on sale of assets is not included as it does not involve a cash payment - *whereas* under GAAP it is included in Expenditure in the Income Statement.

The "Sources of capital funding" section shows direct sources of funding the capital expenditure of the activity, but note:

- Grants and contributions received which are specified for funding capital expenditure are included - *whereas* under GAAP they are included in either "Development and financial contributions" or "Other revenue" in the Income Statement.
- Any proceeds from the sale of an asset are included in here - *whereas* under GAAP only the loss or gain on sale would be included in the Income Statement.
- Funding from a reserve is included as a negative value of "Increase (decrease) in reserves" in the "Applications of capital funding" section.
- While loans are included here there are some situations in which a loan is used to fund operating expenditure.
- Capital expenditure may also be funded from items included as "Sources of operating funding", e.g. activities with low levels of Capital expenditure often fund it directly from rates.

The "Applications of capital funding" section shows how much funding has been:

- used to fund capital expenditure.
- Transferred to a reserve, less the amount taken from a reserve to fund capital expenditure.

The Surplus (deficit) of operating funding and capital funding represent funds transferred between these two uses as defined by the FIS, for the reasons outlined here they differs from a surplus which would be calculated under GAAP.

Council's management and investment units are not included in any activity, their costs and revenues are allocated over all activities, using appropriate allocation bases. For this reason adding the information provided for all activity groups will not agree to Councils financial statements. Similarly adding all "Internal charges and overheads recovered" gives a different answer to adding all "Internal charges and overheads applied" as most recoveries are to the management units.

Below each FIS a reconciliation is given of the "Total applications of operating funding" in the FIS and the operating expenditure disclosed for that activity in the Income Statement.

For some activities a further breakdown is given of the operating and capital expenditure, eg: to individual scheme. This operating expenditure breakdown uses information from the Income Statement and is prepared as per GAAP, similarly the capital expenditure includes vested assets as per GAAP.

Activity Group: People

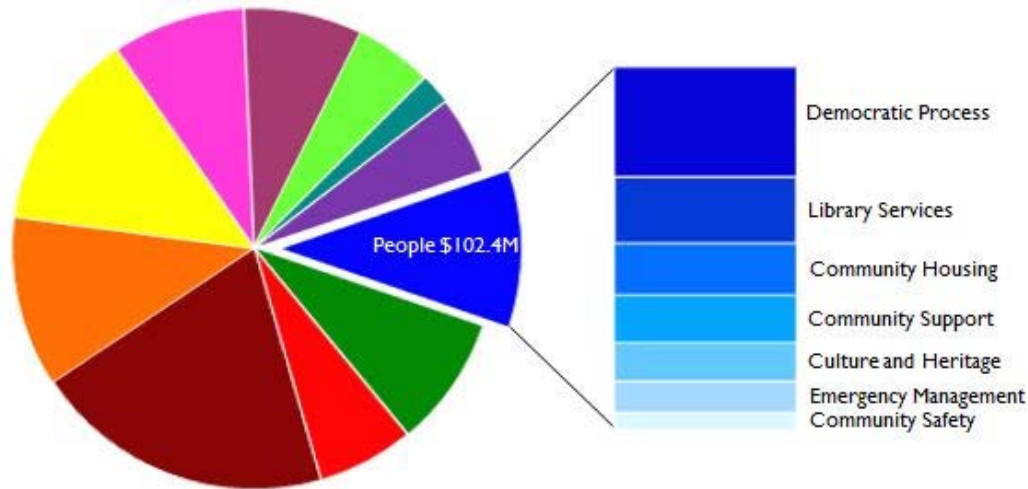
People



Photos: 2011 Grape Ride, Blenheim, Market Square, Blenheim, Rural Fire Force, Blenheim, MDC Library, Blenheim

Major Budgeted Projects

Activities in this Group:



Activity	Major Projects	Value (Millions)
Library	2018-21 Expansion/replacement of Marlborough District Library in Blenheim and Picton Library & Service Centre	\$11.0

Rationale for the Delivery of the People Group of Activities

These activities encompass a range of services that require Council input because of the positive input they make to the Marlborough community. The activities encompass a range of People focused services from support to the youth and elderly, community services, housing and energy efficiency, democratic participation, safety and learning.

Changes to People Activity Group From the 2011-12 Annual Plan

1. Democratic Services and Emergency Management have been integrated into People activity group.
2. Community Support activity has been expanded to include events management, passenger transport and total mobility.
3. Culture and Heritage activity no longer includes memorials, as this has been moved to Community Facilities.

Intended Changes to Levels of Service from the 2011-12 Annual Plan

The table describes any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described.

Activity: Democratic Process		
2011-12 Annual Plan	2012-22 LTP	Reason for changes
Provide an overall level of service that meets or exceeds residents' expectations. Undertake citizenship ceremonies and other civic duties.	Provide an overall level of service that meets or exceeds residents' expectations.	Citizenship ceremonies is not a major part of the activity.
Activity: Culture and Heritage		
Manage relationships with third party providers to ensure service quality and value including: -Identify programmes and proposals to increase the provision and preservation of art and culture. Review existing programmes to ensure still addressing art and cultural issues.	Manage Council's arts and heritage grants and third party providers to ensure service quality and value.	Revised LoS better reflects the way the activity is delivered.

Activity: Community Housing		
Provide a community housing service that is sustainable.	Provide community housing reactive maintenance service in two categories and from committee meetings. Provide an annual checklist of planned maintenance/projects as set out in budgets & from Committee meetings.	Revised LoS better reflects the way the activity is delivered.
Activity: Community Safety		
Manage relationships with third party providers to ensure service quality and value including identifying programmes and proposals to address safety issues.	Provide quality service that meets and exceeds the expectations of the funding Ministries and thus providing quality service to the community.	Revised LoS better reflects the way the activity is delivered.
Review existing programmes to ensure still addressing safety issues. Programmes delivered within agreed timeframes and budgets.	Provide services relevant to our community	Combined LoS.
Activity: Emergency Management		
Provide a well planned, maintained and competent Rural firefighting capability.	As a Zone Manager provide support to the enlarged Rural Fire District.	Change in responsibilities, new LoS aligns with the introduction of the enlarged Rural Fire District.

Significant Negative Effects Associated with this Group of Activities

There are no significant negative effects that have been identified for this group of activities.

Activity Group Funding Impact Statement

The following Funding Impact Statement (FIS) is for the activity group, throughout this section a separate FIS is included for each activity and these should be referred to for more detailed information.

Activity Group: People

Funding Impact Statement for 2012-22

PEOPLE	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	5,489	5,707	6,016	6,327	6,336	6,655	6,853	6,983	7,397	7,675	7,718
Targeted rates (other than for water supply)	29	56	80	104	129	153	177	202	226	224	224
Subsidies and grants for operating purposes	390	508	518	534	561	573	591	621	636	657	692
Fees and charges	17	18	19	19	20	20	21	22	23	23	24
Other receipts including fines and infringement fees	1,817	1,867	1,969	1,999	2,023	2,125	2,127	2,171	2,282	2,280	2,323
Total operating funding	7,742	8,156	8,602	8,983	9,069	9,526	9,769	9,999	10,564	10,859	10,981
Applications of operating funding											
Payments to staff and suppliers	4,599	4,675	4,899	5,014	5,021	5,362	5,455	5,470	5,774	5,966	5,996
Finance costs	1	5	22	39	46	62	90	198	288	292	295
Internal charges and overheads applied	1,725	1,956	2,050	2,118	2,167	2,240	2,309	2,350	2,401	2,462	2,508
Other operating funding applications	3,982	4,592	1,145	1,245	1,256	1,251	1,253	1,264	1,256	1,259	1,269
Total applications of operating funding	10,307	11,228	8,116	8,416	8,490	8,915	9,107	9,282	9,719	9,979	10,068
Surplus (deficit) of operating funding	(2,565)	(3,072)	486	567	579	611	662	717	845	880	913
Sources of capital funding											
Subsidies and grants for capital expenditure	-	6	6	7	-	-	-	1	-	-	-
Increase (decrease) in debt	-	134	365	102	93	379	410	2,652	(105)	226	(143)
Gross proceeds from sale of assets	-	-	20	-	-	20	-	-	3,020	-	-
Total sources of capital funding	-	140	391	109	93	399	410	2,653	2,915	226	(143)
Applications of capital funding											
Capital expenditure to meet additional demand	-	-	-	-	-	-	-	4,756	5,024	1,265	-
Capital expenditure to improve the level of service	238	156	148	196	136	111	174	121	108	100	105
Capital expenditure to replace existing assets	264	608	850	583	711	1,004	952	983	811	397	415
Increase (decrease) in reserves	(3,067)	(3,696)	(121)	(103)	(175)	(105)	(54)	(2,490)	(2,183)	(656)	250
Total applications of capital funding	(2,565)	(2,932)	877	676	672	1,010	1,072	3,370	3,760	1,106	770
Surplus (deficit) of capital funding	2,565	3,072	(486)	(567)	(579)	(611)	(662)	(717)	(845)	(880)	(913)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	10,307	11,228	8,116	8,416	8,490	8,915	9,107	9,282	9,719	9,979	10,068
plus - Depreciation and amortisation	664	646	667	690	681	704	734	793	897	977	1,001
plus - Loss on sale of fixed assets	-	108	216	200	-	216	216	216	108	-	-
Expenditure as per Note 1	10,971	11,982	8,999	9,306	9,171	9,835	10,057	10,291	10,724	10,956	11,069

Note 1 can be found on page 169.

Activity: Democratic Process

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

Outcome	Related Community Outcome	Related Council Outcome
The District's communities are able to participate in the decision-making processes that affect them.	Full participation.	A place where people enjoy living.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcome of full participation and Council Outcome a place where people enjoy living, by providing timely, understandable information to the community to enable its participation in Local Government.

What is this Activity About?

The Marlborough District Council is a unitary authority, with the functions, duties and powers of both a regional Council and a territorial authority conferred on it by the Local Government Act 2002. This Act describes the purpose of local government as being to enable democratic local decision-making and action by and on behalf of communities; and to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.

In considering the range and diversity of the communities that are represented in Marlborough, Marlborough District Council recognises the special relationship it has with tangata whenua, and acknowledges the specific responsibilities it has to Maori under the Local Government Act 2002 and under the Resource Management Act 1991.

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

The next Council elections are to be held in 2013 (and every three years thereafter). In the two years prior to the 2016 election Council will be reviewing its election method (currently Single Transferable Vote) and also its representation arrangements (ward structure, etc). This review will again be taken in the two years prior to the 2022 election.

Emerging Issues and Expected Changes

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

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

Levels of Service: Democratic Process

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.6	6.7	6.8	6.8
Provide a service that is timely and responsive to residents needs.	Percentage of agendas available to the public, by way of the website and counter enquiry, at least three working days prior to meetings.	100%	100%	100%	100%	100%
Properly managed local elections.	Elections and polls will comply with the provisions of the Local Electoral Act 2001 with no petitions for enquiry.	New measure	N/A	No petitions for enquiry.	N/A	No petitions for enquiry 2016, 2019 and 2022 elections.
Public contribution to decision making process	% of Council items of business open to the public	89%	89%	89%	89%	90%

Activity: Democratic Process

Funding Impact Statement for 2012-22

Democratic Process	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	2,293	2,386	2,584	2,688	2,641	2,839	2,943	2,883	3,077	3,199	3,139
Other receipts	249	248	297	254	241	296	252	241	299	250	241
Total operating funding	2,542	2,634	2,881	2,942	2,882	3,135	3,195	3,124	3,376	3,449	3,380
Applications of operating funding											
Payments to staff and suppliers	1,441	1,445	1,636	1,659	1,574	1,780	1,804	1,711	1,928	1,959	1,865
Internal charges and overheads applied	1,082	1,177	1,230	1,266	1,290	1,334	1,372	1,394	1,426	1,467	1,496
Other operating funding applications	8	6	6	5	6	6	6	7	6	6	5
Total applications of operating funding	2,531	2,628	2,872	2,930	2,870	3,120	3,182	3,112	3,360	3,432	3,366
Surplus (deficit) of operating funding	11	6	9	12	12	15	13	12	16	17	14
Sources of capital funding											
Gross proceeds from sale of assets	-	-	20	-	-	20	-	-	20	-	-
Total sources of capital funding	-	-	20	-	-	20	-	-	20	-	-
Applications of capital funding											
Capital expenditure to replace existing assets	-	-	41	-	-	46	-	-	50	-	-
Increase (decrease) in reserves	11	6	(12)	12	12	(11)	13	12	(14)	17	14
Total applications of capital funding	11	6	29	12	12	35	13	12	36	17	14
Surplus (deficit) of capital funding	(11)	(6)	(9)	(12)	(12)	(15)	(13)	(12)	(16)	(17)	(14)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	2,531	2,628	2,872	2,930	2,870	3,120	3,182	3,112	3,360	3,432	3,366
plus - Depreciation and amortisation	11	6	9	12	12	15	13	12	16	17	14
Expenditure as per Income Statement	2,542	2,634	2,881	2,942	2,882	3,135	3,195	3,124	3,376	3,449	3,380

Activity: Culture and Heritage

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

Outcome	Related Community Outcome	Related Council Outcome
<p>Marlborough's heritage resources are acknowledged, valued and enjoyed by present and future generations.</p> <p>Marlborough is an enlivened and creative region in which the arts are widely practised and enjoyed, and where they are recognised as being essential to a healthy and prosperous community.</p>	Heritage, Creativity.	A place where people can enjoy quality leisure opportunities.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of heritage and creativity by making funding available to arts and heritage providers in accordance with Council's arts and heritage strategies. It contributes to a place where people can enjoy quality leisure opportunities by supporting culture and heritage places and events for locals and visitors to participate in.

What is this Activity About?

This activity involves promoting "cultural wellbeing" which is one of the four well beings that Local Government is charged with promoting through the Local Government Act. Council defines "culture" as encompassing the customs, practices, languages, values and world views that define social groups in Marlborough.

Practices such as arts, design, and architecture reflect and create our cultural identity. Likewise, the ways in which we approach and understand our heritage shapes our image of ourselves, and the image we convey to future generations.

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

The Council's Arts and Culture Strategy, and its Heritage Strategy, sets out the roles played by Council in details, and the ways in which it proposes working with the community to achieve outcomes for culture and heritage.

These include:

- Forming partnerships with organisations and institutions that contribute to cultural wellbeing (e.g. Marlborough Museum Past Perfect museums database project);
- Supporting projects that reflect and strengthen Marlborough cultural identity.

- Managing the cultural and heritage assets and resources in a sustainable manner.

Council also provides annual heritage operating grants and a pool of contestable arts, culture and heritage grant funds.

A total of \$75,000 per year is available for heritage and \$50,000 for arts and culture project assistance that:

- Supports the infrastructure of heritage/arts and culture service providers.
- Promote the sustainable use and enjoyment of Marlborough heritage/arts resources.
- Establishes closer linkages between heritage/arts and regional promotion and development.

A range of operating contracts/grants are provided to key heritage, arts and culture organisations in Marlborough. These include:

- Marlborough Historical Society, including funding for the "Past Perfect" database of Marlborough heritage collections.
- Edwin Fox, Renwick, Havelock and Flaxbourne museums.
- District Brass Band.
- Millennium Art Gallery.
- Picton Historical Society.

A grant of \$3.5 million has been budgeted for the Marlborough Civic Theatre Trust towards the cost of the new civic theatre, funded from Forest Park Reserve. The total grant, including funding from 2011-12 to this project is \$5 million.

Emerging Issues and Expected Changes

The Heritage and Arts sectors are under stress due to limited funding sources and a need to invest in new technology, update collections and collection practices, and cope with the increasingly diverse forms of arts being practised in Marlborough. There is also a desire in the

Activity: Culture and Heritage

sector for the expansion of museum facilities and to provide a greater level of trained professionals in the local industry.

Council recognises the importance of heritage and art to Marlborough and will assist

organisations in accessing resources to increase support beyond the current levels with assistance from other funding organisations.

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

Levels of Service: Culture and Heritage

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.0	≥7.0	≥7.0	≥7.0	≥7.0
Manage Council's arts and heritage grants and third party providers to ensure service quality and value.	% of grants administered, allocated and accounted for within timeframes.	100%	100%	100%	100%	100%
	% of achievement of reporting requirements.	≥95%	≥95%	≥95%	≥95%	≥95%
	% of contract requirements are met.	New measure	100%	100%	100%	100%

Funding Impact Statement for 2012-22

Culture and Heritage

	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	521	527	621	717	720	724	729	734	737	741	746
Other receipts	59	57	65	71	69	67	66	64	62	61	60
Total operating funding	580	584	686	788	789	791	795	798	800	801	806
Applications of operating funding											
Payments to staff and suppliers	7	4	4	5	5	5	5	5	5	6	6
Finance costs	1	-	-	1	1	1	3	5	5	5	5
Internal charges and overheads applied	34	36	38	39	40	41	42	43	44	45	46
Other operating funding applications	3,534	4,040	639	738	738	738	739	739	739	738	738
Total applications of operating funding	3,576	4,080	681	783	784	785	789	792	793	794	795
Surplus (deficit) of operating funding	(2,996)	(3,496)	5	5	5	6	6	6	7	7	11
Sources of capital funding											
Increase (decrease) in debt	-	-	10	-	-	-	57	(2)	10	(2)	(3)
Total sources of capital funding	-	-	10	-	-	-	57	(2)	10	(2)	(3)
Applications of capital funding											
Capital expenditure to improve the level of service	-	-	10	53	-	-	58	-	12	-	-
Increase (decrease) in reserves	(2,996)	(3,496)	5	(48)	5	6	5	4	5	5	8
Total applications of capital funding	(2,996)	(3,496)	15	5	5	6	63	4	17	5	8
Surplus (deficit) of capital funding	2,996	3,496	(5)	(5)	(5)	(6)	(6)	(6)	(7)	(7)	(11)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	3,576	4,080	681	783	784	785	789	792	793	794	795
plus - Depreciation and amortisation	4	4	5	5	5	6	6	6	7	8	8
Expenditure as per Income Statement	3,580	4,084	686	788	789	791	795	798	800	802	803
Operating expenditure											
Arts	3,205	3,730	330	431	431	432	432	433	433	434	434
Heritage	375	354	356	357	358	359	362	365	366	368	368
Capital expenditure:											
Heritage	-	-	10	53	-	-	58	-	12	-	-

Activity: Community Housing

Activity: Community Housing

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

Outcome	Related Community Outcome	Related Council Outcome
Marlborough residents have access to affordable housing options.	Affordable housing, Positive ageing.	A place where people enjoy living.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of affordable housing and positive ageing and Council outcome as a place where people enjoy living through the provision of attractive, affordable housing for the elderly units.

What is this Activity About?

This activity involves Council considering ways and means by which it can assist the people of Marlborough to have access to housing suitable to their needs. Council considers the most effective means of discharging this responsibility to be providing an option for elderly people to access appropriate and affordable housing.

Council will continue to implement the maintenance plans for the Housing for the Elderly units to ensure a minimum living standard. The age and difficulty in maintaining these units is a long term issue.

Council has an advocacy and facilitation role beyond the current provision of Housing for the Elderly. Council will continue to work closely with Housing New Zealand and the Marlborough Sustainable Housing Trust to attract more funding and provision of housing options for the Marlborough community.

Policy on Social Housing

Council will own and maintain a stock of housing, for the purpose of assisting elderly people to have access to housing they could not otherwise afford.

Principles and Criteria

Council resources for the provision of housing assistance are limited, and therefore applications will be assessed according to the following principles and criteria:

1. To prioritise clients according to prevailing demand.

Given the current and projected demographic profile of the District, the prevailing demand for assistance with affordable housing is considered to lie with older people. Priority will therefore be given to people over age 65. Prevailing demand will be reassessed periodically.

2. To focus assistance on those with low incomes.

The threshold for access to Council housing will be reviewed periodically, and will be based on a combined assessment of household income and assets.

3. To provide for needs not met by other providers.

Council considers itself to be the housing option of last resort. Applicants must be able to demonstrate that their housing needs cannot be met from alternative sources.

4. To match applicants with housing suited to their needs.

Within a limited portfolio, the type of housing that may be available at any time may not be suited to the specific needs of an applicant. This may require applicants to be waitlisted until suitable housing becomes available. Suitable housing is housing that is appropriate to household size, is proximate to essential services, and is located within a neighbourhood and community context that will foster integration and participation.

Rents

Rents will be set at a rate less than market rental value, with periodic reviews.

Governance

The Housing Policy will be administered by the Council's Housing for the Elderly Sub-Committee. Day to day administration of the portfolio, including assessing applications, will be provided by the Council's property managers, according to this policy and to the provisions of the Housing Asset Management Plan.

Emerging Issues and Expected Changes

The following issues are emerging within this Activity:

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

Currently the housing is of reasonable quality but due to some units being old and some on unstable land there is a need to undertake redevelopment and upgrading of a number of units.

In the long term, population and labour market changes are expected to increase demand for lower cost housing. This is expected to be driven by a number of factors, including:

- An increasing number of people aged 65 and older on fixed incomes.
- An increasing number of people with illnesses and disabilities that limit their earning capability.
- An increasing number of single person households.

- The age and difficulty in maintaining Housing for the Elderly residential units.

Council will have to work with the community and Government agencies to look at long-term solutions for the housing issues in Marlborough. Previous loans have been paid in full, giving Council the opportunity to raise further loans to invest in improvements to existing units or building of new units.

The Housing Portfolio is currently self funding.

Levels of Service: Community Housing

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.1	7.1	7.3	7.3	7.5
	Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	New measure	Benchmark to be set	≥ to benchmark	≥ to benchmark	Benchmark + 5%
Provide up-to-date record of Occupancy levels	Minimum occupancy in units to be maintained.	New measure	90%	92%	94%	95%
Provide community housing reactive maintenance service in two categories	Urgent Unplanned Maintenance ¹ – Percentage of unplanned maintenance completed within 24 hours of notification.	New measure	90%	92%	94%	95%
	Non-Urgent Unplanned Maintenance ² - Percentage of unplanned non-urgent maintenance completed within 20 working days of notification.	New measure	80%	82%	84%	85%
Provide an annual checklist of planned maintenance / projects as set out in budget and from Committee meetings	Percentage of planned maintenance/projects completed in financial year.	90%	95%	95%	95%	95%

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

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

Activity: Community Housing

Funding Impact Statement for 2012-22

Community Housing	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
Other receipts including property rentals	1,037	1,074	1,124	1,185	1,225	1,263	1,303	1,344	1,384	1,423	1,463
Total operating funding	1,037	1,074	1,124	1,185	1,225	1,263	1,303	1,344	1,384	1,423	1,463
Applications of operating funding											
Payments to staff and suppliers	848	863	841	862	874	893	893	920	934	1,009	1,037
Finance costs	-	5	22	38	45	62	88	113	123	119	115
Internal charges and overheads applied	36	40	41	42	43	44	46	46	48	49	50
Other operating funding applications	38	11	21	21	21	21	21	21	21	21	21
Total applications of operating funding	922	919	925	963	983	1,020	1,048	1,100	1,126	1,198	1,223
Surplus (deficit) of operating funding	115	155	199	222	242	243	255	244	258	225	240
Sources of capital funding											
Increase (decrease) in debt	-	134	354	103	93	379	353	361	(57)	(61)	(66)
Total sources of capital funding	-	134	354	103	93	379	353	361	(57)	(61)	(66)
Applications of capital funding											
Capital expenditure to improve the level of service	170	75	54	55	57	28	29	30	-	-	-
Capital expenditure to replace existing assets	-	354	546	297	295	627	613	631	331	-	-
Increase (decrease) in reserves	(55)	(140)	(47)	(27)	(17)	(33)	(34)	(56)	(130)	164	174
Total applications of capital funding	115	289	553	325	335	622	608	605	201	164	174
Surplus (deficit) of capital funding	(115)	(155)	(199)	(222)	(242)	(243)	(255)	(244)	(258)	(225)	(240)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	922	919	925	963	983	1,020	1,048	1,100	1,126	1,198	1,223
plus - Depreciation and amortisation	238	227	239	250	261	273	285	299	312	322	331
plus - Loss on sale of fixed assets	1	108	216	201	-	215	215	216	108	1	1
Expenditure as per Income Statement	1,161	1,254	1,380	1,414	1,244	1,508	1,548	1,615	1,546	1,521	1,555

Activity: Community Safety

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

Outcome	Related Community Outcome	Related Council Outcome
People in Marlborough enjoy personal safety and security and are free from victimisation, abuse, violence and avoidable injury.	Safety and security, Positive Ageing, Youth.	A place where people enjoy living.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes primarily to the Community Outcome of safety and security and Council outcome a place where people enjoy living by identifying (through survey and police liaison) and addressing safety issues in our community. Providing a safe and secure environment also contributes to Community Outcomes of positive ageing and youth.

What is this Activity About?

This activity involves Council in a number of activities and relationships aimed at addressing some of the root causes of behaviours that affect community safety. This necessarily entails working closely with agencies in the policing, education, and health sectors. Council's role is to facilitate a regional programme of community safety initiatives that is mostly funded by government with a much smaller element of local contribution.

Community safety has been identified in this Plan as one of the main components of community wellbeing. Council has reviewed its role in community safety and has resolved to commit to longer term arrangements with police and Central Government as they become available. Within Council's Safer Communities Marlborough section, a number of projects operate all of which contribute to community wellbeing using a variety of social, situational and tertiary crime prevention approaches to support the New Zealand Crime Reduction Strategy.

The majority of these projects are delivered, via Government funding, directly by Council and include:

Marlborough Pipeline: This programme replaces 'Marlborough Youth Transition' with the overall goal is to have more at risk youth engaged in meaningful activity. The specific aim is to work with at risk youth from 16-18 years old to help them upskill by entering courses and ensure that at the age of 18 years they do not move on to an unemployment benefit. Performance based contract with maintenance payments and outcome payments based of achieving level 2 NZQA and not being on the unemployment benefit 3 months after their 18th birthday.

Turnaround Marlborough - Funded and operated in partnership with the Ministry of Justice (MoJ), this service provides Restorative Justice conferences, where victims of crime and

offenders meet face-to-face and the offender has an opportunity to "put things right". The programme offers up to 32 offender and offence victim Restorative Justice Conferences per year. MoJ research shows that offenders going through the restorative justice process reoffend 20% less than other offenders and that any reoffending tends to be at a lower level, and that the positive impact of restorative justice has an equal effect across all cultural groups.

Marlborough District Truancy - Funded by and operated in partnership with the Ministry of Education (MoE), the service provides attendance support to all Marlborough schools with the aim of achieving "all children at school at all times". The service identifies the underlying reasons for the truancy of referred pupils and reports back to school and assists families with children who are not attending school identify and seek assistance in areas that can assist with the children attending school. The service does not patrol for truants or chase up casual truants.

Crime Prevention Through Environmental Design (CPTED) - Street Intensive Programme- Funded and operated in partnership with the Ministry of Justice (MoJ), the programme aims to reduce crime in high need neighbourhoods and in assisting with the building of community values. Programmes to date have delivered:

- A measured reduction on local crime rates in the target areas.
- Increased positive communications between residents of the target areas with police and Council.
- Improved reporting of crime from the target area.
- Increased access for the residents of the target areas with community support agencies.
- Assisting the target area to build a strong sense of community.

Neighbourhood Support Marlborough - The programme is run by volunteer staff. Neighbourhood Support Marlborough sets up and maintains neighbourhood support groups throughout Marlborough as a means reducing crime.

Overall these programmes make a positive impact on:

- Reducing crime.
- Making people feel safer.

Activity: Community Safety

- Increasing interactions within the community.
- Involving youth in meaningful activities and thus diverting them from negative activities.

Safer Communities Marlborough maintains strong partnership links with police, government agencies, the community and other Council sections to improve the safety of our community. Safer Community Marlborough staff are Council employees. Council fund \$12,000 a year to Safer Communities Marlborough and provide office space, HR, management and payroll assistance. Significant positive outcomes are provided to the Marlborough community at very low direct cost to the Council. The majority of this area is self funding via Government grants.

Safer Communities Marlborough has historically provided services that other community groups are not providing in Marlborough. It does not compete with other community organisations to provide its services. The favoured model is to form partnerships with other organisations.

The security camera network in the Blenheim CBD is managed by the Assets and Services Department of Council and is funded by rates.

Emerging Issues and Expected Changes

The majority of funding for community safety programmes is provided by government. Programmes are therefore focused to the priorities of the government of the day, and are often time limited. The contracts are for terms between 1-3 years. Some programmes that are successful in Marlborough could have funding withdrawn nationally due to changing governments, or changing priorities.

This creates a number of issues:

1. Short term focus for projects.
2. Uncertain availability of funding.
3. Lack of appropriate programmes for new and existing clients.

The need to identify alternative funding streams to continue successful programmes.

In reviewing programmes where funding is being withdrawn, Council considers finding alternative funding to continue successful programmes.

Levels of Service: Community Safety

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.3	7.3	7.3	7.4	7.5
Provide quality service that meets and exceeds the expectations of the funding ministries and thus providing quality service to the community	Ensure contract reports are completed within timeframes.	New measure	100%	100%	100%	100%
	% of compliance with MoJ, MSD and MoE contract conditions met.	New measure	100%	100%	100%	100%
	Monitor and manage services to agreed timeframes and budgets,	New measure	100%	100%	100%	100%
Provide services relevant to our community	Number of reports presented to Council annually.	New measure	2	2	2	2
	% of programmes approved by Council.	70%	100%	100%	100%	100%
	Annual review of Community Safety Programmes completed.	31 August	31 August	31 August	31 August	31 August

Funding Impact Statement for 2012-22

Community Safety	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	95	102	107	112	92	96	100	104	110	115	110
Subsidies and grants for operating purposes	184	287	296	305	315	326	337	349	360	373	386
Other receipts	13	30	31	32	31	31	32	33	34	35	36
Total operating funding	292	419	434	449	438	453	469	486	504	523	532
Applications of operating funding											
Payments to staff and suppliers	228	349	358	368	378	389	398	409	421	433	446
Internal charges and overheads applied	15	16	17	17	18	18	19	19	19	20	20
Total applications of operating funding	243	365	375	385	396	407	417	428	440	453	466
Surplus (deficit) of operating funding	49	54	59	64	42	46	52	58	64	70	66
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to improve the level of service	50	50	52	53	55	57	59	61	63	65	67
Increase (decrease) in reserves	(1)	4	7	11	(13)	(11)	(7)	(3)	1	5	(1)
Total applications of capital funding	49	54	59	64	42	46	52	58	64	70	66
Surplus (deficit) of capital funding	(49)	(54)	(59)	(64)	(42)	(46)	(52)	(58)	(64)	(70)	(66)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	243	365	375	385	396	407	417	428	440	453	466
plus - Depreciation and amortisation	49	54	59	64	42	46	52	58	64	70	66
Expenditure as per Income Statement	292	419	434	449	438	453	469	486	504	523	532
Operating expenditure											
Safer Communities	224	346	355	364	374	385	395	405	416	428	440
Security	68	73	79	85	63	68	74	81	88	95	91
Capital expenditure:											
Security	50	50	52	53	55	57	59	61	63	65	67

Activity: Community Support

Activity: Community Support

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

Outcomes	Related Community Outcome	Related Council Outcome
<p>Marlborough's communities are robust and resilient.</p> <p>Young people are supported in their lifestyle choices.</p> <p>More people, more active, more often.</p> <p>Older people are valued and recognised as an integral part of the community.</p> <p>A community where energy use is efficient.</p> <p>A prosperous community where people participate full in society.</p>	<p>Full participation; Positive youth; Physical activity; Positive ageing; Energy Efficiency, Environmental Sustainability, Health Choices, Prosperity, Fun and Recreation.</p>	<p>A place where people can enjoy quality leisure opportunities.</p> <p>A place where people enjoy living.</p> <p>A prosperous community and economy for all Marlburians.</p>

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of:

- Full participation, positive youth and positive ageing by coordinating a series of forums with the elderly and youth and working with these groups to implement the key activities identified. This activity also contributes to the Council outcome a place where people enjoy living by supporting the youth and elderly.
- Prosperity, Fun and Recreation and Full Participation and Council outcomes of a prosperous community and economy for all Marlburians and a place where people can enjoy quality leisure opportunities by providing funding to the Marlborough Festival and Events Trust to organise events for Marlburians to enjoy and to attract visitors to the District.
- Energy efficiency and environmental sustainability for the HeatSmart scheme to encourage the uptake of energy efficient products in the home. This activity also contributes to the Council outcome of a place where people enjoy living by helping people to make their homes warm whilst using less energy.
- Prosperity, full participation, positive ageing, positive youth and the Council outcome a place where people enjoy living by providing a passenger transport and mobility scheme.

What is this Activity About?

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

- Community development: Strengthening community cohesion, supporting social networks

within the community, recognising the value and needs of older people and providing a positive environment for the development of our young people.

- Energy efficiency: Facilitation of Central Government objectives of promoting energy efficiency, energy conservation, and the use of renewable energy resources
- Passenger transport and mobility scheme: providing transport options for our community, including those with mobility issues to help access key services
- Providing (via contract) free community festivals and events for Marlburians to enjoy and to attract visitors to the District.

Community Development

Council acknowledges the needs of specific sectors in our community including our older people and youth. Council has worked in partnership with key organisations to establish the Positive Ageing Accord to identify the aspirations of this sector and actions to take place to achieve these. Monthly Older Persons Forums are held to give a voice to the sector and enable issues to be raised and addressed.

Similarly Council has a Youth Policy and Youth Initiatives Plan that works towards achieving a better environment and services for this sector and active input from youth. This includes making progress towards the Mayoral Task Force goal of "that all young people under the age of 25 should be engaged in appropriate education, training, work or other options which will lead to long term economic independence and wellbeing". Monthly Youth Council meetings are held to provide a voice for youth and to take effect of the Policy and Plan which provides direction for the allocation of Council's Youth Funding.

The volunteer sector including non government (NGO) and not for profit (NFP) organisations, underpins much of the service delivery of community services in Marlborough. Advocating the needs of the sector is an ongoing issue particularly given the changes being

experienced in the age and ethnicity of the community. Relationships are being made with key organisations to build the capacity of the sector through provision of training and support.

Council also assists through provision of community grants with set criteria to target needs in the community. Relationships with other funding providers are maintained to try and maximise the funds available:

- The contestable grant provides one-off funding for not-for-profit organisations providing essential services in the Marlborough community supporting community welfare, social services, environment and/or sports and recreation.
- In 2011-12 Council contracted the Youth Trust to deliver youth services, including the HQ centre in Blenheim and Volunteer Marlborough to build the capacity of the voluntary sector through training.

Energy Efficiency

Marlborough District Council is participating in the Energy Efficiency and Conservation Authority's (EECA) home insulation and clean heating scheme, by providing financial assistance to help fund that proportion of the costs not covered by an EECA grant – the 'HeatSmart scheme'. In addition Council is considering initiating a solar heating programme. Council's role will extend to providing home owner services for such energy promotions within available resources, and recovering the cost of those services together with interest and an appropriate administration charge over a number of years through a targeted rate on those properties that obtain a service. This is a voluntary targeted rate and is cost neutral to Council.

Passenger Transport and Mobility Scheme

Passenger transport is a fundamental service that connects people to services and activities for better quality of life. Maintaining an affordable, accessible service within funding constraints that meets community need is an ongoing challenge. Council currently operates an urban bus service in Blenheim and a District wide mobility scheme for the disabled. Expansion of service delivery will be investigated and implemented within available funding where verification of the demand can be established.

Events Management

Provision of community based events makes a contribution to the wellbeing of the community as well as to the cultural identity, physical activity and social cohesion. Events have a role to play in attracting visitors to Marlborough along with showcasing and promoting the area. This activity is delivered by the Marlborough Festival and Events Trust and Go Marlborough under contract for provision of specific events.

Marlborough Festivals and Events Trust deliver a range of events including the summer concert series, Blenheim Christmas parade, senior citizens concerts, Christmas festival, Southern Jam youth festival and Children's theatre – these events attract up to 5,000 attendees per event. The trust also maintains the calendar of events/events guide.

Emerging Issues and Expected Changes

The changing age structure of the Marlborough community will pose some challenges for future infrastructure and delivery of services. In the coming years our community is going to be "older" – 2001 Census shows 15% of the population was over 65, by 2016 that will have increased to 22% and expected to increase to almost a third of the population by 2026. The other significant change anticipated is an increase in the ethnic diversity of the Marlborough community. It is already apparent that ethnic and cultural diversity will be an increasingly prominent feature of the population.

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

Government policy in relation to energy efficiency can change over time, and in recent years has moved towards encouraging higher efficiency standards via the Building Code and incentive schemes. When the EECA scheme comes to the end of its current government funding programme, Council will review how it will support energy efficiency schemes in Marlborough.

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

Activity: Community Support

Levels of Service - Community Support

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations (excludes Passenger transport).	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".					
	<ul style="list-style-type: none"> Community Support. Events Management. 	7.2 7.3	7.2 ≥7.3	7.2 ≥7.3	7.2 ≥7.3	7.2 ≥7.3
Manage Council's community grants and third party providers to ensure service quality and value.	% of grants administered, allocated and accounted for within timeframes.	100%	100%	100%	100%	100%
	Achievement of reporting requirements.	≥95%	≥95%	≥95%	≥95%	≥95%
	Contract requirements met.	New measure	100%	100%	100%	100%
Manage third party providers to ensure service quality and value of community events	Achievement of reporting requirements.	100%	100%	100%	100%	100%
	Participation numbers match targets in contracts.	N/A	≥95%	≥95%	≥95%	≥95%
Implement the Positive Ageing Accord	Number of Older Persons Forums held annually with minimum 90% attendance.	10	10	10	10	10
	Frequency of Seniors Expo.	Biennial Seniors Expo	Senior Expo Held	N/A	Senior Expo Held	2016-17 and every two years thereafter
	Biennial survey undertaken to monitor Positive Ageing Information Strategy.	New measure	Survey completed	N/A	Survey completed	2016-17 and every two years thereafter
Implement Youth Initiatives Plan	Number of Youth Forums held annually with minimum 90% attendance.	10	10	10	10	10
	% of actions in Youth Initiatives Plan completed each year.	≥95%	≥95%	≥95%	≥95%	≥95%
Build capacity of the Volunteer Sector through provision of training in partnership with key service providers	Number of training courses provided per annum where attendance numbers meet targets.	3	>3	>3	>3	>3
Provide a well used and affordable bus service in Blenheim that is timely and responsive to community needs	Increase levels of customer patronage by 3% per annum (total patronage for 2010-11 year was 23,523).	New measure	3%> previous year	3%> previous year	3%> previous year	3%> previous year
	Complete annual passenger survey and reports results to Council by 30 June each year.	New measure	30 June	30 June	30 June	30 June
	Improve infrastructure to support bus service by adding a minimum of one bus shelter per year. (as funding allows)	3	1 extra	1 extra	1 extra	1 extra

Funding Impact Statement for 2012-22

Community Support	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	682	748	747	761	774	786	800	816	828	844	862
Targeted rates (other than for water supply)	29	56	80	104	129	153	177	202	226	224	224
Subsidies and grants for operating purposes	188	203	204	210	226	226	232	251	253	261	281
Fees and charges	14	15	16	17	15	18	18	18	18	18	20
Other receipts	77	81	77	75	74	72	72	71	70	69	69
Total operating funding	990	1,103	1,124	1,167	1,218	1,255	1,299	1,358	1,395	1,416	1,456
Applications of operating funding											
Payments to staff and suppliers	631	626	638	650	669	683	697	717	732	749	773
Internal charges and overheads applied	158	174	189	201	211	221	230	236	241	245	250
Other operating funding applications	346	429	407	410	420	414	415	426	419	421	432
Total applications of operating funding	1,135	1,229	1,234	1,261	1,300	1,318	1,342	1,379	1,392	1,415	1,455
Surplus (deficit) of operating funding	(145)	(126)	(110)	(94)	(82)	(63)	(43)	(21)	3	1	1
Sources of capital funding											
Subsidies and grants for capital expenditure	-	6	6	6	-	-	-	-	-	-	-
Total sources of capital funding	-	6	6	6	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to improve the level of service	-	12	12	13	-	-	-	-	-	-	-
Increase (decrease) in reserves	(145)	(132)	(116)	(101)	(82)	(63)	(43)	(21)	3	1	1
Total applications of capital funding	(145)	(120)	(104)	(88)	(82)	(63)	(43)	(21)	3	1	1
Surplus (deficit) of capital funding	145	126	110	94	82	63	43	21	(3)	(1)	(1)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,135	1,229	1,234	1,261	1,300	1,318	1,342	1,379	1,392	1,415	1,455
plus - Depreciation and amortisation	-	-	1	-	1	1	-	-	1	1	1
Expenditure as per Income Statement	1,135	1,229	1,235	1,261	1,301	1,319	1,342	1,379	1,393	1,416	1,456
Operating expenditure											
Grants and Donations	404	466	455	458	460	463	465	467	470	473	475
Events Management	163	173	177	181	186	190	195	199	204	209	214
Energy Efficiency	169	183	192	200	207	212	216	218	219	219	219
Recreation	95	73	75	77	79	81	83	84	86	89	91
Passenger transport	304	334	336	345	370	374	384	410	414	427	457
Capital expenditure:											
Passenger transport	-	12	12	13	-	-	-	-	-	-	-

Activity: Library Services

Activity: Library Services

Operating costs of this activity represents approximately 1.9% of total activity expenditure.

Outcome	Related Community Outcome	Related Council Outcome
Lifelong learning opportunities and improved knowledge, literacy and information skills for Marlborough's residents.	Full participation; knowledge and learning; creativity; heritage.	A place where people can enjoy quality leisure opportunities.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to knowledge and learning, creativity, full participation and heritage Community Outcomes and Council outcome a place where people can enjoy quality leisure opportunities through the provision of well resourced, accessible facilities, that provide information in both print and digital formats, in an environment that stimulates and supports life long learning.

What is this Activity About?

This activity involves providing the community with a professional library service which encourages a joy of reading and the pursuit of knowledge, through the provision of a wide range of current, timely and historical resources in various formats in a safe and accessible environment. Library services are consistently rated the highest Council provided service in the annual Resident's Satisfaction Survey.

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

All age groups are catered for - from birth (through the "Bookstart" programme offered to every mother with a new baby born in Marlborough) to senior citizens (some of whom are confined to their own home and make use of the homebound service).

The promotion of literature and literacy is the main focus of library services to children across the District, including Picton project 'Library on Wheels', which aims to take the library into the community by visiting schools and preschools in the District.

The libraries' collection consists of over 125,000 items, covering a wide range of general interest and popular titles, both fiction and non-fiction, pre-school and children's titles, large print, local history, bicultural, along with non-book resources. The Collection Development Policy identifies how the collections will be maintained and developed to meet the needs of a growing and diverse population.

As well as providing comprehensive book collections for informational and recreational use, access is available to electronic databases and the World Wide Web. Free internet and Wi-Fi access is provided to all library visitors through the Aotearoa People's Network Kaharoa with a maximum 25% contribution from Council.

The Marlborough District Libraries' catalogue is also available on-line, providing 24/7 access to the libraries holdings. Music is available on CD, along with sheet music, videos, DVDs, CD ROMs, talking books in various formats, magazines and jigsaw puzzles.

A new library management and searching system was implemented in September 2011 as part of a New Zealand wide Public Library consortium called Kotui. In addition, downloadable Audio Books will be available to library members in early 2012 through another New Zealand wide Public Libraries consortium project provided by OverDrive Digital Library. OverDrive is a free digital media platform which allows library customers to download audiobooks. Titles include fiction and non-fiction items for adults, young adults and children, with regular additions of new material.

Asset Description

To undertake this Activity, the following assets are held:

District Library, Blenheim

The Marlborough District Library was opened in 1989. Since that time, the library has seen patronage and issues increase. The library requires extra space that the current building cannot provide. It is proposed that a new library be built by 2020-21.

In 2010-11 over 497,000 items were issued. Its central location has proven popular as a central meeting place for those visiting the CBD. As the collection has expanded, free space has become a premium.

With the introduction of free public internet and Wi-Fi access provided through the Aotearoa Peoples Network Kaharoa, foot traffic increased by 3% in 2010-11 to 424,704 visits annually.

Picton Library and Service Centre

The Picton Library and Service Centre became a combined facility in 1989. It is located in part of a Council owned building built in the 1970's. As a combined facility it provides access to

library resources, as well as Council information and services. There is a severe shortage of space at Picton Library and Service Centre and Council is proposing to expand this facility within the life of this plan.

In 2010-2011, over 74,000 items were issued. As a combined Council facility there is little space available to encourage class visits, children's holiday activities and groups of adults to meet within the library.

With the introduction of free public internet and Wi-Fi access provided through the Aotearoa Peoples Network Kaharoa foot traffic increased by 9% in 2010-11 to 130,323 visits annually.

Collections

The libraries' collection consists of over 125,000 items with current value estimated at \$4.2 million.

The comprehensive book collections are complimented by providing access to electronic authoritative databases, national online catalogues and websites, including access to national and international newspapers, along with the World Wide Web.

Non-book resources include Music CDs, sheet music, videos, DVDs, CD ROMs, talking books in various formats, magazines and jigsaw puzzles. Downloadable audio books will soon be available.

IT

The libraries automated system provides the day to day control of the collection. The on-line

catalogue can be accessed 24/7 and allows members to self manage the items they have out on loan and reserve items they wish to lend. Members with email addresses receive a reminder email three days prior to their items being due.

The Aotearoa Peoples Network Kaharoa is a managed network separate from Council and provided by the National Library of New Zealand. The new Library Management System, Kotui, is supported through this same framework.

Major Budgeted Projects

The table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next 10 years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented. These projects are also listed under the Capital Expenditure line of the Funding Impact Statement at the end of this activity section.

Asset	Major Projects	Value (Millions)
Library	2018-21 Expansion/replacement of Marlborough District Library in Blenheim and Picton Library & Service Centre	\$11.0

Emerging Issues and Expected Changes

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

Levels of Service: Library Services

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.5	8.5	8.5	8.5	8.5
A range of current resources supporting the tastes, interests and reading levels of users is provided.	Average age of library resources.	10 years or less	<10 years	<10 years	<10 years	<10 years
	Frequency of books being taken out. (turnover rate)	4.5 times per year	4.5 times per year	4.5 times per year	4.5 times per year	4.5 times per year
	Percentage of books requested from the catalogue, not currently available, provided within five days.	95%	95%	>95%	>95%	>95%
Provide access to information electronically.	Number of website page views.	69,630	≥ Baseline + 5%	≥ Baseline + 7.5%	≥ Baseline + 10%	≥ Baseline + 15%
	Number of e-book and e-audio loaned.	375	10% increase on baseline	10% increase on previous year	10% increase on previous year	10% increase on previous year

Activity: Library Services

Funding Impact Statement for 2012-22

Library Services	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,254	1,283	1,318	1,365	1,395	1,488	1,536	1,681	1,860	1,968	2,032
Fees and charges	3	3	3	3	3	3	4	4	4	4	4
Other receipts including fines and infringement fees	275	273	275	278	282	292	297	310	326	335	344
Total operating funding	1,532	1,559	1,596	1,646	1,680	1,783	1,837	1,995	2,190	2,307	2,380
Applications of operating funding											
Payments to staff and suppliers	974	913	938	971	997	1,082	1,112	1,146	1,174	1,211	1,250
Finance costs	-	-	-	-	-	-	-	81	160	168	175
Internal charges and overheads applied	232	334	350	361	366	379	390	396	404	415	423
Total applications of operating funding	1,206	1,247	1,288	1,332	1,363	1,461	1,502	1,623	1,738	1,794	1,848
Surplus (deficit) of operating funding	326	312	308	314	317	322	335	372	452	513	532
Sources of capital funding											
Increase (decrease) in debt	-	-	-	-	-	-	-	2,293	(58)	290	(75)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	3,000	-	-
Total sources of capital funding	-	-	-	-	-	-	-	2,293	2,942	290	(75)
Applications of capital funding											
Capital expenditure to meet additional demand	-	-	-	-	-	-	-	4,756	5,024	1,265	-
Capital expenditure to improve the level of service	18	19	21	22	24	26	28	30	33	35	38
Capital expenditure to replace existing assets	233	226	234	253	385	299	301	318	395	356	377
Increase (decrease) in reserves	75	67	53	39	(92)	(3)	6	(2,439)	(2,058)	(853)	42
Total applications of capital funding	326	312	308	314	317	322	335	2,665	3,394	803	457
Surplus (deficit) of capital funding	(326)	(312)	(308)	(314)	(317)	(322)	(335)	(372)	(452)	(513)	(532)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,206	1,247	1,288	1,332	1,363	1,461	1,502	1,623	1,738	1,794	1,848
plus - Depreciation and amortisation	326	312	308	314	317	322	335	372	452	513	532
Expenditure as per Income Statement	1,532	1,559	1,596	1,646	1,680	1,783	1,837	1,995	2,190	2,307	2,380

Activity: Emergency Management

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

Outcome	Related Community Outcome	Related Council Outcome
The region is well prepared for emergency events and any harm or loss from emergency events is minimised.	Safety and security.	A place where people enjoy living.

How this Activity Contributes to Related Community and Council Outcomes

This Activity contributes to the Safety and Security Community Outcome and Council outcome a place where people enjoy living through the provision and testing of Emergency Management Plans and a well planned, maintained and competent rural fire fighting capability as part of the Marlborough/Kaikoura Rural Fire District.

What is this Activity About?

Council is a key member of the Marlborough Civil Defence Emergency Management Group (CDEM) with responsibility for the administration and implementation of a Civil Defence Emergency Management Group Plan. Amongst other requirements the Plan describes:

- Emergency management policies and procedures in place to manage the hazards and risks.
- Arrangements for declaring a state of emergency in the area.
- Arrangements for cooperation and coordination with all other Civil Defence Emergency Management Groups.
- The hazards and risks to be managed by the Group are prioritised according to risk. The eight most major risks include:
 - Earthquake.
 - Human disease epidemic.
 - Biological pests and new organisms.
 - Flooding.
 - Wildfire/rural fire.
 - Dam failure.
 - Drought.
 - Electricity failure.

Marlborough may need to deal with a number of other hazards not mentioned here. The vision and goals of the Marlborough Civil Defence Emergency Management Group Plan are:

Vision

Improve the resilience of the region to all foreseeable emergency events through active engagement of communities and the effective integration of support agencies.

Goals

- Goal 1. To coordinate efforts to reduce the risk posed by hazards that threaten the life, wellbeing, infrastructure, economic fabric and ecological systems that support the lifestyle of the area.
- Goal 2. To improve an awareness of the remaining risks faced by residence and visitors to the region in order to be better prepared for the risks of known hazards.
- Goal 3. To enhance the efficiency and effectiveness of all agencies and the community in their response to an emergency through integrated and coordinated effort.
- Goal 4. Improve the process of recovery after an event in order to return to normal life as quickly as possible with a minimum of loss and disruption.

Rural Fire

Council from 1 July 2012 will surrender its role as a Rural Fire Authority to a new Body Corporate which will set policy and ensure fire protection is provided for in the wider Marlborough and Kaikoura District Council areas.

The preparation of Fire Plans, business plans and all high level administration will be the responsibility of a new Principal Rural Fire Officer and the Marlborough/Kaikoura Rural Fire District Board.

Council will provide a member of the Board alongside representatives of the Department of Conservation, Federated Farmers, Kaikoura District Council, New Zealand Fire Service and an independent. It will continue to provide rural fire readiness and response services within the Marlborough South zone.

Activity: Emergency Management

Preparedness for Major Hazards and Events

- The Marlborough Civil Defence Emergency Management Group, of which the Council is a key member, is prepared and capable to respond and recover from a major event such as earthquake and floods. It should be noted that the Council is only one of the organisations that has emergency management responsibilities (others include: DHB, Police, Fire Service, St Johns).
- Risk reduction is carried out by the Marlborough District Council for the Emergency Management Group. The Group is well prepared and ready to respond to an event. Exercises are carried out regularly and the Group is actively involved in the Ministry of Civil Defence and Emergency Management 10 year training programme. Our current contact list has been reviewed by the Emergency Management Office.
- An engineering lifelines Group has been established to ensure that lifelines in Marlborough are planned to withstand a major event and to ensure that damaged lifelines during an event are repaired as soon as possible.
- Community awareness campaigns are given high priority within the allocated budget provided. The Group has visited many groups and organisations talking about the risk to Marlborough and how to prepare for large events.
- The Emergency Management Office received numerous weather warnings throughout the year 24/7 and staff responded to these appropriately.
- The Group has established a recovery group incorporating Council, Work and Income NZ, Child Youth and Family, Insurance Industry, Chamber of Commerce, Health inspectors to help with planning for the recovery phase of a major emergency event.
- The Groups Civil Defence/Welfare centres are well resourced. The training of volunteers is given high priority.
- A programme is underway to train Council staff to work in an incident control structure and to increase training for welfare and sector groups.
- Buildings below the Earthquake standard have been identified and building owners have been advised.
- A new building evaluation plan has been formulated incorporating the lessons learned from the Christchurch event.
- The Council is well prepared for an emergency, however many of our communities still believe it will not happen here. Our Group supports the national awareness campaign and the Group spends considerable resources each year encouraging residents to prepare for disaster.

Readiness and Response

- A training needs analysis was distributed to all stakeholders including Council staff last financial year. The outcome will be to provide sufficient funding and target the training of individuals most in need and to standards acceptable to the industry.
- Continue running both level 2 and level 4 CIMS courses.
- Continue to train both Council staff, volunteers at all levels.
- Provide public awareness to the residents of Marlborough.
- Continue to introduce the new Emergency Management Incident System (EMIS) and train both volunteers and Council staff on its application.
- The Group will take an active part in the national exercise training programme. Exercise Shake Out will commence on 26 September 2012.
- The Group will also take an active role in the Get Ready Get Through campaign.
- The Readiness and Response Working Group will meet quarterly.

Emerging Issues and Expected Changes

- Bedding in of new Marlborough/Kaikoura Rural Fire District.
- Possible legislative changes following the Canterbury earthquakes may have an impact upon Civil Defence.

Levels of Service: Emergency Management

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.0	8.0	8.0	8.0
Provide a planned, tested capability to respond to major Civil Defence and Emergency Events.	Timeliness of completing the review of the CDEM Group Plan (every 5 years).	Review completed every five years	N/A	N/A	N/A	2015-16 and 2020-21
	Timeliness for the completion of the update to emergency contact plans.	30 June	30 June	30 June	30 June	30 June
	Level of compliance with the 10 year exercise programme for testing the CDEM Plan.	100%	100%	100%	100%	100%
	% compliance with testing programme for radios, sector kits and emergency generator.	100%	100%	100%	100%	100%
As the Marlborough South Zone Manager provide support to the enlarged rural Fire District.	% of registered Rural Fire Force members who have completed the Fire Fighter Unit Standards.	75%	75%	75%	75%	79%
	% of three monthly checks on waterway equipment and vehicles completed.	70%	70%	70%	70%	75%
	Pressure tests are carried out on pumps, hose and waterway equipment biennially.	New measure	Tests completed	N/A	Tests completed	2016-17 and biennially thereafter
	Timeliness for completion of the annual vehicle maintenance.	Before 20 December	Before 20 December	Before 20 December	Before 20 December	Before 20 December

Activity: Emergency Management

Funding Impact Statement for 2012-22

Emergency Management	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	644	661	638	684	713	722	745	766	785	808	829
Subsidies and grants for operating purposes	18	18	19	19	20	20	21	22	23	23	24
Other receipts	107	105	100	103	104	104	105	106	107	108	110
Total operating funding	769	784	757	806	837	846	871	894	915	939	963
Applications of operating funding											
Payments to staff and suppliers	470	475	484	499	524	530	546	562	580	599	619
Internal charges and overheads applied	168	179	185	192	199	203	210	216	219	221	223
Other operating funding applications	56	107	70	71	71	71	71	71	70	71	71
Total applications of operating funding	694	761	739	762	794	804	827	849	869	891	913
Surplus (deficit) of operating funding	75	23	18	44	43	42	44	45	46	48	50
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to replace existing assets	31	28	29	34	31	32	37	34	35	41	38
Increase (decrease) in reserves	44	(5)	(11)	10	12	10	7	11	11	7	12
Total applications of capital funding	75	23	18	44	43	42	44	45	46	48	50
Surplus (deficit) of capital funding	(75)	(23)	(18)	(44)	(43)	(42)	(44)	(45)	(46)	(48)	(50)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	694	761	739	762	794	804	827	849	869	891	913
plus - Depreciation and amortisation	35	41	48	44	43	42	44	45	46	48	50
Expenditure as per Income Statement	729	802	787	806	837	846	871	894	915	939	963

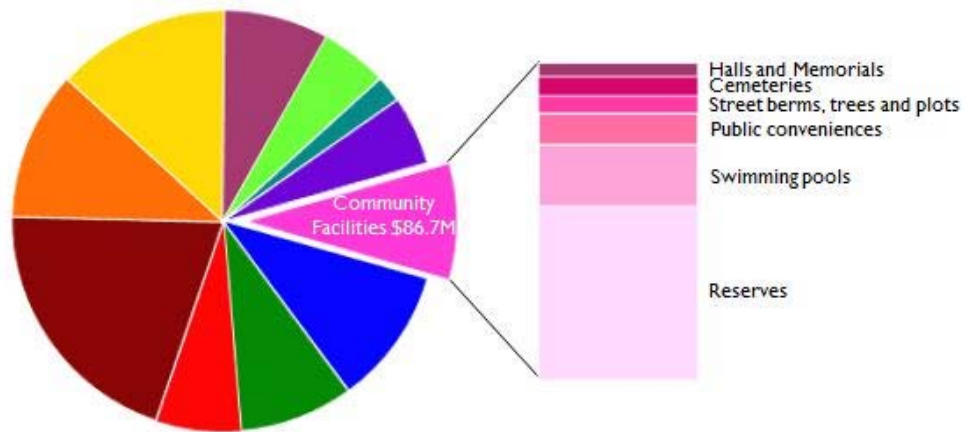
Community Facilities



Photo: Taylor Dam Reserve, Blenheim

Major Budgeted Projects

Community Facilities



Asset	Major Projects	Value (Millions)
Public conveniences	2012-22 Renewals of public conveniences in Blenheim, Picton and Marlborough Sounds	\$1.4
Cemeteries - Picton	2012-17 Restoration of cemetery headstones.	\$0.6
	2018-19 Development of new cemetery.	\$0.3
Reserves	New and improved reserves across Marlborough, subject to land sub-division reserve contributions	\$14.5

Activity: Community Facilities

Rationale for the Delivery of the Community Facilities Group of Activities

This activity is a grouping of several types of community facilities that are mostly delivered within the reserves and amenities department.

Changes to Community Facilities Activity Group from the 2011-12 Annual Plan

This is a new activity group that was created due to the requirement to create mandatory activity groups for most of the other activities in the former 'Land and Water Services' activity group, of which this was previously included as an activity.

1. Memorials is included within this activity (formerly part of Culture and Heritage activity).
2. Street trees, berms and plots are included within this activity (formerly part of Land Transport).

Intended Changes to Levels of Service from the 2011-12 Annual Plan

The table describes any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described.

Activity: Community Facilities		
2011-12 Annual Plan	2012-22 LTP	Reason for changes
Provide a selection of cemetery services that meet the commemorative needs of the community.	Access to facilities provide reserves and amenities that are equitably distributed to all.	Combined Levels of Service.
Provide reserves and amenities which are equitably distributed and available to all.		
Maintenance of the District's reserves, gardens and amenities.	Safety and maintenance ensure reserves and amenities are maintained in a clean, safe and functional condition.	Combined Levels of Service.
Provide reserves and amenities which are perceived as "Safe"		
Provide strategic planning for reserves and amenities within the District.	Not applicable.	Revised Levels of Service measures an important aspect of the activity.

Significant Negative Effects Associated with this Group of activities

This activity group may involve the operation of noisy machinery, earthmoving or construction works, which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities, controls are imposed as appropriate.

Variation Between Long Term Plan and the Assessment of Water and Sanitary Services

There is no significant variation between the adopted assessment of water and sanitary services (i.e. cemeteries and public conveniences) and this Plan.

Activity: Community Facilities

Operating costs of this activity represent approximately 8.9% of total activity expenditure.

Outcome	Related Community Outcomes	Related Council Outcome
<p>Marlborough's communities and visitors experience the District's open spaces and recreation facilities for recreation, relaxation and physical activity.</p> <p>Marlborough people have a respectful and comforting environment to remember those they have lost.</p>	Fun and recreation, physical activity, heritage.	A place where people can enjoy quality leisure opportunities.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community outcomes of fun and recreation, physical activity and heritage and the Council outcome of a place where people can enjoy quality leisure opportunities through the creation of a place where people enjoy living, by supporting the development of facilities and services that strengthen the community. It encourages quality leisure activities and physical activity by providing attractive parks, reserves, open spaces, and cultural facilities for the community. The activity also contributes towards the commemorative needs of the community through the provision of cemeteries.

What is this Activity About?

Council provides and maintains a wide range of open spaces and built facilities which meet a diversity of community needs. To ensure these facilities are highly utilised by both residents and visitors to the Marlborough region Council also provides both electronic and print information on these facilities. These services have a statutory base, either under the Local Government Act 2002's broad objectives to meet community outcomes and specific legislation covering the provision of some assets and services such as the Reserves Act 1977, Burial and Cremation Act 1964, and the New Zealand Walkway Act 1990. The Resource Management Act 1991 also provides Council with important responsibilities and powers in relation to sustaining natural and physical resources and the environment.

Community facilities can be categorised as follows:

Recreation Reserves

Marlborough District Council provides, maintains and protects reserves, gardens, trees, lawns, playgrounds other open spaces and amenity facilities that meet the community needs while enhancing people's appreciation of the environment and encouraging active lifestyles. The provision of reserves and acquisition of new reserves is based on the Council's target of ensuring that all urban households are in walking distance to an open space for leisure activities. Recreation reserve provision includes the management and maintenance of reserve assets including trees, gardens, lawn, structures, outdoor furniture and Council owned buildings.

Sports Grounds

Throughout the Marlborough District we provide and maintain sports grounds for year round use by residents and visitors for both formal and informal use. The Council endeavours to cater for a wide range of sporting codes. The management agreement for Lansdowne Park with the Tasman Rugby Union expires in 2012. The restructure of the management agreement may place the maintenance of the park under contract.

Cemeteries

Marlborough District Council provides access to essential cemetery services at an affordable price and in accordance with legislative requirements to protect the public health of the community. Council promotes heritage values through continued planning for and protection of historical and cultural cemetery assets.

Public Toilets

Marlborough District Council undertakes to plan for, provide and maintain accessible and safe public toilets for use by residents and visitors at appropriate locations throughout the District. Both CBD and toilets located on Reserves are provided for and managed. The current allocation of Public Toilets in the CBD is higher than most other towns of a comparable size.

Aquatic Facilities

A major \$14 million development of the Regional Aquatic Centre has taken place with significant improvements to the aquatic facilities. The Regional Aquatic Centre is operated by Stadium 2000. Council also supports the provision of this activity by means of financial grants to the operators of aquatic facilities in Blenheim, Picton and Seddon. These grants enhance the provision and accessibility of these assets for public use. Council support of these activities is consistent with the objectives of the Top of the South Regional Physical Activity Strategy, and the Marlborough District Physical Activity and Recreation Strategy, which promote healthy communities through opportunities for physical activities. The appropriate demand and supply analysis and community satisfaction surveys for the Marlborough Stadium aquatic facilities are carried out by the facility operators and where necessary are discussed with the Council to assist short and long term decision making.

Activity: Community Facilities

Walking and Cycling Routes

Marlborough District Council currently provides, maintains and manages some 100 km of reserve based walking and cycle tracks throughout the District which enables people to have safe and unimpeded access to the outdoors for the benefit of physical recreation and enjoyment of the outdoor environment.

Community Halls

Council owns and assists with the maintenance of a number of community halls, usually in conjunction with local community groups. With increased awareness of earthquake risk Council is assessing its public buildings for seismic evaluation. Depending on the results additional spend may be required to bring up to Building Act 2004 requirement.

Street trees and Berms

Council maintains and manages Street Trees, plots and road berms throughout the District. There is a planting plan to establish 100 new trees per year. This activity also monitors over hanging growth from private property encroaching onto Public footpaths.

Provision and Maintenance

To ensure these facilities remain at a high standard provision and maintenance is an important role for Council. Maintenance involves litter removal, grass cutting (1,284 hectares) and shrubs, garden, trees and hedge pruning. It also includes the cleaning and upgrading of park furniture, playground equipment, walkways/ pathways, carparks, turfs, sports fields and public conveniences. A high standard of maintenance contributes to the safety of these facilities and areas identified as problematic are assessed through a Crime Prevention through Environmental Design (CPTED) audit as well as being regularly maintained.

The provision of reserves and facilities is managed through strategies, plans and policies. Reserve Management Plans assist the operation and development of an area and are created through the Reserves Act 1977. The planning and recording of Council's assets is displayed in the Reserve and Amenities Asset Management Plan. These strategies, plans and policies are updated regularly as areas change and develop and as new assets are acquired. All funding is allocated through the Annual Plan.

Future Direction

Strategies, policies and plans indicate the approach and vision of Council therefore a robust strategic process is essential. Council has displayed this vision and strategic process in the 'Growing Marlborough' strategies - Blenheim Town Centre, Southern and Northern Marlborough Growth Strategies. Marlborough Outdoor Sports Facilities Plan is also a long term strategic document which provides for the increasing demand for recreational asset capacity in Marlborough. By investing in long term plans and processes Council is able to provide infrastructure and services that provide for Blenheim now and in the future and save costs while still meeting resident expectations in the long term. Council acknowledges these

long term benefits and is investigating the provision of artificial surfaces for greater capacity for sports use.

A collaborative approach to shared facilities and resources can also produce wide spread benefits with low costs. It also allows Council to maintain positive relationships with DOC, MoE, sports codes and local communities. The provision for sportville modelled facilities, District wide facilities and joint funded facilities and projects are being considered by Council.

Asset Description

There are several different types of Assets which are managed by the Reserves section, they can be broken into various categories:

Reserve Category	Number	Land(hectares)
Reserves	260	2,770
Sportsgrounds	21	107
Community Building Reserve Land	32	9
Cemeteries	13	35
Accessways	57	6
Other Reserves (e.g. road reserves and berms)	88	428
Total	471	3,356

Major Asset Category	Number
Public conveniences	51
Aquatic Facilities	2
Playgrounds/Youth facilities	41
Sports Facilities	571
Bridges, Boardwalks, Structures	1,931
Carpark/roading	173
Walkways and Cycle Routes	215 routes
Park Fixtures	2,218
Street Trees and Garden Plots	18,866

The total asset value for the Community Facilities activity as at 30 June 2011 is \$79.3 million.

Major Budgeted Projects

The table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented. These projects are also listed under the Capital Expenditure line of the Funding Impact Statement at the end of this activity section.

Asset	Area	Major Projects	Value (Millions)
Public conveniences	Blenheim	2012-2022 Renewals of existing facilities.	\$0.6
	Picton	2012-2022 Renewals of existing facilities.	\$0.4
	Marlborough Sounds	2012-2022 Renewals of existing facilities and new freedom camping facilities, in partnership with DOC where appropriate.	\$0.4
Cemeteries	Picton	2012-17 Restoration of cemetery headstones.	\$0.6
		2018-19 Development of new cemetery.	\$0.3
Reserves	All areas	2012-2022 These are projects funded by land sub division reserve contributions. Prioritised annually in accordance with revenue streams. Combination of staff and community driven projects i.e. sports facility plan will direct investment over the next 10 years.	\$14.5

Emerging Issues and Expected Changes

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

- Significantly reduced revenue from the Land subdivision Account (financial contributions from subdivisions) which funds the reserves capital works programme, Annual Plan submissions, urban design projects, potential projects from the sports facility plan and community grants. This account will need to be managed with far greater constraint than in the past few years.
- As the rural community becomes increasingly urbanised community expectations may not be met by the current Levels of Service.
- Endeavour Park Pavilion project management and funding challenges.
- Renwick Pavilion maintenance agreements.
- Seddon Hall Project Proposal which is currently being assisted by a project manager.
- Meeting communities' expectations for landscaping and maintenance. As new "higher standard" subdivision occurs through out the District there are raised expectations from the community. Council needs to maintain consistent standards regardless of the status of the subdivision. A targeted rate on new developments depending on level of service and extent of ongoing maintenance can be negotiated at the time of consent.
- Adopt the Sports Facility Plan. Medium to long term investment will be necessary to implement and as most sports desire higher maintenance standards (Levels of Services) there will be a resulting rates impact. However as many codes also need/want better facilities including administration buildings careful prioritisation will be required other the medium to long term.
- Esplanade Land Acquisition and Management project. Developing GIS data base to identify both current and potential Acquisition in line with the updated RPS and current polices. The outcome of this project to give both the Public (developers) and Staff far greater clarity around identified acquisition which will allow more accurate budgeting.
- Freedom Camping Issues will need a staged policy to invest in basic facilities which need to be considered in line with national initiatives. Council will need to adopt national guidelines which include a Bylaw review and continue with an education campaign. It needs to be acknowledged that additional resources will be required to manage this issue if Marlborough is to keep the practice sustainable. Collaboration with DOC will be necessary regarding provision of facilities particularly in rural communities.
- The Growing Marlborough strategies and the prioritised Queen Street Pocket Park and Gateway projects will pose issues for Council from Community expectation and issues of funding and implementation.
- Picton proposed indoor swimming pool. While this project is currently viewed as "unaffordable" for the community it will be important for achieving community outcomes to ensure the Queen Charlotte College community Pool is accessible and maintained to a standard that caters to the community. This will require investment in the current facility.
- The increasing pressure put on land for organised sport will require actions from the Marlborough Sports Facilities Plan to be initiated. Current Council priorities are an investigation into Lansdowne Park as a multi code facility, investigation of Bothams Bend development into an Equestrian Park and an investigation into the viability of a cycle park.
- Law enforcement; there is ever increasing pressures on the Rangers time to deal with law enforcement issues.

Activity: Community Facilities

Levels of Service: Community Facilities

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.7	7.7	7.7	7.7	7.7
Access to information: Provide up to date and relevant information to residents and visitors.	Provide leaflets on all key facilities on website and/or print for: Freedom camping, Picton and Wither Hills tracks, Blenheim by foot or by bike, Walking and Biking Strategy (Central Wairau Plains route map).	New measure	100%	100%	100%	100%
Access to facilities: Provide reserves and amenities that are equitably distributed to all.	% of urban areas that lie within 10 minutes walk or 500 m radius from a District or neighbour reserve.	98%	100%	100%	100%	100%
	Number of plots available annually for burials.	300	300	300	300	300
	Options for interment and memorialisation.	New measure	4	5	6	6
	Land is allocated to organised sports association to meet demand for seasonal play.	New measure	100%	100%	100%	100%
Safety and maintenance: Ensure reserves and amenities are maintained in a clean, safe and functional condition.	Any contracted levels of service that are identified as not compliant in the maintenance contract monthly report are rectified within the month.	New measure	100%	100%	100%	100%
	% of new reserves, public conveniences and reported problem areas that receive a Crime Prevention through Environmental Design (CPTED) audit.	100%	100%	100%	100%	100%
Current and future planning: Provide strategic planning and ongoing improvement programmes for reserves and amenities.	% of reserves with management plans.	50%	50%	60%	65%	70%
	% of capital works projects from Land Subdivision Account are completed.	70%	70%	70%	70%	70%

Funding Impact Statement for 2012-22

Community Facilities	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	5,751	6,301	6,464	6,686	6,935	7,138	7,353	7,543	7,799	8,014	8,254
Targeted rates (other than for water supply)	-	-	-	-	1	1	1	2	2	4	5
Subsidies and grants for operating purposes	10	10	11	11	11	12	12	13	13	13	14
Fees and charges	141	142	146	151	156	161	167	172	178	184	191
Other receipts	693	718	706	699	700	700	702	703	705	702	712
Total operating funding	6,595	7,171	7,327	7,547	7,803	8,012	8,235	8,433	8,697	8,917	9,176
Applications of operating funding											
Payments to staff and suppliers	5,430	5,626	5,734	5,866	6,046	6,199	6,381	6,518	6,721	6,897	7,121
Finance costs	256	585	589	597	604	603	592	587	578	549	516
Internal charges and overheads applied	653	687	703	720	734	754	773	786	803	824	841
Other operating funding applications	2,263	22	23	22	22	22	22	23	23	23	23
Total applications of operating funding	8,602	6,920	7,049	7,205	7,406	7,578	7,768	7,914	8,125	8,293	8,501
Surplus (deficit) of operating funding	(2,007)	251	278	342	397	434	467	519	572	624	675
Sources of capital funding											
Development and financial contributions	1,050	1,102	1,172	1,245	1,391	1,567	1,767	1,990	2,242	2,529	2,855
Increase (decrease) in debt	1,752	61	52	147	43	(74)	(264)	120	(388)	(457)	(488)
Total sources of capital funding	2,802	1,163	1,224	1,392	1,434	1,493	1,503	2,110	1,854	2,072	2,367
Applications of capital funding											
Capital expenditure to meet additional demand	445	70	103	37	76	124	116	30	147	-	-
Capital expenditure to improve the level of service	1,917	1,055	1,073	1,338	1,399	1,306	1,318	2,015	2,329	2,565	2,818
Capital expenditure to replace existing assets	71	106	56	59	116	80	134	174	56	58	60
Increase (decrease) in reserves	(1,638)	183	270	300	240	417	402	410	(106)	73	164
Total applications of capital funding	795	1,414	1,502	1,734	1,831	1,927	1,970	2,629	2,426	2,696	3,042
Surplus (deficit) of capital funding	2,007	(251)	(278)	(342)	(397)	(434)	(467)	(519)	(572)	(624)	(675)
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Activity: Community Facilities

Funding Impact Statement for 2012-22

Community Facilities	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Reconciliation											
Total applications of operating funding	8,602	6,920	7,049	7,205	7,406	7,578	7,768	7,914	8,125	8,293	8,501
plus - Depreciation and amortisation	622	798	834	873	914	955	995	1,044	1,100	1,163	1,230
Expenditure as per Income Statement	9,224	7,718	7,883	8,078	8,320	8,533	8,763	8,958	9,225	9,456	9,731
Operating expenditure											
Cemeteries	468	431	454	480	507	530	545	567	591	602	612
Memorials	93	90	96	97	103	110	114	121	128	131	135
Street berms, trees and plots	497	438	449	461	476	491	504	517	532	549	566
Halls	275	266	235	242	249	257	265	272	280	289	299
Public Conveniences	682	728	756	788	816	846	871	894	916	935	951
Reserves	6,107	4,163	4,268	4,363	4,495	4,597	4,737	4,832	4,990	5,125	5,305
Swimming Pools	1,102	1,601	1,625	1,648	1,673	1,702	1,727	1,753	1,787	1,824	1,863
Capital expenditure:											
Cemeteries	56	233	152	292	216	150	27	384	28	29	30
Memorials	48	58	11	26	47	26	90	69	157	10	10
Street berms, trees and plots	28	28	29	36	120	39	40	41	43	44	46
Halls	10	10	21	21	22	23	23	24	24	25	26
Public Conveniences	170	150	262	244	207	174	116	232	98	57	-
Reserves	2,101	702	756	815	941	1,099	1,272	1,469	2,183	2,457	2,766
Swimming Pools	20	50	-	-	38	-	-	-	-	-	-

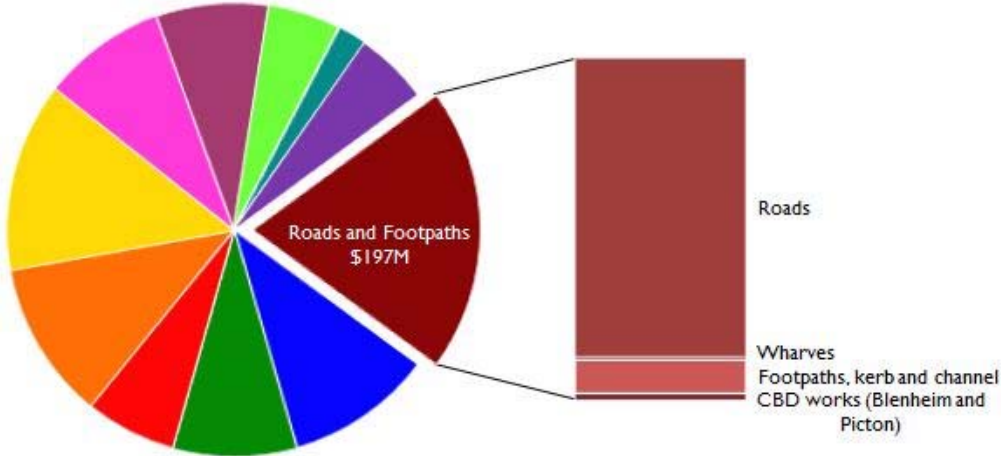
The Provision of Roads and Footpaths



Photo: Queen Street, Blenheim

Major Budgeted Projects

The Provision of Roads and Footpaths



Asset	Major Projects 2012-22	Value (Millions)
General roading	Renewal of existing infrastructure (e.g. resealing, rehabilitation, seal widening, metalling etc).	\$84.6
Footpaths, kerb and channel etc	Renewals and additions of kerb and channels, footpaths, cycle facilities, non-subsidised seal extensions.	\$12.6
Blenheim CBD upgrades	Surface treatment, lighting, street furniture etc.	\$5.6
Wharves	Renewals of existing infrastructure (jetties)	\$1.2
Subdivisional works	Seal extensions, widening, kerb and channelling as required by subdivisional works.	\$1.7

Activity: The Provisions of Roads and Footpaths

Rationale for the Delivery of the Provision of Roads and Footpaths Group of Activities

It is mandatory that the provision of roads and footpaths is an activity group.

Changes to the Provision of Roads and Footpaths Activity Group from the 2011-12 Annual Plan

1. This is a new activity group that was closely related to the 'Land Transport' activity in the former 'Land and Water Services' activity group.
2. Parking (except unmetered street parking) is now part of the Regional Development activity.
3. Street trees, plots and berms is now part of the Community Facilities activity group.

Intended Changes to Levels of Service from the 2011-12 Annual Plan

The table describes any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described.

Activity: Roads and Footpaths		
2011-12 Annual Plan	2012-22 LTP	Reason for changes
Provide a service that is timely and responsive to community needs (Parking indicator)	Not applicable.	Parking is now part of Regional Development activity.

Significant Negative Effects Associated with this Group of Activities

This activity group may involve the potential for environmental impact or the operation of noisy machinery, earthmoving or construction works, which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities, controls are imposed as appropriate. Vehicle emissions is another potential negative effect associated with this group of activities.

Activity Group: The Provision of Roads and Footpaths

Activity: Roads and footpaths

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

Outcome	Related Community Outcomes	Related Council Outcome
Marlborough's land transport system is integrated, safe, responsive and sustainable.	Essential Services, Prosperity; Physical activity; Environmental sustainability.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Essential Services and Prosperity Community Outcomes and Council outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by providing an efficient and safe transport network for the District to facilitate the movement of people and goods. The network also contributes to the Physical Activity and Environmental Sustainability Community Outcomes by enabling walking and cycling and as a conveyance for community services.

What is this Activity About?

As owner of the local roading network Council provides and maintains roads to standards that achieve an acceptable balance between user levels of service and cost. In addition Council is responsible for all roading related assets- footpaths, kerb and channelling, street lighting and carparks. Some wharves are also owned and maintained. There has recently been an increased emphasis on alternate modes such as walking and cycling.

This activity is carried out so that the movement of people and goods within and through the District can be convenient and safe.

Separate Roles

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

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

NZTA is a key partner in Council's land transport management and the State Highway network is of significant strategic importance in achieving community outcomes.

Council also works closely with the New Zealand Police on road safety issues and maintains and annually reviews a road safety strategy for the District.

The Road System

Council has 242 km of footpaths, 873 km of sealed road and 646 km of unsealed roads. Council operates 353 bridges. The network is absolutely essential enabling freight and passenger travel overland and across waterways within Marlborough.

Meeting Standards

One of the key tools for management of the network is the Asset Management Plan (Roads) which determines levels of service to be provided for the next ten years. Detail programmes are included in the NZTA's 3-Year Programme for which Council receives financial assistance, at rates between 46% and 56%.

Council in its Asset Management Plan identifies standards and guidelines for all activities undertaken to manage the road infrastructure. MDC has adopted a best practice approach common to Road Controlling Authorities throughout New Zealand and in doing so ensures compliance with NZTA requirements. The standards and guidelines identified are predominantly those developed or adopted by the NZTA and are consistently applied across the Marlborough District's road network.

Road Safety

Council each year receives a Road Safety Report from NZTA which analyses all crashes in the Marlborough District and makes comparison with peer authorities throughout NZ. The report includes both State Highways and local roads. Crashes are showing a reducing trend from 2007 to 2010 in both rural and urban areas; however the ratio of fatal and serious crashes has increased.

Marlborough Roads monitors the number of crashes it is able to influence, within the budget available. A significant focus is in place to ensure safety is maintained through good quality pavements that are required to be free of large potholes, edge breaks and other defects that may compromise safety. Management of icy road conditions has been a winter focus with no crashes resulting in injury recorded in the last year.

Council also undertakes a road safety programme which provides educational advice to current and future road users.

Activity: The Provisions of Roads and Footpaths

Road Quality

Council maintains the quality of its roads by monitoring trends in pavement condition, the age of surfacings, and undertakes structural inspections and repairs. Marlborough Roads schedules a renewals programme to optimise total costs by ensuring maintenance costs do not become excessive. The proposed standards and forward programme of work are reviewed by the funding agency (NZTA) requirements through annual programme reviews and compared with peer Councils (selected from agencies with similar rural/urban mix of roads/number of bridges etc.)

The renewals are determined from approved (by NZTA) pavement modelling systems verified by physical inspection by experienced engineers. The pavement modelling system DTIMS (Deighton Total Infrastructure Modelling System) confirms that the planned quantities are those required to maintain the asset. A regime of planned inspections determines standards are being maintained, programmed and delivered.

Marlborough Roads also monitor unsealed roads. They are challenging to manage being changeable and influenced by weather and traffic environment. Marlborough Roads now have a capability to measure roughness to assist with determining the need for intervention treatments, e.g.: grading.

Marlborough's roads compare favourably with peer agencies and NZTA requirements.

Since the preparation of the Draft LTP, the NZTA has advised that over the first three years of the LTP it will not be able to provide approximately \$1.27 million of funding assistance identified as needed in the Asset Management Plan. Council has assumed that this reduction will be reversed for the remaining seven years of the LTP, but no additional funding will be provided to address deferred maintenance.

It is likely that this reduction in funding will result in reduced levels of service over time and this has been recognised in the reduced performance targets contained in the levels of service table on page 57. The Asset Management Plan will also require updating and Council will be reviewing all programmes to attempt to minimise the impact of those funding cuts.

Footpaths and Street Parking

A formal monitoring system is now established to assess footpath condition in urban areas. Council provides parking on urban streets where it is practicable and safe to do so. Within areas kerbside parking is either metered or time restricted to ensure a good turn-over of usage to encourage a vibrant retail environment. Off street parking and parking buildings are managed by Marlborough Roads (via a sub-contractor). This is part of the Regional Development activity elsewhere in the Plan.

Asset Description

The table below provides an overview of Council's roading assets:

Asset	Length / Quantity
Road Length	1,519 km (873 km sealed, 646 km unsealed)
Bridges	353
Jetties	13
Urban Footpaths	242km (146 km concrete; 75 km asphalt; 9 km sealed; other 12 km)

The total asset value for the Roads and Footpaths activity as at 30 June 2011 is \$603.8 million.

Major Budgeted Projects

The table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented. These projects are also listed under the Application of Capital Funding section of the Funding Impact Statement at the end of this activity.

Asset	Major Projects 2012-2022	Value (Millions)
Wharves	Renewals of existing infrastructure (jetties)	\$1.2
Subdivisional works	Seal extensions, widening, kerb and channelling as required by resource consents, matching development contribution from developer.	\$1.7
Blenheim CBD upgrades	Surface treatment of road and footpath, lighting, street furniture including lower Scott St, Kinross St and Wynen Street and Blenheim town centre strategy works.	\$5.6
Footpaths, kerb and channel etc	Renewals and additions of kerb and channels, footpath, cycle facilities, non-subsidised seal extensions (Wairau and Awatere).	\$12.6
General roading	Renewal of existing infrastructure, local roads and non State Highway road works (subsidised activities from NZTA), including:	\$84.6
	Resealing	\$29.5
	Seal widening	\$7.7
	Pavement rehabilitation	\$10.9
	Unsealed road metalling	\$7.0
	Drainage renewals	\$6.3
	Bridge renewals	\$5.6
	Signage renewals	\$2.8
	Major rehabilitation (Northbank Road)	\$4.3
	Structure components (parts of bridges, retaining walls)	\$3.2
Vested assets	\$7.3	

Activity Group: The Provision of Roads and Footpaths

Emerging Issues and Expected Changes

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

- Pressure on budgets for increasing storm damage costs.

- Urban growth effects.
- Increasing forest harvests.

Levels of Service: Roads and footpaths

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.5	6.5	6.4	6.2
Provide a safe transport infrastructure.	Number of vehicle crashes per year involving injury where contributing factor is 'Road Conditions'.	3	<4	<4	<4	<4
Provide a quality transport infrastructure.	Average road roughness standards for: Urban sealed roads Rural Sealed roads. NB: a newly sealed road has an average roughness value of 50 - 70. A very rough gravel road will have a roughness value higher than 300	<110 <100	<110 <100	<110 <100	<115 <105	<120 <110
	Smooth Travel Exposure ³ Urban Sealed roads Rural Sealed roads NB: this measure takes roughness and adjusts it for traffic volumes.	95% 95%	95% 95%	94% 94%	93% 93%	91% 92%
	Condition Index ⁴	5	≤6	≤6.5	≤7	≤7.5
To provide footpaths that meet the needs of an ageing community.	Reduce length of 4 (poor) and 5 (very poor) rated footpath.	New measure	15 km	13 km	11 km	9 km
Provide a sustainable land transport infrastructure.	% of programmed maintenance works in the Asset Management Plan achieved.	100%	100%	100%	100%	100%
	% of renewal and improvement works included in the Asset Management Plan achieved.	95%	95%	95%	95%	95%

³ Smooth Travel Exposure is the percentage of vehicle kilometres travelled on roads meeting a certain roughness standard. This indicator shows the extent to which Council has maintained the road asset. It records travel on the roading network which meets the roughness benchmarks therefore providing a measure of delivery of a safe and comfortable ride. Well maintained roads contribute to lower operating costs for road users. The Marlborough values compare favourably with peer agencies.

⁴ Condition Index is an addition of weighted percentages of defects like alligator cracking, scabbing, potholes, pothole patches and flushing. It does not include age of the surfacing treatment. Lower values indicate a higher standard, where the maximum score is 100 and a lower score such as five is a very good outcome.

Because of short term pressures with funding reducing an allowance was made for some increase in the Condition Index reflecting less renewal and more maintenance.

Activity: The Provisions of Roads and Footpaths

Funding Impact Statement for 2012-22

Roads and footpaths	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	8,410	8,450	9,070	9,676	10,439	10,699	11,151	11,652	11,923	12,554	12,484
Targeted rates (other than for water supply)	122	63	63	63	35	35	35	35	35	35	35
Subsidies and grants for operating purposes	3,339	3,065	3,019	3,098	3,842	3,944	4,085	4,364	4,407	4,564	4,721
Fees and charges	5	5	5	5	6	6	6	6	6	7	7
Other receipts	1,270	1,709	1,265	1,286	1,339	1,354	1,388	1,432	1,451	1,498	1,490
Total operating funding	13,146	13,292	13,422	14,128	15,661	16,038	16,665	17,489	17,822	18,658	18,737
Applications of operating funding											
Payments to staff and suppliers	7,902	7,603	7,887	8,315	9,133	9,647	9,964	10,420	10,743	11,188	11,531
Finance costs	286	418	459	511	568	629	739	868	988	1,116	1,228
Internal charges and overheads applied	1,044	1,071	1,118	1,191	1,218	1,260	1,297	1,322	1,356	1,397	1,429
Total applications of operating funding	9,232	9,092	9,464	10,017	10,919	11,536	12,000	12,610	13,087	13,701	14,188
Surplus (deficit) of operating funding	3,914	4,200	3,958	4,111	4,742	4,502	4,665	4,879	4,735	4,957	4,549
Sources of capital funding											
Subsidies and grants for capital expenditure	2,517	2,699	2,445	2,454	3,679	3,888	4,053	4,251	4,432	4,612	4,834
Development and financial contributions	163	165	173	187	198	205	213	220	228	236	244
Increase (decrease) in debt	999	443	720	735	862	848	2,231	1,396	2,083	1,558	1,625
Total sources of capital funding	3,679	3,307	3,338	3,376	4,739	4,941	6,497	5,867	6,743	6,406	6,703
Applications of capital funding											
Capital expenditure to meet additional demand	717	525	605	630	714	741	773	804	833	862	892
Capital expenditure to improve the level of service	825	250	258	326	352	283	1,954	726	1,468	779	900
Capital expenditure to replace existing assets	5,866	6,136	5,720	5,783	8,457	8,767	9,132	9,688	9,974	10,326	10,760
Increase (decrease) in reserves	185	596	713	748	(42)	(348)	(697)	(472)	(797)	(604)	(1,300)
Total applications of capital funding	7,593	7,507	7,296	7,487	9,481	9,443	11,162	10,746	11,478	11,363	11,252
Surplus (deficit) of capital funding	(3,914)	(4,200)	(3,958)	(4,111)	(4,742)	(4,502)	(4,665)	(4,879)	(4,735)	(4,957)	(4,549)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	9,232	9,092	9,464	10,017	10,919	11,536	12,000	12,610	13,087	13,701	14,188
plus - Depreciation and amortisation	6,917	7,368	7,725	8,134	8,450	7,995	8,168	8,197	8,085	8,570	7,755
Expenditure as per Income Statement	16,149	16,460	17,189	18,151	19,369	19,531	20,168	20,807	21,172	22,271	21,943
Capital expenditure (including vested assets):	8,031	7,534	7,228	7,404	10,210	10,502	12,594	11,978	13,061	12,780	13,394

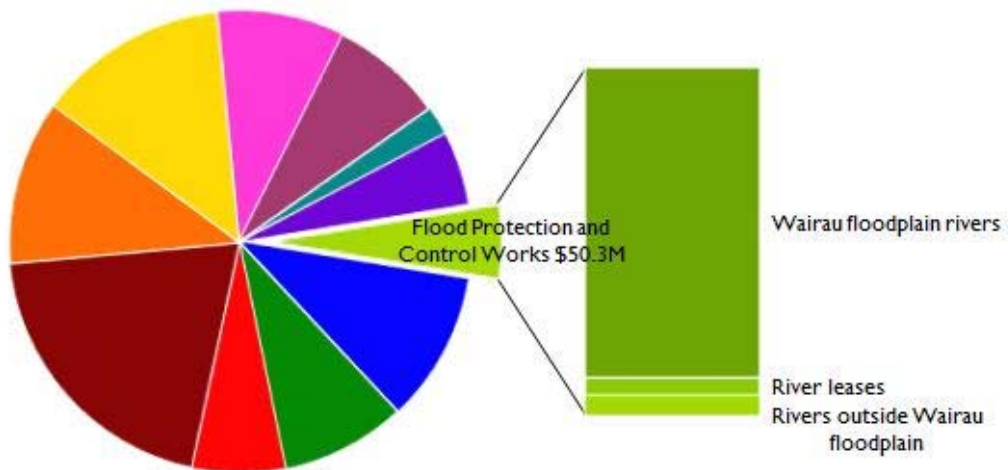
Flood Protection and Control Works



Photo: Grovetown Lagoon, Blenheim

Major Budgeted Projects

Flood Protection and Control Works



Major Projects 2012-22	Value (Millions)
Flood protection and control works for the Wairau floodplain to the Waihopai confluence	\$5.6
Wairau floodplain drainage	\$4.8

Activity: Flood Protection and Control Works

Rationale for the Delivery of Flood Protection and Control Works Group of Activities

It is mandatory that Flood protection and control works is an activity group.

Changes to Flood Protection and Control Works Activity Group from the 2011-12 Annual Plan

This is a new activity group that was closely related to the 'Rivers and Land Drainage' activity in the former 'Land and Water Services' activity group.

Intended Changes to Levels of Service from the 2011-12 Annual Plan

The table describes any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described.

Activity: Flood Protection and Control Works		
2011-12 Annual Plan	2012-22 LTP	Reason for changes
Provide a sustainable flood protection service.	Monitor, maintain and upgrade flood-ways to provide a capacity for a flood size of up to 1 in 100 year return period event for the lower Wairau Plain, and 1 in 50 year return period event for Blenheim stormwater outfalls, and Waitohi and Waikawa Rivers, Picton	Levels of Service wording better reflects the service provided.

Significant Negative Effects Associated with this Group of Activities

This activity group may involve the potential for environmental impact or the operation of noisy machinery, earthmoving or construction works, which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities, controls are imposed as appropriate.

Activity: Flood Protection and Control Works

Operating costs of this activity represents approximately 5.2% of total activity expenditure.

Outcome	Related Community Outcomes	Related Council Outcome
Residents and their property are safeguarded from the risks of river and stream flooding.	Essential services, Environmental sustainability, Prosperity.	A place where people enjoy living.
Agricultural drainage of the lower Wairau Plains is provided.		
Environmental disadvantages of river control and drainage works are mitigated against.		

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes primarily to the Essential Services and Prosperity Community Outcomes and Council outcomes of a place where people enjoy living by providing protection from flooding and erosion and improving the productivity of drainage impaired soils. This activity also contributes to environmental sustainability by using Gibsons Creek to recharge the Wairau Aquifer.

What is this Activity About?

The activity is primarily about managing flood hazard and drainage focussed on the more developed areas of Marlborough. Requirements in different areas have developed according to the history of flood risks and development of drainage improvements or from more recent assessment of flood risks as land uses have changed and development occurred.

The areas of activity can be summarised as follows:

Lower Wairau Flood Protection

To maintain and upgrade the main Wairau floodplain floodways below the Waihopai confluence to provide a capacity for flood sizes up to a 1 in 100 year return period. These floodways include the Wairau (below Waihopai), the Wairau Diversion, and tributaries including the Opawa, Taylor, Omaka, Riverlands Co-op Floodway and others.

Wairau Floodplain Tributaries

To keep key Wairau River tributary (including the Wairau above the Waihopai confluence) channels clear of trees and debris as economically practical, to maintain flood capacity and minimise the risk of changes to channel alignment.

Sounds Watercourses Flood Management

To develop and maintain a river capacity and standard of protection for flood sizes of up to 1 in 50 years return period for the Waitohi, Waikawa and their tributaries flowing through the

urban areas of Picton and Waikawa. Similarly to consider waterway improvements in other built up Sounds areas including Havelock to protect houses.

Blenheim, Riverlands and Renwick Stormwater Outfalls

To ensure the system of drains, natural watercourses, pumping stations and floodgates adequately provides for the disposal of urban stormwater from the pipe networks operated by Council's Services section. The desired level of service is to provide for a 1 in 50 years return period event.

Lower Wairau Floodplain Drainage

To provide agricultural drainage for the Wairau Floodplain land generally to the east of Blenheim and O'Dwyers Road. This involves controlling weed and sediment for some 175 kilometres of excavated drains or natural watercourses, maintaining floodgated culverts into the major rivers, and providing pumping stations generally with a capacity of removing 15mm of rainfall in 24 hours. The riparian margins of selected channels are managed in an aesthetic and ecologically sensitive manner.

Gravel Extraction

To manage gravel extraction from river channels throughout Marlborough to ensure that the extraction of this valuable economic resource is managed in a sustainable manner consistent with good river management. This requires limiting gravel extraction to specific amounts and locations.

Gibsons Creek Rewatering

To supply water from the Wairau and Waihopai rivers into Gibsons Creek to meet the requirements of the Southern Valleys irrigation Scheme and to provide further water to ensure a continuous flow in the Gibsons Creek/Opawa system for environmental objectives including groundwater recharge.

Activity: Flood Protection and Control Works

Soil Conservation

To manage the Wither Hills Farm Park so that little or no sediment is deposited in to the watercourses at the base of the hills.

Council River Control Floodway Reserve Land

To allow Council owned floodway land to have secondary uses of public access/recreation, ecological/amenity plantings, or for economic gain by forestry or pastoral leasing as appropriate.

Flood Hazard and River Management Advice

To provide flood hazard advice to other sections of Council for LIMS and PIMS documents, for resource consents, building consents and Resource Management Plans. The section also provides direct advice to landowners on flooding and erosion risks, and mitigation options, throughout the District.

Flood Response

To monitor key river systems during a flood event, provide advice and undertake emergency repairs as appropriate. Advice of potential flood danger is directed at the public and public agencies such as police, civil defence etc.

Asset Description

Asset	Length / Quantity
Stopbanks, training banks, the Taylor Dam, and other minor dams in total comprising 4.8 million cubic metres volume of earthworks.	180 km
Large rock rip rap for river bank erosion protection purpose.	575,000 m ³
Managed tree plantings (willows, poplars etc) for riverbank erosion protection purposes.	61 hectares
Excavated minor water courses for agricultural drainage and urban stormwater disposal purposes.	160 km
Major river diversions.	2
Pumping stations for agricultural drainage purposes.	17
Pumping stations for urban stormwater disposal purposes.	12
Culverts under stopbanks etc of various sizes and lengths, usually floodgated.	290
Control gates or weirs.	20
Floodway land.	3,000 hectares

The total asset value for the Flood Protection and Control Works activity as at 30 June 2011 is \$177.0 million.

Major Budgeted Projects

The table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented. These projects are also listed under the Capital Expenditure line of the Funding Impact Statement at the end of this activity section.

Major Projects 2012-2022	Value (Millions)
Flood protection and control works for the Wairau floodplain rivers to Waihopai confluence, plus further up if landowners choose to pay, including maintaining stopbank integrity, rock protection works and river channels and land purchase to obtain access for works.	\$5.6
Wairau floodplain drainage (especially drainage network around Blenheim and eastern areas), including:	\$4.8
Blenheim pump station upgrades.	\$2.9
Rural pump stations (east of Blenheim) renewals.	\$0.4
Drainage network improvement and extensions.	\$1.5

Emerging Issues and Expected Changes

Completing the Lower Wairau Capacity Improvements

Monitoring of the lower Wairau River channel and upstream end of the Diversion during the mid 2000's showed that the lower Wairau was silting up causing a reduction in flood capacity.

Following extensive investigations and analysis Council approved a package of works to address the issue including a mouth guide bank extension, gravel banking at the entry to the Wairau Diversion, silt removal from the channel, some stopbank raising and impeding tree removal. Good progress has been made with these works with about 60% completed.

Works remaining to be completed include sediment removal from the upper Diversion channel and stopbank raising in the lower Wairau. It is hoped to have these completed by 2015 assuming landowner access agreement. Monitoring of the channel cross sections and hydraulic capacity will continue.

Maintaining the Wairau River Alignment and Stopbank Security

The stopbanked reach of the Wairau River from Tuamarina to the Waihopai confluence has very powerful and erosive river flows. Bank protection works in the form of rock rip-rap armouring and tree planting is required to protect the stopbanks from erosion, especially as the result of floods.

After a relatively quiet flood period there have been two recent events – December 2010 and May 2011 where flood flows exceeded 2500 cumecs. The protection systems worked well however some significant (and delayed) slumping of rock has been noted. Repairs are underway and more may be required.

It is important that the protection systems are actively maintained and strengthened as required throughout the duration of the plan. It is also important that adequate financial reserves are available for flood damage repair. Similarly Council's key Pukaka rock quarry will be checked to ensure adequacy of rock reserves for the immediate future.

Reviewing Options for Upgrade of the Waitohi River Culvert Under Picton Railway Yards

The floods of 2004 and 2008 demonstrated the flood hazard to Picton from the Waitohi River and its Kent Street tributary. Key lower cost improvement works have been completed, however a significant flood risk remains to the industrial commercial area of Picton in the vicinity of Dublin Street. This risk can only be reduced to an acceptable level by increasing the capacity of the triple culvert under the Picton rail yards. Inlet improvement works underway will provide some additional capacity. However, the options of lid raising (expensive) or open channelling this culvert needs to be reconsidered once the future of the rail yards are known, given the renewed interest of shifting the ferry terminal to Clifford Bay.

Consulting on and Implementing Agreed Improvements to the Lower Wairau Drainage System

Subdivision of the lower Wairau plans into smaller blocks, and the establishment of viticulture on this low lying land have led to enquiries from landowners for an improved drainage service. Such improvements could include extension of the current network, higher maintenance standards and improved outfalls to the major rivers. A network extension plan has been developed for consultation with landowners and subsequent implementation if approved by Council.

Upgrading Urban Stormwater Outfall Capacity Including Pump Stations

Ongoing development of Blenheim, including infill housing, means many of the existing pump stations and some key stormwater streams and drains are now under capacity. A capital improvement programme is included in the plan to progressively upgrade stormwater pump stations and key waterways.

The upgrade will be prioritised to take into account ongoing development requirements, known capacity issue areas, and an overarching Stormwater Strategy.

Land Ownership of Floodways and Drainage Channels

Flood and drainage standards can be compromised by landowners' practices in floodways and drainage channels. Council ownership of floodway land and formal drainage easements are desirable to ensure standards can be maintained. Council currently owns large amounts of floodway land and some drainage easements. The plan provides for more to be purchased where it is appropriate and beneficial.

Planning Input

Much of the sections work is required to be authorised by way of plan rules or resource consent. Similarly implementation of the Marlborough Growth Strategy can have significant impact on investigation and capital expenditure programmes.

Ongoing staff resource will need to be made available to provide appropriate input into the proposed new combined District plan and to ensure that adequate technical expertise is applied to assess and facilitate areas of growth in the District.

Activity: Flood Protection and Control Works

Levels of Service: Flood Protection and Control Works

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	7.0	7.0	7.0	7.0
Monitor, maintain and upgrade flood-ways to provide a capacity for a flood size of up to 1 in 100 year return period event for the lower Wairau Plain, and 1 in 50 year return period event for Blenheim stormwater outfalls, and Waitohi and Waikawa Rivers, Picton	% of floodway network inspected annually for condition and maintenance requirements.	90%	90%	90%	90%	90%
	% of programmed maintenance and renewal works identified in the Rivers AMP practically ⁵ completed.	100%	100%	100%	100%	100%
	% of capital improvement works in the Annual Plan achieved.	80%	80%	80%	80%	80%
	Timeliness of providing a report to the Assets and Services Committee on the damage to the Floodway network and potential problem areas following significant flood events (generally exceeding a 1:2 year return).	New measure	<2 months post event	<2 months post event	<2 months post event	<2 months post event
Effective drainage provided to the lower Wairau plains	% of drain network inspected at least annually for condition and maintenance requirements.	100%	100%	100%	100%	100%
	Timeliness in completing a Review of the Drainage Network to determine appropriate maintenance standards and network upgrades in conjunction with landowners.	New measure	30 June 2013	N/A	N/A	N/A
	% of drains weed sprayed each year	New measure	>90%	>90%	>90%	>90%
	% of drains mechanically cleared each year	New measure	>8%	>8%	>8%	>8%
River channels for tributaries of the Wairau floodplain (including the upper Wairau River) kept clear of trees and debris as economically practical.	% of tributaries inspected at least every two years to assess for blockages and willow growth as measured on a two year rolling basis..	New measure	100%	100%	100%	100%
	Landowner concerns investigated and responded to within 48 hours.	95%	95%	95%	95%	95%
Sound flood hazard advice provided	Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the Resource Consent, Building Consent, PIMs and LIMs processes.	<5	<5	<5	<5	<5

⁵ NZS 3910:2003 defines practical completion as when the contract works or any separable portion are complete except for minor omissions and minor defects.

Activity: Flood Protection and Control Works

Funding Impact Statement for 2012-22

Flood protection and control works	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	299	271	279	286	293	301	308	315	323	333	341
Targeted rates (other than for water supply)	3,238	3,246	3,394	3,508	3,640	3,757	3,887	4,015	4,166	4,327	4,484
Fees and charges	660	510	526	543	561	581	600	621	641	664	688
Internal charges and overheads recovered	185	145	150	154	160	165	171	176	182	189	195
Other receipts including rental revenue	3,033	2,331	2,322	2,144	2,156	1,907	2,035	2,049	2,056	2,118	2,163
Total operating funding	7,415	6,503	6,671	6,635	6,810	6,711	7,001	7,176	7,368	7,631	7,871
Applications of operating funding											
Payments to staff and suppliers	3,547	3,571	3,671	3,767	3,888	3,998	4,103	4,204	4,319	4,444	4,569
Finance costs	152	57	62	68	76	86	102	122	143	165	187
Internal charges and overheads applied	684	724	747	766	782	805	825	840	859	882	902
Other operating funding applications	24	25	25	26	28	27	29	29	30	31	32
Total applications of operating funding	4,407	4,377	4,505	4,627	4,774	4,916	5,059	5,195	5,351	5,522	5,690
Surplus (deficit) of operating funding	3,008	2,126	2,166	2,008	2,036	1,795	1,942	1,981	2,017	2,109	2,181
Sources of capital funding											
Increase (decrease) in debt	358	50	88	118	159	163	339	262	389	273	396
Total sources of capital funding	358	50	88	118	159	163	339	262	389	273	396
Applications of capital funding											
Capital expenditure to meet additional demand	200	200	206	212	218	225	231	238	245	253	261
Capital expenditure to improve the level of service	850	840	745	780	805	721	863	773	931	838	1,012
Increase (decrease) in reserves	2,316	1,136	1,303	1,134	1,172	1,012	1,187	1,232	1,230	1,291	1,304
Total applications of capital funding	3,366	2,176	2,254	2,126	2,195	1,958	2,281	2,243	2,406	2,382	2,577
Surplus (deficit) of capital funding	(3,008)	(2,126)	(2,166)	(2,008)	(2,036)	(1,795)	(1,942)	(1,981)	(2,017)	(2,109)	(2,181)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	4,407	4,377	4,505	4,627	4,774	4,916	5,059	5,195	5,351	5,522	5,690
plus - Depreciation and amortisation	139	152	156	166	181	183	197	214	233	251	267
less - Internal charges and overheads recovered	185	145	150	154	160	165	171	176	182	189	195
Expenditure as per Income Statement	4,361	4,384	4,511	4,639	4,795	4,934	5,085	5,233	5,402	5,584	5,762

Activity: Flood Protection and Control Works

Funding Impact Statement for 2012-22

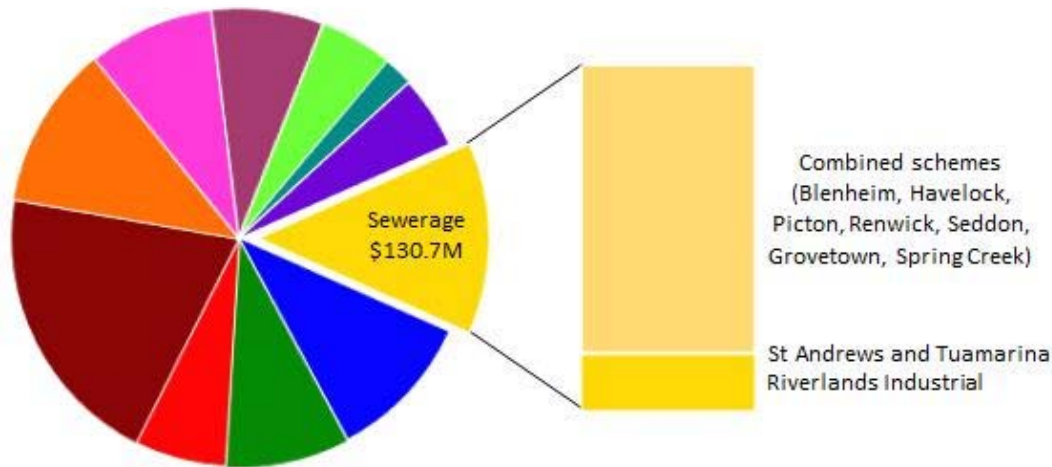
Flood protection and control works	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Operating expenditure											
River Leases	209	217	223	229	235	242	248	255	262	270	278
Rivers Outside Wairau Floodplain	281	263	268	272	277	282	286	291	295	301	306
Wairau Floodplain Drainage	790	771	799	835	900	935	988	1,045	1,109	1,174	1,239
Wairau Floodplain Rivers	3,082	3,133	3,221	3,303	3,383	3,475	3,562	3,642	3,736	3,839	3,939
Capital expenditure:											
Rivers Outside Wairau Floodplain	20	20	21	21	22	23	23	24	25	26	28
Wairau Floodplain Drainage	470	540	435	461	477	381	512	408	551	442	598
Wairau Floodplain Rivers	560	480	495	510	525	542	559	578	599	623	647

Sewerage Including Treatment and Disposal



Photo: Sewerage Ponds, Hardings Road, Blenheim

Sewerage Including Treatment and Disposal



Major Budgeted Projects

Area	Major Projects	Value (Millions)
Blenheim (includes Grovetown, Spring Creek, Riverlands and Renwick)	2012-15 Sewage treatment plant upgrade and main pump station in Nelson Street area.	\$20.2
	2016-17 New sewer reticulation and pump station for Burleigh area.	\$3.6
Picton	2012-13 Upgrade including West Shore Picton new marine outfalls.	\$4.4
	2014-16 Trunk main and pump station upgrades and treatment.	\$16.6
	2018-19 Trunk main and pump station upgrades.	\$6.4
Riverlands	2012-14 Tradewaste producers contribution to sewage treatment plant upgrade.	\$5.4
Tuamarina	2019-21 Possible new reticulation and connection to Blenheim treatment plant.	\$2.5
Havelock	2015-16 UV sewage treatment.	\$0.7
	2018-19 Sewage treatment membrane filtration.	\$0.9
St Andrews	2015-16 New reticulation and connection to Blenheim treatment plant.	\$0.8
Awatere	2015-16 Upgrade to sewage treatment at Seddon.	\$0.4
	2019-20 Aeration sewage treatment.	\$0.3

Activity: Sewerage Including Treatment and Disposal

Rationale for the Delivery of Sewerage Including Treatment and Disposal Group of Activities

It is mandatory that Sewerage including Treatment and Disposal is an activity group.

Changes to Sewerage Including Treatment and Disposal Activity Group from the 2011-12 Annual Plan

This is a new activity group that was closely related to the 'Wastewater (Sewerage)' activity in the former 'Land and Water Services' activity group.

Intended Changes to Levels of Service from the 2011-12 Annual Plan

There are no changes to the levels of service for this activity.

Variation Between Long Term Plan and the Assessment of Water and Sanitary Services

There is no significant variation between the adopted assessment of water and sanitary services and this Plan.

Significant Negative Effects Associated with this Group of Activities

This activity group may involve the potential for environmental impact or the operation of noisy machinery, earthmoving or construction works, which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities, controls are imposed as appropriate.

Activity: Sewerage Including Treatment and Disposal

Operating costs of this activity represents approximately 13.4% of total activity expenditure.

Outcome	Related Community Outcomes	Related Council Outcome
Public and environmental health risks of urban sewage are minimised. Sewerage from industrial zones is able to be processed at the Blenheim Sewage Treatment Plant.	Environmental sustainability; Essential services.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the environmental sustainability and essential services Community Outcomes by providing a collection network and treatment facility that allows for the safe return to the environment of liquid waste. It also contributes to the Council outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by treating domestic and industrial liquid waste.

What is this activity about?

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

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

What We Do and Where We Do It

Council operates four wastewater schemes - in Blenheim, Picton, Havelock and Seddon. The reticulation networks at Blenheim, Renwick, Grovetown, Spring Creek, Riverlands, Cloudy Bay and Woodbourne drain to the sewage treatment facility at Hardings Road, Blenheim. The plant has evolved over many years. The original aeration ponds have been augmented with the treatment ponds that formerly served the PPCS meat processing plant. There have been major upgrades to the plant in recent years to meet the rapidly growing demands of the wine industry. Further upgrades are planned to provide a wetland tertiary treatment to improve final effluent quality. A new consent has been granted and permits a new outfall to the Wairau estuary and irrigation to land. The current Opawa River discharge will then no longer be required.

Picton and Waikawa are served by a modern extended aeration treatment plant, completed in 1999. The plant performs very well and produces an effluent of consistent high quality. The outfall pipe into Picton harbour however is in very poor condition and is due to be replaced

with an underwater pipeline and discharge. Traditional oxidation ponds are used to treat effluent at Havelock and Seddon.

The cost of providing wastewater infrastructure is high and becomes increasingly expensive as larger and more complex equipment is installed to meet the higher standards of discharge quality and reliability demanded by modern society. It is common policy for the costs of the scheme to be borne only by the beneficiaries. Subsequently the installation and maintenance of wastewater infrastructure becomes tenable only for reasonably large and concentrated population centres.

Around 85% of Marlborough's population is on the reticulated wastewater system. Rural locations rely on individual on-site treatment /disposal systems or small community based reticulation and treatment. The initial cost of on-site treatment is often more affordable for small and dispersed settlements but require suitable ground conditions for percolation of supernatant liquors and an on-going monitoring and maintenance commitment. Permeable soils, a low residual water table and a reasonably flat topography are good attributes for an efficient on-site treatment system. There are many areas of Marlborough where on-site sewage disposal are operated in difficult conditions. For example, further growth in many areas of the Marlborough Sounds is inhibited by the lack of sewage disposal options. Failing treatment systems cause insanitary conditions and pollution of local water courses and groundwater with a subsequent deterioration to the ecological, recreational and living environment. In these circumstances, a community wide treatment scheme may become more attractive to residents of small communities.

Reticulation has recently been installed in Grovetown, St Andrews, and the David/Severne Street areas of Blenheim. Installation costs were reduced by using a modern grinder pump system but connection costs were still considered high by some residents.

Activity: Sewerage Including Treatment and Disposal

Asset Description

The table provides an overview of the extent of Council's sewerage reticulation network:

Area	Sub Area	Pipeline Length (kilometres)	Number of Connections
Blenheim	Blenheim	199.6	12,106
	Renwick	13.9	Included in Blenheim
	Spring Creek	4	Included in Blenheim
	Riverlands	3.7	Included in Blenheim
	Grovetown	16.5	Included in Blenheim
Picton		49.5	2,497
Havelock		10.2	287
Seddon		7.3	224
Total		304.7	15,114

There are four treatment plants at Blenheim (Hardings Road), Havelock, Picton, Seddon; (Spring Creek decommissioned); 59 sewer pump stations and 150 sewer grinder pumps. The asset base has grown considerably over the last 10 years to meet the growth in wastewater (domestic and industrial) and the higher standards imposed by an increasingly environmentally conscious population.

The total asset value for the Sewerage activity as at 30 June 2011 is \$123.6 million. Detailed information on these assets is provided in the Wastewater Asset Management Plans.

Why We Provide The Service We Do

The levels of service for the wastewater service have been determined by the features of the activity most valued by our customers

Environmental Risks – the marine and riverine environments are important commercial, recreational and cultural environments. Fisheries, aquaculture, tourism, water sports and leisure activities depend on good quality water. Iwi have a deep cultural relationship with the natural environment. Effluent quality from the treatment plants is strictly controlled by resource consent. Sampling routines have been imposed to check the quality of the outfall discharge of each of the plants and on the shellfish ecology in the vicinity.

Treatment plants can become overloaded by highly concentrated wastewater. Vigilance is required to monitor trade wastes discharging into the catchments particularly of the smaller treatment plants.

Excessive wastewater volumes can lead to inadequate treatment at the plants and overflows from the reticulation. Most surcharging in the system is derived from rainwater entering the reticulation through inflow and infiltration during storms. There is a continuous programme to identify and remedy sources of leakage into the system. There is a formal process for Assets

and Services Department to advise Council's Regulatory Department, public health and major stakeholders if an overflow occurs, so that a recovery plan can be agreed and monitored.

Reliability and capacity - Blockages and pump breakdowns can cause occasional problems. They need rapid detection and response to prevent wastewater build-up and overflow into the environment. Repeated breakdowns in the system maybe of considerable inconvenience to customers who are unable to drain wastewater from their property and may also be an indication to Council of a deteriorating asset or inadequate operational maintenance.

Timely and responsive service – A constant and reliable wastewater service is often taken for granted, however all systems are likely to breakdown or fail from time to time. The Council cannot guarantee a 24/7 wastewater drainage but do endeavour to remedy faults as quickly as possible.

Many blockages occur on laterals (the smaller pipes connecting the property to the mains in the road). Customer Service staff are trained to question customers reporting blockages to try to establish whether the problem is on the customers pipe within the property or is the responsibility of the Council. Sewers maybe partially blocked causing them to drain slowly and restricting the service. More severely blocked sewers will quickly back-up and be at risk of overflowing. Service requests are prioritised based on the severity and the number of customers affected.

Council aims to restore toilet facilities to customers within six hours of the notification of a breakdown, either by repairing the fault or by providing temporary toilet facilities where significant repairs are required.

Sustainable Service - Responsible stewardship of major infrastructure requires the Council to repair, renew and upgrade the assets in a timely fashion and avoid accumulating a legacy of decrepit assets. Decisions have to be made as to when it is cost effective to replace failing assets rather than to continue to repair them. Routine maintenance is important for wastewater systems to ensure assets are clean and functioning correctly and plant is serviced to prevent premature failure.

Activity: Sewerage Including Treatment and Disposal

Major Budgeted Projects

The following table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented. These projects are also listed under the Capital Expenditure line of the Funding Impact Statement at the end of this activity section.

Area	Major Projects	Value (Millions)
Blenheim (includes Grovetown, Spring Creek, Riverlands and Renwick)	2012-15 Including sewage treatment plant upgrade (wetlands and new discharge) and main outfall pump station in Nelson Street area.	\$20.2
	2016-17 Including new sewer reticulation and pump station for Burleigh area.	\$3.6
Havelock	2015-16 UV sewage treatment.	\$0.7
	2018-19 Sewage treatment membrane filtration	\$0.9
Picton	2012-13 Upgrade including West Shore Picton new marine outfalls.	\$4.4
	2014-16 Trunk main and pump station upgrades and treatment.	\$16.6
	2018-19 Trunk main and pump station upgrades.	\$6.4
Awatere	2015-16 Upgrade to sewage treatment at Seddon.	\$0.4
	2019-20 Aeration sewage treatment.	\$0.3
Riverlands	2012-14 30% portion of sewage treatment plant upgrade at Hardings Road wetlands and new discharge.	\$5.4
Tuamarina	2019-21 Possible new reticulation and connection to Blenheim treatment plant.	\$2.5
St Andrews	2015-16 New reticulation and connection to Blenheim treatment plant.	\$0.8

- The upgrade of trunk sewers in Blenheim and Picton is being investigated to test their ability to cope with increased flows and population growth.
- Consideration for upgrading Havelock's oxidation pond system to allow for industrial growth.
- The management and control of rainfall derived inflow and ground water infiltration into the wastewater reticulation.

Emerging Issues and Expected Changes

The following issues are emerging within this Activity:

- The upgrade of Blenheim Sewage Treatment Plant – to meet stringent resource consent conditions for environmental discharges (new wetland and outfall to Wairau River mouth adjacent to the Wairau Bar).
- Increased treatment capacity to meet continuing growth in trade waste.
- Replacement of Picton sewer outfall.

Activity: Sewerage Including Treatment and Disposal

Levels of Service: Sewerage Including Treatment and Disposal

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.9	8.0	8.0	8.0	8.2
Provide a level of service quality that minimises environmental risks.	Publish sewage treatment plant annual performance report in accordance with the resource consent.	New measure	All	All	All	All
	Number of dry weather overflows from all Council reticulation systems.	New measure	≤6	≤6	≤5	≤5
Provide a reliable wastewater service with adequate system capacity and performance.	Total number of wet weather overflows.	New measure	≤18	≤16	≤16	≤14
	Number of blockages occurring per 100 km of sewer main per year (excluding property connection pipes).	15	≤15	≤15	≤15	≤14
Provide a service that is timely and responsive to customer needs.	% of unplanned service interruptions or blockages responded to within two hours.	82%	85%	90%	90%	90%
	% of toilet facilities restored to all customers affected by unplanned interruptions within six hours of notification.	86%	90%	90%	90%	90%
Provide a sustainable wastewater service.	% renewal works in the Wastewater Asset Management Plan completed.	New measure	70%	70%	70%	70%
	% of improvement works included in the Wastewater Asset Management Plan completed.	New measure	70%	70%	70%	70%

Activity: Sewerage Including Treatment and Disposal

Funding Impact Statement for 2012-22

Sewerage	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates (other than for water supply)	6,510	7,001	7,741	8,473	9,356	9,807	10,095	10,726	11,189	11,554	12,039
Fees and charges	92	92	95	98	101	105	108	112	116	120	124
Other receipts	1,473	1,377	1,481	1,565	1,620	1,678	1,739	1,799	1,861	1,915	1,970
Total operating funding	8,075	8,470	9,317	10,136	11,077	11,590	11,942	12,637	13,166	13,589	14,133
Applications of operating funding											
Payments to staff and suppliers	3,112	3,350	3,674	3,985	4,246	4,382	4,540	4,793	4,915	5,115	5,473
Finance costs	1,577	2,141	2,823	3,201	3,745	3,948	3,875	3,987	4,049	3,933	3,793
Internal charges and overheads applied	1,025	1,100	1,124	1,169	1,193	1,220	1,253	1,273	1,300	1,334	1,362
Total applications of operating funding	5,714	6,591	7,621	8,355	9,184	9,550	9,668	10,053	10,264	10,382	10,628
Surplus (deficit) of operating funding	2,361	1,879	1,696	1,781	1,893	2,040	2,274	2,584	2,902	3,207	3,505
Sources of capital funding											
Development and financial contributions	420	350	361	373	385	399	412	426	440	456	472
Increase (decrease) in debt	3,348	17,660	1,747	8,890	6,496	(762)	(1,388)	4,437	(2,772)	(689)	(3,310)
Total sources of capital funding	3,768	18,010	2,108	9,262	6,881	(363)	(976)	4,863	(2,332)	(233)	(2,838)
Applications of capital funding											
Capital expenditure to meet additional demand	8,637	5,192	1,233	5,248	3,692	886	2,358	4,593	864	1,336	171
Capital expenditure to improve the level of service	53	12,876	3,530	3,140	4,724	2,508	723	2,653	891	3,596	472
Capital expenditure to replace existing assets	360	2,604	564	4,504	2,471	643	575	2,557	266	231	234
Increase (decrease) in reserves	(2,921)	(783)	(1,523)	(1,849)	(2,113)	(2,360)	(2,358)	(2,356)	(1,451)	(2,189)	(210)
Total applications of capital funding	6,129	19,889	3,804	11,043	8,774	1,677	1,298	7,447	570	2,974	667
Surplus (deficit) of capital funding	(2,361)	(1,879)	(1,696)	(1,781)	(1,893)	(2,040)	(2,274)	(2,584)	(2,902)	(3,207)	(3,505)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	5,714	6,591	7,621	8,355	9,184	9,550	9,668	10,053	10,264	10,382	10,628
plus - Depreciation and amortisation	2,317	2,576	2,909	3,205	3,550	3,768	3,970	4,243	4,504	4,750	4,935
Expenditure as per Income Statement	8,031	9,167	10,530	11,560	12,734	13,318	13,638	14,296	14,768	15,132	15,563

Activity: Sewerage Including Treatment and Disposal

Funding Impact Statement for 2012-22

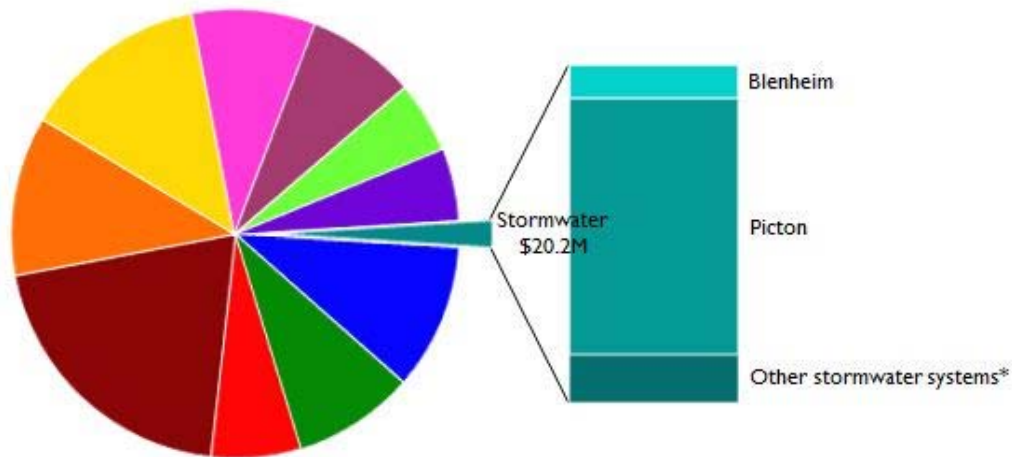
Sewerage	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
<u>Operating expenditure</u>											
Combined scheme	6,555	7,431	8,473	9,347	10,454	10,973	11,264	11,893	12,321	12,525	12,866
Riverlands Industrial	1,333	1,557	1,884	2,045	2,088	2,131	2,169	2,205	2,251	2,304	2,358
Tuamarina (new)	-	-	-	-	-	-	-	-	5	118	175
St Andrews (new)	4	19	19	19	49	79	77	75	73	71	55
Loan units (no-lump sum)	139	160	154	149	142	135	128	123	119	114	108
<u>Capital expenditure (including vested assets):</u>											
Combined scheme	7,774	16,663	4,391	12,971	10,302	4,245	3,916	10,072	2,143	2,969	1,166
Riverlands Industrial	1,457	4,230	1,164	134	42	44	-	-	49	42	9
Tuamarina (new)	-	-	-	-	-	-	-	-	108	2,439	-
St Andrews (new)	40	-	-	22	786	-	-	-	-	-	-

Stormwater Drainage



Photo: Awatere Valley, Marlborough

Stormwater Drainage



*Including Havelock, Renwick, Seddon and Spring Creek.

Major Budgeted Projects

Year	Major Projects	Value (Millions)
2014-16	Blenheim stormwater strategy related upgrades	\$1.5
2016-18	Blenheim stormwater strategy related upgrades	\$1.6
2018-20	Blenheim stormwater strategy related upgrades	\$1.8

Activity Group: Stormwater Drainage

Rationale for the Delivery of Stormwater Drainage Group of Activities

It is mandatory that Stormwater Drainage is an activity group.

Changes to Stormwater Drainage Activity Group from the 2011-12 Annual Plan

This is a new activity group that was closely related to the 'Stormwater' activity in the former 'Land and Water Services' activity group.

Intended Changes to Levels of Service from the 2011-12 Annual Plan

There are no changes to the levels of service for this activity.

Significant Negative Effects Associated with this Group of Activities

This activity group may involve the potential for environmental impact or the operation of noisy machinery, earthmoving or construction works, which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities, controls are imposed as appropriate.

Variation Between Long Term Plan and the Assessment of Water and Sanitary Services

There is no significant variation between the adopted assessment of water and sanitary services and this Plan.

Activity: Stormwater Drainage

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

Outcome	Related Community Outcomes	Related Council Outcome
Residents and their property are protected from the risks of stormwater flooding.	Essential services, Environmental sustainability.	A place where people enjoy living.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of environmental sustainability and essential services and the Council outcome of a place where people enjoy living by providing an urban drainage network that effectively manages flood risk and possible surface contamination.

What is this activity about?

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

- Safety of the community by minimising the incidence of flooding.
- Minimising damage to properties from flooding.
- Reduced erosion.
- Facilitation commercial and residential development.
- The aquatic environment through the management of quality of urban stormwater run-off.

What We Do and Where We Do It

The cost of providing stormwater infrastructure is high and becomes increasingly expensive as larger capacity is provided to meet higher standards of drainage and flood protection. It is policy for only the beneficiaries of a scheme to bear the associated costs. Therefore the construction and maintenance of stormwater infrastructure only becomes tenable for reasonably large and concentrated population centres. Rural locations frequently rely on natural channels and local experience to avoid flooding of dwellings and out-buildings. In some areas, flood protection works are undertaken by Council's Rivers and Land Drainage department that provides a wider protection to rural land and properties.

The urban stormwater systems can be categorised into two parts: The natural components comprise waterways and ponding areas whilst the constructed system consists of stormwater mains, manholes, inlet sumps, pump stations, retention areas, secondary flow paths and soak holes. Picton and Blenheim account for over 90% of the stormwater reticulation (see table below.)

The flat terrain on which much of Blenheim is sited means that the stormwater reticulation is laid at very flat grades. The reticulation drains to either the natural water courses or man-made drains that were constructed primarily for agricultural drainage purposes. Accommodating growth into the existing infrastructure whilst maintaining standards is proving challenging. Picton/Waikawa lie at the base of a number of steep catchments that quickly accumulate and concentrate stormwater into natural watercourses that run through the urban area.

Asset Description

The table below provides a summary of stormwater reticulation lengths by area:

Area	Reticulation length (Kilometres)
Blenheim	108.4
Picton/Waikawa	22.2
Renwick	3.2
Okiwi Bay	0.3
Riverlands	4.4
Spring Creek	3.4
Rai Valley	0.3
Havelock	0.7
Total	142.9

The total asset value for the Stormwater Drainage activity at 30 June 2011 is \$60.5 million. Detailed information on these assets, including information on levels of service performance is provided in the Stormwater Asset Management Plan.

Urban populations are required to site their building platforms at an elevation that provides them with a level of flood protection whilst the stormwater infrastructure is designed and sized to drain the water to natural or man-made water courses. Buried pipes and open channels are expensive to build and maintain and it is often expedient to use a combination of reticulation and road surfaces as secondary flow paths to channel away high rain flows.

Activity: Stormwater Drainage

The stormwater system is managed in close cooperation with Rivers and Drainage networks. Planning of future stormwater infrastructure must ensure the downstream water course has sufficient capacity for the proposed development.

Why We Provide The Service We Do

The levels of service have been determined on the features of the activity that are most valued by our customers:

Environmental Risks - Rainwater falling on urban areas pick-up and carry all-sorts of materials and also dissolve harmful substances into solution. The stormwater is then discharged into natural watercourses. Council owned stormwater systems must take reasonable care to prevent the conveying of pollutants into the natural environment. Pro-active measures to prevent the deliberate and reckless tipping of contaminants into the stormwater system is undertaken by education and regulation. High risk activities are required to install interceptors into their drains and cover impermeable areas from rain. If a pollution event occurs Council will respond to mitigate the affects and investigate the cause.

The quality of stormwater outfalls are regulated through resource consents. There is a legacy of many old and outdated consents throughout Marlborough. A major project to consolidate, rationalise and update the legal framework is currently underway through the Blenheim Stormwater Strategy and is likely to be extended to other areas once it has been successfully implemented.

Reliable stormwater system - The efficacy of stormwater drainage can be difficult to assess as it is only required to perform at optimum capacity during relatively rare storm events. Mathematical models are used to model storms and their outcomes.

The design of the stormwater infrastructure is based on the study of historical rainfall events and the resultant flood levels to help predict the frequency that similar events will occur in the future – the average return interval (ARI). Pipes, channels, pump stations, etc are then sized to provide a level of flood protection to the community based on a chosen ARI. However, each storm event has a unique set of characteristics – the intensity and duration of the rain storm, the area over which the storm occurs, the rainfall patterns preceding the storm and changes to permeability as a result of urban infill, etc. The historical record is relatively short and it can therefore be difficult to categorise a storm by its annual return interval or accurately predict the impact it will have.

The outcome of rainfall events is also complicated by changing land use patterns and run-off characteristics from the land, weather patterns and the changing expectations and living standards of the public.

Provide a timely response - During severe storm events when flooding is predicted the Council will mobilise an incident management centre to coordinate the response to emergency calls. All calls are assessed and prioritised. Those areas where there is a

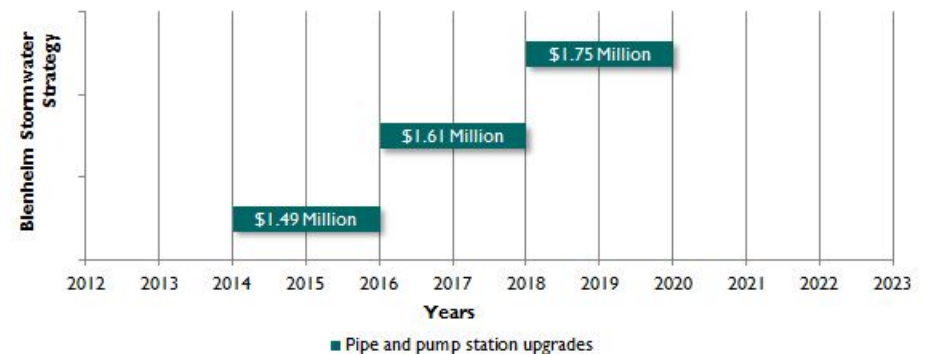
possibility of water entering houses or commercial buildings are given first priority. Second priority is given to areas where there is a possibility of water entering garages or outbuildings, followed by areas where water may pond on garden areas and roads. In the worst storms there maybe little Council can do to manage the flood water as the infrastructure and natural waterways are overloaded. In these circumstances the response is to do whatever is possible to save life and reduce the damage to property.

Providing and maintaining an accurate log of responses during an emergency event can be challenging and the Council continue to refine their recording systems.

Sustainable stormwater - Responsible stewardship of major infrastructure requires the Council to repair, renew and upgrade the assets in a timely fashion and avoid accumulating a legacy of decrepit assets. Decisions have to be made as to when it is no longer cost effective to continue to repair failing assets and to replace them instead. The decision making process is influenced by the need for additional capacity, higher quality and rising standards.

Major Budgeted Projects

The table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years which are all planned for Blenheim as part of its Stormwater Strategy. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented. These projects are also listed under the Capital Expenditure line of the Funding Impact Statement at the end of this activity section.



Emerging Issues and Expected Changes

Stormwater management in Blenheim is a challenge for the town, both currently and in the future. Many challenges are created by the flat topography and by the unique and sensitive receiving environment. A stormwater strategy is being developed to provide direction and an integrated approach to managing stormwater. The strategy will provide a comprehensive framework to manage both the quality and quantity and will incorporate an overhaul of the

resource consent structure for Blenheim's stormwater network. Tighter regulation, clearer responsibility and better monitoring are a likely outcome.

Stormwater management is a significant factor in the identification and planning of new urban development pockets as part of the Urban Development Strategy.

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

The following issues are emerging within this Activity:

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

Activity: Stormwater Drainage

Levels of Service: Stormwater Drainage

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.7	6.7	6.7	6.7	6.9
Minimise the environmental risks of stormwater discharge.	Reported stormwater discharges to the aquatic environment, that cause a deterioration to the receiving water (as in the draft stormwater strategy).	≤6	≤6	≤6	≤6	≤6
Provide a reliable stormwater service.	Number of dwellings, commercial and industrial buildings flooded as a result of a storm event with a five year average return interval.	New measure	≤20	≤20	≤20	≤20
	Number of residential properties (dwellings including outbuildings and garages) flooded as the result of a storm event with a two year, or less, average return interval.	New measure	≤10	≤10	≤10	≤8
Provide a service that is timely and responsive to current needs.	% of complaints of flood water threatening a dwelling responded to in less than one hour.	New measure	99%	99%	99%	99%
	% of all storm related complaints received during an event responded to within four hours.	New measure	85%	85%	85%	90%
Provide a stormwater service that is sustainable.	% of annual renewal works completed.	New measure	75%	75%	80%	80%
	% of capital improvement works completed.	New measure	70%	70%	70%	70%

Activity: Stormwater Drainage

Funding Impact Statement for 2012-22

Stormwater drainage	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,430	1,539	1,591	1,649	1,706	1,771	1,843	1,925	2,020	2,120	2,222
Fees and charges	83	83	86	88	91	95	98	101	104	108	112
Other receipts	176	180	178	177	176	177	179	182	185	187	193
Total operating funding	1,689	1,802	1,855	1,914	1,973	2,043	2,120	2,208	2,309	2,415	2,527
Applications of operating funding											
Payments to staff and suppliers	288	297	307	319	329	341	352	363	375	389	403
Finance costs	155	135	119	104	90	77	66	60	55	49	44
Internal charges and overheads applied	140	144	148	154	157	162	167	168	173	179	181
Total applications of operating funding	583	576	574	577	576	580	585	591	603	617	628
Surplus (deficit) of operating funding	1,106	1,226	1,281	1,337	1,397	1,463	1,535	1,617	1,706	1,798	1,899
Sources of capital funding											
Development and financial contributions	52	62	71	77	85	96	108	122	137	155	160
Increase (decrease) in debt	(226)	(228)	(218)	(206)	(186)	(163)	(115)	(74)	(74)	(80)	(85)
Total sources of capital funding	(174)	(166)	(147)	(129)	(101)	(67)	(7)	48	63	75	75
Applications of capital funding											
Capital expenditure to meet additional demand	83	83	87	90	93	97	101	106	112	118	125
Capital expenditure to improve the level of service	782	32	21	1,103	22	1,193	24	1,307	27	28	30
Capital expenditure to replace existing assets	71	71	72	75	78	81	84	88	93	98	104
Increase (decrease) in reserves	(4)	874	954	(60)	1,103	25	1,319	164	1,537	1,629	1,715
Total applications of capital funding	932	1,060	1,134	1,208	1,296	1,396	1,528	1,665	1,769	1,873	1,974
Surplus (deficit) of capital funding	(1,106)	(1,226)	(1,281)	(1,337)	(1,397)	(1,463)	(1,535)	(1,617)	(1,706)	(1,798)	(1,899)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	583	576	574	577	576	580	585	591	603	617	628
plus - Depreciation and amortisation	1,023	1,143	1,195	1,249	1,306	1,368	1,438	1,516	1,602	1,689	1,787
Expenditure as per Income Statement	1,606	1,719	1,769	1,826	1,882	1,948	2,023	2,107	2,205	2,306	2,415
Operating expenditure											
Blenheim Stormwater	1,052	1,133	1,169	1,210	1,252	1,301	1,357	1,420	1,494	1,569	1,648
Other Stormwater Schemes	554	586	600	616	630	647	666	687	711	737	767
Capital expenditure (including vested assets):											
Blenheim Stormwater	1,130	380	394	1,489	421	1,606	453	1,752	489	509	531
Other Stormwater Schemes	66	66	54	56	58	61	63	66	70	74	78

Water Supply

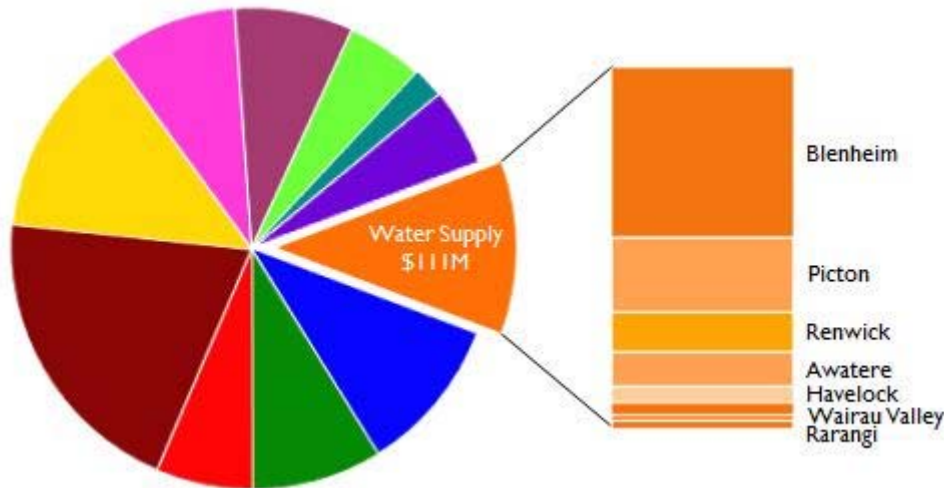


Photo: Construction of the Central WTP Reservoir, Blenheim

Major Budgeted Projects

Area	Major Projects	Value (Millions)
Blenheim	2013-17 New reservoir (high Taylor area); fire capacity pipeline upgrades; pump station renewal and strengthening of existing Wither reservoir.	\$6.1
	2020-22 New reservoirs for new wells to cater for growth and fire capacity pipeline upgrades.	\$16.8
Havelock	2013-14 Metering	\$0.2
	2016-17 UV treatment for NZDWS (bacterial). 2021-22 Takorika dam reinstatement and treatment.	\$3.6
Picton	2013-15 Water metering and water treatment upgrade at Speeds Road for NZDWS, including reservoir (Picton will fully comply as a result of this upgrade).	\$7.7
	2021-22 Wairau Aquifer pump (start of third water source).	\$3.2
Renwick	2015-17 Water treatment for NZDWS (Renwick will fully comply as a result of this upgrade).	\$13.2
Awatere	2016-18 Water treatment for Seddon township and point of entry treatment for rural properties as per NZDWS.	\$7.7
Rarangi	2015-18 Water treatment for south Rarangi (Pipitea Drive area) as per NZDWS requirements.	\$5.2
Riverlands	2012-13 Reservoir upgrade.	\$0.5
Wairau Valley	2015-18 Water treatment and capacity upgrades to meet NZDWS requirements.	\$2.8

Water Supply



Rationale for the Delivery of Water Supply Group of Activities

It is mandatory that Water Supply is an activity group.

Changes to Water Supply Activity Group from the 2011-12 Annual Plan

1. This is a new activity group that was closely related to the 'Water Supply' activity in the former 'Land and Water Services' activity group.
2. Irrigation (Southern Valleys) is now part of the Regional Development activity

Intended Changes to Levels of Service from the 2011-12 Annual Plan

There are no changes to the levels of service for this activity.

Significant Negative Effects Associated with this Group of Activities

This activity group may involve the potential for environmental impact or the operation of noisy machinery, earthmoving or construction works, which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities, controls are imposed as appropriate.

Variation Between Long Term Plan and the Assessment of Water and Sanitary Services

There is no significant variation between the adopted assessment of water and sanitary services and this Plan. However, the compliance dates for water schemes indicated in the assessment have since been put back. The new compliance dates are indicated in the activity statement.

Activity: Water Supply

Activity: Water Supply

Operating costs of this activity represents approximately 11.5% of total activity expenditure.

Outcome	Related Community Outcomes	Related Council Outcome
Residents have access to a safe and reliable water supply.	Environmental Sustainability and Essential services.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of environmental sustainability and essential services and the Council outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by providing an adequate supply of drinking water for domestic and industrial properties.

What is this Activity About?

Council drinking water supplies are necessary so that larger communities can receive an adequate supply of potable, ie; drinkable water thereby contributing cost effectively to:

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

What We Do and Where We Do It

Council operates seven drinking water supply schemes - in Blenheim, Picton, Havelock, Renwick, Riverlands, Wairau Valley and Awatere. They also operate a piped irrigation scheme for the Southern Valleys' area (see Regional Development activity) of the Wairau Plains and provides a small irrigation supply to the Riverlands area. Providing reticulated irrigation supply enables a wider range of land uses contributing to the economic wellbeing of the community.

Around 82% of the population of Marlborough are supplied from Council reticulated supplies. Underground water reticulation systems are expensive to install and maintain and are only cost effective at a certain level of population density. The Awatere water supply scheme for example was initiated as rural water scheme predominantly to provide water for stock. It has a similar length of reticulation as Blenheim but only 7% of the population. Funding depreciation and upgrades (particularly to meet drinking water standards) is an ongoing issue for schemes of this sort.

Many of the smaller Marlborough settlements have individual private boreholes, springs, surface water abstraction, rainwater harvesting or are part of a small community run scheme.

Drinking Water	Source	Reticulation Length (kilometres)	Service connections	Current Treatment	Current Compliance with NZDWS ⁶
Awatere	Birch Stream	153	748	MIOX disinfection planned for bacteriological compliance in 2011-12.	No (compliance required by 2014 but delayed ³)
Blenheim	Grove Road, Bomford Street, Auckland Street, and Middle Renwick Road wells	165	10,999	pH correction, UV disinfection at Middle Renwick Road and Central Water Treatment Plant. Andrew Street currently mothballed.	Yes
Picton	Speeds Road wells Barnes Dam (river)	54	2,444	Filtration, chlorination and pH correction.	No (compliance required by 2014)

⁶ Continuing problems with small communities meeting the costs of compliance with the New Zealand Drinking Water Standards has led to the Council petitioning the Ministry of Health on the communities behalf. Dates for achieving compliance will be delayed whilst a solution is sought.

Drinking Water	Source	Reticulation Length (kilometres)	Service connections	Current Treatment	Current Compliance with NZDWS ⁶
Havelock	Kaituna wells	9	283	Chlorination.	No (compliance required by 2014 but delayed ³)
Renwick	Terrace Road wells	16	801	Chlorination and pH correction.	No (compliance required by 2014 but delayed ³)
Riverlands	Malthouse and Hardings wells	9	103	-	Yes: microbiological No: aesthetic
Wairau Valley	Well	3	51	Chlorination.	No (compliance required by 2015 but delayed ³)

Irrigation	Source	Reticulation length (kilometres)	Area (hectares)
Riverlands	Hardings Road well	3	52

Asset Description

The asset base has grown considerably over the last 10 years partly to meet the growth in demand (domestic and industrial) and more recently to meet the drinking water standards imposed by Health (Drinking Water) Amendment Act 2007. Total asset value on 30 June 2011 was assessed as \$98.5 million and is depreciating at a rate of more than \$2 million/year, a sum collected through the rating system. The commissioning of the second Blenheim water treatment plant will increase this value substantially.

Our pipe and service connection assets are identified in the preceding tables and our other assets are identified in the following tables:

Asset description	Number of assets per location							
	Blenheim	Picton	Renwick	Havelock	Awatere	Riverlands	Wairau Valley	Riverlands Irrigation
Borehole	9	3	3	1	0	3	1	0
Bore Pumps	9	3	3	1	0	3	1	0
Abstraction Gallery	0	0	0	0	1	0	0	0
Impounding Dam	0	1	0	0	0	0	0	0
Treatment Works	3	2	1	1	0	2	1	0
Distribution Pumps	6	1	2	0	0	2	2	0
Storage Tanks	18	30	10	5	17	2	0	0
Booster Pumps	5	6	0	0	5	0	0	0
Valves	1,049	367	81	74	194	38	9	0
Hydrants	1,002	249	72	32	48	35	4	0
Meters	314	138	34	24	748	103	51	9

Why We Provide The Service We Do?

The Levels of service have been determined on the features of a water supply scheme that are most valued by our customers.

Water quality – Since the introduction of the Health (Amendment) Act 2007 water suppliers have been forced to plan to meet the New Zealand Drinking Water Standards (NZDWS). Compliance is phased over a number years depending on the population each scheme serves. The NZDWS are very detailed and complex covering physical, chemical, bacteriological and protozoa parameters. The standards insist on a thorough sampling regime from the source water, treatment plant and the distribution network. Council take well over 2000 water samples every year to monitor the water quality.

Possibly the greatest threat to public health is the bacteriological infection of the drinking water supply. The detection of the bacteria E.coli is a reliable and readily detected indicator of bacteriological contamination. E.coli is a bacteria found in the gut of all warm blooded animals. Scrupulous sampling techniques are required to ensure representative samples are collected from the treatment plants and customers' supplies. Early detection of E.coli immediately provokes a confirmatory sampling programme of the area of supply to verify the initial result

Activity: Water Supply

and extent of the contamination. If confirmed an emergency disinfection and flushing programme is initiated to clear the supply and an advisory 'Boil Water Notice' is issued to all affected customer. The procedures are maintained until three consecutive days of negative samples indicate the problem has been resolved. Awatere water is abstracted from an upland river catchment and is subject to a permanent 'Boil Water Notice' until a MIOX disinfection plant is commissioned in 2012.

Flow and pressure - Customers value an unlimited supply of water at a desirable pressure for showers, domestic irrigation and multiple household outlets. The Fire fighting Code of Practice also recommends certain flows and pressures from hydrants to facilitate fire fighting. The pressure of the delivered water decreases as demand increases. Pumps and pipes are therefore sized to deliver the minimum levels on peak demand day. Due to either recent rapid growth or a legacy of undersized pipework there are small areas in Blenheim, Picton, Renwick and Havelock that do not achieve the minimum standard during the peak days of summer. Pipe upgrades will be required to alleviate these occasional problems. Achievement of the minimum pressures can be monitored through advanced mathematical models of the distribution network. Awatere and Wairau Valley networks were not designed to meet the fire fighting code and are not included in this metric.

In the steep hills around Picton high pressure can also be problematic. In order to achieve the minimum pressure at the top of the hills the properties at the bottom of the valley will receive high pressure water. This can cause problems with domestic plumbing, increased leakage and wear and tear on fittings. Pressure zone management is one of the options considered for water demand management.

Continuity and reliability – A constant and reliable water supply is often taken for granted, however all systems are likely to breakdown or fail from time to time. The Council cannot guarantee a 24/7 water supply but do endeavour to remedy faults as quickly as possible. All requests for service are prioritised based on the severity and impact.

Customers occasionally suffer from leaks inside their property and rely on the Council to turn-off the water. The Council do not routinely maintain tobies and cannot guarantee their serviceability. Customers should have a control valve fitted at the point of entry into the property for such emergencies however Council makes best endeavours when such calls are received.

Sustainable asset management – Responsible stewardship of major infrastructure requires the Council to repair, renew and upgrade the assets in a timely fashion to avoid accumulating a legacy of decrepit assets. Decisions have to be made as to when it is no longer cost effective to repair failing assets and to replace them instead. The decision making process is influenced by the need for additional capacity, higher quality or greater security.

Major Budgeted Projects

The table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented. These projects are also listed under the Capital Expenditure line of the Funding Impact Statement at the end of this activity section.

Area	Major Projects	Value (Millions)
Blenheim	2013-17 New reservoir (high Taylor area); fire capacity pipeline upgrades; pump station renewal and strengthening of existing Wither reservoir.	\$6.1
	2020-22 New reservoirs for new wells to cater for growth and fire capacity pipeline upgrades.	\$16.8
Havelock	2013-14 Metering	\$0.2
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Wairau Valley	2015-18 Water treatment and capacity upgrades to meet NZDWS requirements.	\$2.8

Emerging Issues and Expected Changes

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

Daily water consumption in Blenheim is around 600 litres per person as an average throughout the year but on peak days during the summer is more than double the average. The demand in the other settlements is similar to Blenheim. The summer peak is almost entirely due to irrigation of domestic gardens and other leisure uses (this compares with the city of Melbourne for example that have been actively encouraging water conservation and achieved a daily average domestic consumption 2010-11 of 140 litres/person).

Many of the costs associated with the water supply are 'fixed' and irrespective of the volumes pumped. A small proportion of operational costs such as power and chemicals are related to the volume of water pumped into the supply. Bigger savings are likely to be achieved, however by delaying major capital upgrades as the result of increased demand. A particularly relevant example of this is the current position of the Picton water supply. Peak day demand in Picton is likely to outstrip the capacity of the existing water sources in the near future.

Investigations into additional nearby sources of water have so far been unsuccessful and the next nearest reliable source appears to be Wairau Aquifer near to Spring Creek. The cost of developing the source and laying a new pipeline from the Wairau Plain to Picton will be very high and is likely to be prohibitively expensive. The introduction of demand management techniques such as universal metering, pressure management zones and leakage control provide a realistic alternative.

The following issues are emerging within this Activity:

- Compliance with the NZDWS continues to require significant capital expenditure which has affordability issues for smaller communities – eg. Awatere, Renwick, Wairau Valley, Havelock and Rarangi. It is proposed that compliance with NZDWS is delayed beyond the current statutory timeframe for these communities.
- Growth in demand for water causes supply capacity issues, in particular for Picton and Havelock. Therefore demand management techniques are being considered, including universal metering, pressure zone management and leakage control.
- One of the key services provided by Council to many of its communities is clean and safe drinking water. Around 82% of Marlborough's population are supplied drinking water from Council reticulated supplies. Since the introduction of the Health (Amendment) Act 2007 water suppliers have been compelled to plan to meet the Drinking Water Standards New Zealand (DWSNZ) to communities over a minimum size within a given timeframe dependent upon size of population. Blenheim and Riverlands meet the required standards. Picton treatment upgrades are underway and Essons Valley supply now meet the standards. Priority has been given to these two most populous Marlborough communities. However the ability for smaller communities such as Awatere Valley (61%-424% projected increase), Renwick (290%), Havelock (124%) and Wairau Valley (525%) to afford the necessary treatment works and running costs is questionable as they have fewer ratepayers to spread the cost across (see next table). Following the receipt of ratepayer feedback, Council has decided that the treatment of water supplies to these communities should be deferred on affordability grounds until

after the current compliance date. The Act does include affordability as a criterion in assessing whether Council has taken all practicable steps to comply with standards. Further consultation on the actual cost of the scheme and options will take place with the affected communities on these proposed schemes in the coming years.

New Zealand Drinking Water Standards: Cost of Compliance and Timing

Areas	Projected total increase in cost	Current cost m ³	% projected annual water cost increase*	Current statutory compliance date	Proposed full compliance date
Awatere:					
- Seddon	\$5.56/m ³	\$1.31/m ³	424%	2014	2017 2018
- Rural	\$0.80/m ³	\$1.31/m ³	61%	2016	
- Combined	\$1.51/m ³	\$1.31/m ³	115%		
Wairau Valley	\$5.67/m ³	\$1.08/m ³	525%	2016	2018

*Projected total increase in cost / current cost.

Place	Total increase in cost	Current cost benchmark property	% increase benchmark property	Current statutory compliance date	Proposed full compliance date
Havelock	\$703	\$567	124%	2014	2017
Renwick	\$1,125	\$388	290%	2014	2017

Notes:

1. Costs indicated are GST exclusive. They are based on most recent designs but exclude any Council overhead allocations.
2. Per annum costs are average per property. Actuals will vary depending on water consumption or if a metered scheme land value if you pay for your water by rates.
3. Current per annum cost is the rate on a benchmark property.
4. Council subsidy has been applied to Awatere, Wairau Valley and Renwick schemes (generally 50% of upgrade costs).
5. Seddon will achieve bacterial compliance in 2012.

*Total increase in cost / current cost benchmark property.

Growth in demand for water is a problem in some communities where the supply is limited, such as Picton and Havelock. Therefore demand management techniques are being considered for these towns, and for Blenheim, including universal metering, pressure zone management and leakage control. Reducing demand for water can defer future infrastructure upgrades and therefore reduce cost to the ratepayer.

Activity: Water Supply

Levels of Service: Water Supply

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.3	7.4	7.4	7.4	7.6
Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.	% compliance with E.coli criteria for Priority one (P1) bacteriological determinant of New Zealand Drinking Water Standards. (excludes Awatere until 2013)	99%	≥99.5	≥99.0 incl Awatere	≥99.0 incl Awatere	≥99.5 incl Awatere
Provide a reliable water supply service.	% of properties that receive a minimum water pressure of 300kPa at the property boundary (except in the Awatere Valley and Wairau Valley township).	98%	98%	98%	98%	98%
	% of system where fire flows are equal to greater 25 litres/sec.	New measure	Blenheim 87% Picton 70% Havelock 80% Renwick 30%	Blenheim 87% Picton 70% Havelock 80% Renwick 30%	Blenheim 88% Picton 70% Havelock 80% Renwick 30%	Blenheim 90% Picton 70% Havelock 85% Renwick 30%
	% of system where fire flows are less than 12.5 litres/sec.	New measure	Blenheim 1% Picton 5% Havelock 8% Renwick 3%	Blenheim 1% Picton 5% Havelock 8% Renwick 3%	Blenheim <1% Picton 5% Havelock 8% Renwick 3%	Blenheim <1% Picton 5% Havelock 6% Renwick 3%
Provide a service that is timely and responsive to customer needs.	% of service interruptions responded to within: <ul style="list-style-type: none"> 30 minutes for major loss of supply creating a situation causing or likely to cause damage to persons or property. 60 minutes for substantial leaks causing interruption to multiple properties. 	95%	95%	95%	95%	96%
	% of interrupted supplies restored to customers within eight hours of notification.	98%	98%	98%	98%	98%
Provide a sustainable water supply.	% of renewal works in the Water Supply Asset Management Plan completed.	New measure	70%	70%	70%	70%
	% of improvement works included in the Water Supply Asset Management Plan completed.	New measure	70%	70%	70%	70%

Funding Impact Statement for 2012-22

Water Supply	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
Targeted rates (other than for water supply)	6,513	6,820	6,876	7,128	7,551	8,336	9,473	9,936	10,134	10,542	11,484
Fees, charges and targeted rates for water supply	1,537	1,692	1,710	1,767	1,804	2,007	2,538	2,773	2,823	2,787	2,768
Total operating funding	8,050	8,512	8,586	8,895	9,355	10,343	12,011	12,709	12,957	13,329	14,252
Applications of operating funding											
Payments to staff and suppliers	2,853	2,894	3,064	3,245	3,390	3,672	4,269	4,511	4,679	4,865	5,056
Finance costs	1,693	1,611	1,612	1,747	1,929	2,305	2,889	3,165	3,099	3,199	3,653
Internal charges and overheads applied	988	1,083	1,106	1,151	1,173	1,200	1,233	1,263	1,279	1,313	1,341
Total applications of operating funding	5,534	5,588	5,782	6,143	6,492	7,177	8,391	8,939	9,057	9,377	10,050
Surplus (deficit) of operating funding	2,516	2,924	2,804	2,752	2,863	3,166	3,620	3,770	3,900	3,952	4,202
Sources of capital funding											
Development and financial contributions	280	280	289	352	363	376	389	402	415	430	445
Increase (decrease) in debt	(285)	(642)	597	3,191	1,946	8,734	7,864	(5)	(1,948)	4,651	8,106
Total sources of capital funding	(5)	(362)	886	3,543	2,309	9,110	8,253	397	(1,533)	5,081	8,551
Applications of capital funding											
Capital expenditure to meet additional demand	2,980	196	1,362	1,000	2,989	4,421	2,541	2,117	1,281	8,446	13,488
Capital expenditure to improve the level of service	24	865	1,893	5,796	6,437	10,243	6,916	980	37	542	178
Capital expenditure to replace existing assets	353	352	763	1,422	939	1,270	739	1,261	621	1,341	660
Increase (decrease) in reserves	(846)	1,149	(328)	(1,923)	(5,193)	(3,658)	1,677	(191)	428	(1,296)	(1,573)
Total applications of capital funding	2,511	2,562	3,690	6,295	5,172	12,276	11,873	4,167	2,367	9,033	12,753
Surplus (deficit) of capital funding	(2,516)	(2,924)	(2,804)	(2,752)	(2,863)	(3,166)	(3,620)	(3,770)	(3,900)	(3,952)	(4,202)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	5,534	5,588	5,782	6,143	6,492	7,177	8,391	8,939	9,057	9,377	10,050
plus - Depreciation and amortisation	2,252	2,574	2,688	2,859	2,994	3,279	3,609	3,826	3,949	3,976	4,223
Expenditure as per Income Statement	7,786	8,162	8,470	9,002	9,486	10,456	12,000	12,765	13,006	13,353	14,273

Activity: Water Supply

Funding Impact Statement for 2012-22

Water Supply	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
<u>Operating expenditure</u>											
Awatere Water	582	670	701	732	744	911	1,395	1,505	1,541	1,427	1,365
Blenheim Water	4,713	4,818	4,937	5,020	5,091	5,177	5,228	5,294	5,370	5,749	6,406
Havelock Water	233	252	256	275	285	426	559	581	602	620	800
Picton Water	1,530	1,674	1,778	2,140	2,344	2,381	2,417	2,449	2,489	2,537	2,672
Renwick Water	367	370	393	420	597	1,122	1,537	1,657	1,733	1,747	1,759
Riverlands Water	320	337	362	370	377	382	391	399	407	417	425
Wairau Valley Water	41	41	43	44	47	53	189	326	314	312	310
Rarangi Water	-	-	-	-	1	4	283	554	549	544	538
<u>Capital expenditure (including vested assets):</u>											
Awatere Water	337	336	470	459	455	5,891	1,846	372	176	472	316
Blenheim Water	1,554	571	1,177	1,835	1,313	1,795	657	1,731	1,784	9,315	7,459
Havelock Water	25	30	228	27	185	2,572	12	463	16	325	3,621
Picton Water	1,299	164	2,285	5,373	484	482	125	128	178	442	3,161
Renwick Water	77	19	52	702	7,999	5,159	23	1,900	31	27	29
Riverlands Water	238	489	7	29	1	1	153	1	2	2	2
Wairau Valley Water	21	-	-	-	35	70	2,671	-	-	-	-
Rarangi Water	-	-	-	-	107	188	4,938	-	-	-	-

As required by the Local Government 2002:

- The line “targeted rates (other than for water supply)” contains amounts rated under section 16 of that Act (uniform annual charges and land value based rates).
- The line “fees, charges and targeted rates for water supply)” includes amounts rated under section 19 of that Act (metered water charges) together with other fees and charges.

Solid Waste Management

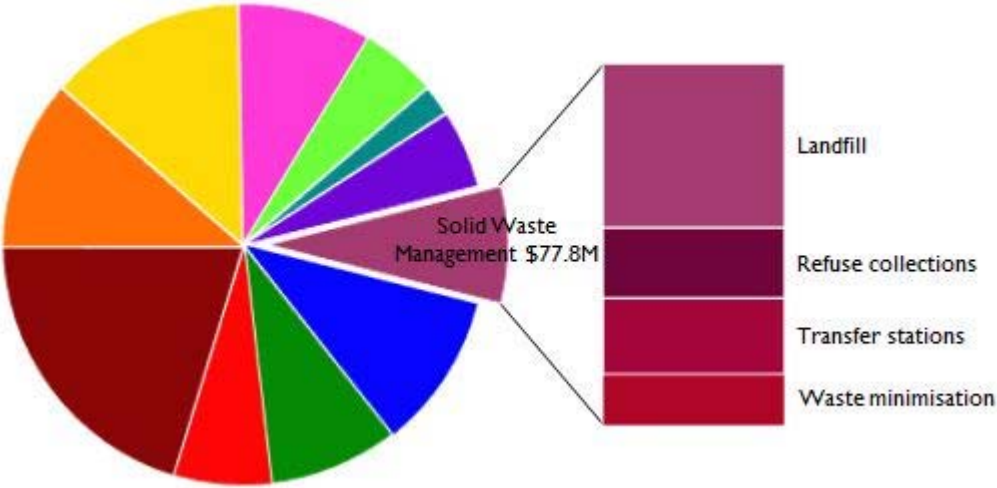


Photo: Recycling, Blenheim

Major Budgeted Projects

Year	Major Projects	Value (Millions)
2012-13	Bluegums Regional landfill, Blenheim: Expansion stage 7	\$3.5
2013-14	Skip Sorting Facility (subject to Government subsidy and final business case)	\$3.3
2016-17	Bluegums Regional landfill, Blenheim: Expansion stage 8	\$3.8
2021-22	Bluegums Regional landfill, Blenheim: Expansion stage 9	\$6.2

Solid Waste Management



Activity Group: Solid Waste Management

Rationale for the Delivery of Solid Waste Management Group of Activities

Solid Waste Management comprises of the full range of activities to manage solid waste, and is of sufficient size to be an activity group.

Changes to Solid Waste Management Activity Group from the 2011-12 Annual Plan

This is a new activity group that was created due to the requirement to create mandatory activity groups for most of the other activities in the former 'Land and Water Services' activity group, of which this was previously included as an activity.

Intended Changes to Levels of Service from the 2011-12 Annual Plan

The table describes any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described.

Activity: Solid Waste Management		
2011-12 Annual Plan	2012-22 LTP	Reason for changes
Reduce environmental and public health risks of waste.	Reduce the amount of waste sent to the landfill.	Revised Levels of Service better reflects the way the activity is delivered.
Provide a sustainable waste management service.	Effective operation of waste management and minimisation services.	

Significant Negative Effects Associated with this Group of Activities

This activity group may involve the potential for environmental impact or the operation of noisy machinery, earthmoving or construction works, which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities, controls are imposed as appropriate.

Variation Between Long Term Plan and the Waste Management and Minimisation Plan (WMMP)

The draft WMMP 2012-18 is out for publication and the time of writing this Plan. Funding for the proposals contained within this Draft Plan is not included in this Statement of Proposal.

There is no significant variation from the adopted Waste Management and Minimisation Plan.

Activity: Solid Waste Management

Operating costs of this activity represent approximately 7.9% of total activity expenditure.

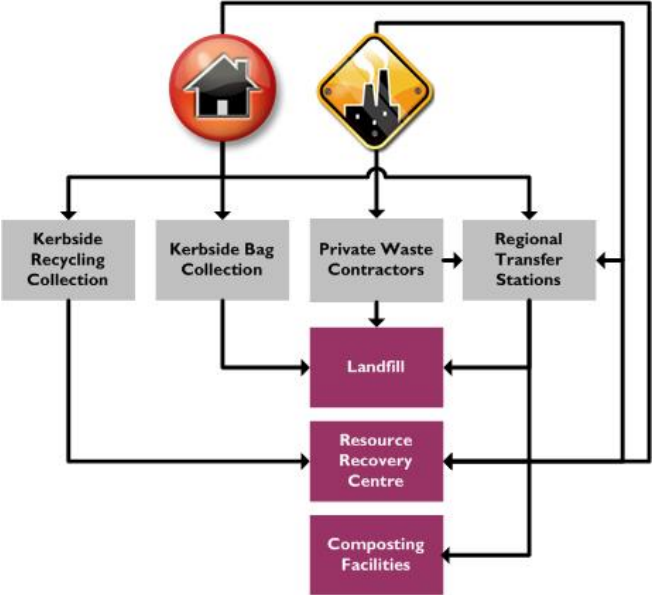
Outcome	Related Community Outcomes	Related Council Outcome
Public and environmental health risks of solid and hazardous waste are minimised.	Essential services, environmental sustainability.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of environmental sustainability and essential services and Council outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by providing safe disposal facilities by means of a sanitary, environmentally sustainable landfill and recycling facilities.

What is this Activity About?

The Council is bound by legislation to ensure that our solid waste is managed in a safe and sanitary manner reducing any potential environmental impact and protecting the public health. For the Marlborough Region the Council is the main provider of waste management infrastructure, providing a network of seven transfer stations, central landfill and resource recovery centre, all operated under contract to the council:



These facilities are designed and operated to ensure the minimum impact on people’s amenity and the environment. By promoting the reduction, reuse and recycling of diverted materials we will reduce our reliance on Landfill for disposal and also have the ability to influence the direction that our waste management and minimisation plan heads.

Council collects, through a contract, refuse, and recyclables from the kerbside in Blenheim and Picton.

The Waste Situation

The transfer stations and the resource recovery centre provide the opportunity for source segregation of recyclables by the public with the exception of the facility in Ward.

The Bluegums landfill site is an engineered containment facility for the depositing of waste residues. It has an estimated lifespan of 56 years based on current waste inputs. It is likely that the lifespan will be further extended if the projects outlined below proceed.

A composting facility is operating on leased council land adjacent to the Blenheim transfer station and currently takes green waste deliveries from the public and private contractors.

Hazardous waste materials, such as oils, paints, and solvents can be dropped at each of the transfer stations. These materials are then collected and returned to a storage facility adjacent to the Blenheim transfer station pending onward movement for disposal or recycling.

The region has a number of clean fill sites for the disposal of materials such as brick, concrete, rubble and non-contaminated soils. In addition the region has a number of scrap yards for the receipt of ferrous and non-ferrous metals as well as scrap vehicles. These sites are operated by private contractors.

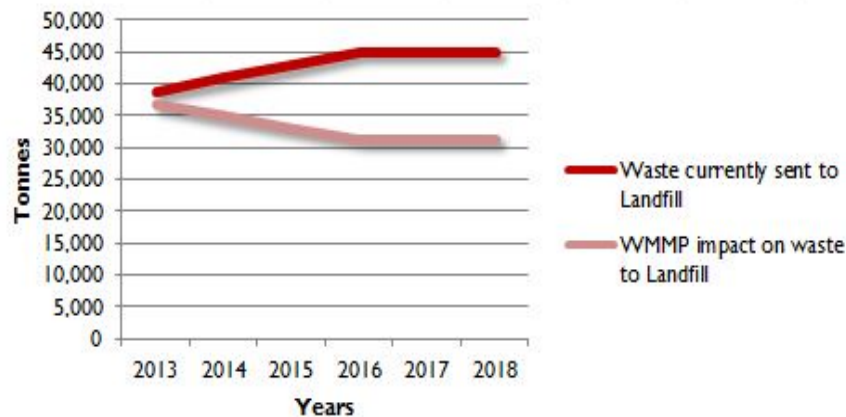
Waste Management and Minimisation Plan (WMMP)

The Council is the territorial authority for the Marlborough Region and as such is required to develop and adopt a WMMP. This document sets out the strategy for managing and minimising the region’s waste for the period 2012 to 2018.

The plan includes the proposal for the expansion of the kerbside recycling collection routes to

Activity: Solid Waste Management

other areas of the region by 2018 (Renwick, Havelock, Grovetown, Spring Creek, Tuamarina and Rarangi). Funding for this expansion is not included in this Plan. The WMMP sets out plans to reduce the amount of putrescible (food) waste being generated by households by the use of home composting or digester systems. The cost of this service could be covered by a targeted rate. Also included are plans for a skip sorting facility. This facility has the potential to reduce the tonnage going to the landfill by 10,000 tonnes per annum. The cost of this project is estimated at \$3.24 million. Whether Council will proceed with this project is dependent upon the receipt of a Government subsidy and consideration of a final business case. The following graph outlines the projected growth in waste tonnage should no additional minimisation methods occur, and the impact if it is implemented:



The reduction in biodegradable and other recyclable materials into the Landfill site will continue to be the focus of waste management activities over the life of the next WMMP.

The Waste Levy

The Waste Minimisation Act 2008 introduced a waste levy to all disposal sites. The current rate is \$10 per tonne of waste sent to the Landfill. This charge is paid for by the depositor of the waste who could be a private contractor, business or the council on behalf of the ratepayer.

The levy is split into three areas:

- Approximately 50% is returned to council based on population for waste minimisation activities.
- Costs for administering the levy are taken out by Central Government.
- The remainder is put into a contestable fund to which the council can apply.

The Council have made one successful application for funding to date, receiving \$120k over three years to set up a business resource efficiency programme to assist industry in minimising their waste streams going forward. The monitoring of this project is set out in the initial funding application which was approved by the Ministry for the Environment. In essence a monthly review meeting will track the outcomes during the period 2012 to 2015 with a summary report on progress issued each January.

Emissions Trading Scheme (ETS)

The Landfill generates and emits gas as a by product of the decomposition of the waste. This emission will be liable for charges under the ETS scheme from 2013 onwards. The site is now registered with the New Zealand Emissions Unit and mandatory reporting commences in 2012.

The Landfill has a flare and associated collection system which burns the gas on site. The efficiency of this system along with the percentage of biodegradable material within the incoming waste will allow the site to define its Unique Emissions Factor (UEF). This UEF will allow the site to reduce its liability for ETS charges.

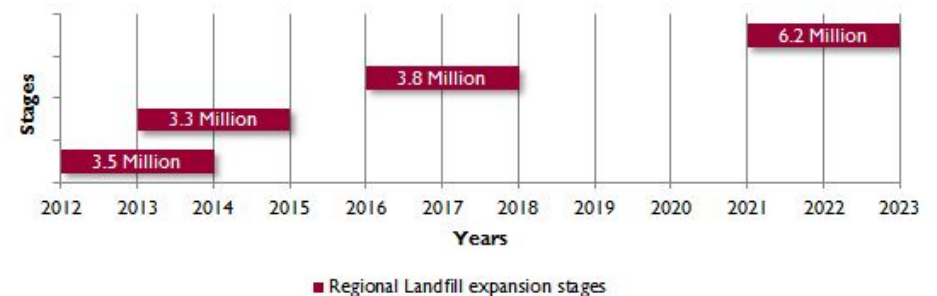
Any reduction or diversion scheme that can reduce the biodegradable waste inputs to the Landfill will have a positive impact on reducing the ETS charges liability.

Asset Description

The Council's principal assets supporting this activity are the regional landfill facility, the network of transfer stations and the Resource Recovery Centre/Re-Use shop facility, valued as \$9.0 million as at 30 June 2011. The landfill has a forecast life of 38 years based on projected fill rates. This estimate may alter according to changes in the District's waste output.

Major Budgeted Assets

The following graph outlines any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described. These projects are also listed under the Capital Expenditure line of the Funding Impact Statement at the end of this activity section.



Emerging Issues and Expected Changes

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

Reduction in waste is far more effective if it is not generated in the first place. This is a challenging area for the Region and will require the cooperation of the public and business community alike.

The draft WMMP sets out proposals to expand the kerbside collection service to Renwick, Havelock, Grovetown, Spring Creek, Tuamarina and Rarangi by 2018. This proposal is not budgeted for in the Long Term Plan.

The requirement for Emissions Trading Scheme payments will require an increase to landfilling charges of up to \$25 per tonne. In the longer term this charge will be dependent on the global market for carbon credits. However, in the short term Council has purchased sufficient units to meet its expected 2012-13 obligations at less than \$8.00 per unit.

Levels of Service: Solid Waste Management

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6	7.6	7.6	7.6
Reduce the amount of waste sent to the landfill.	% growth in diverted material throughput at the Resource Recovery Centre (RRC).	3,000 tonnes per annum	5% growth from 2011-12	10% growth from 2011-12	12.5% growth from 2011-12	15% growth from 2011-12
	% growth in sales at the Reuse Shop.	\$100,000	10% growth from prior year	10% growth from prior year	10% growth from prior year	10% growth from prior year
	% growth in materials diversion from the Regional Transfer Stations.	2,000m ³	5% growth from 2011-12	10% growth from 2011-12	12.5% growth from 2011-12	15% growth from 2011-12
	% reduction in Kerbside Refuse Collection tonnage going to Landfill.	3,500 tonnes per annum	5% reduction from 2011-12	7.5% reduction from 2011-12	10% reduction from 2011-12	12.5% reduction from 2011-12
	% increase in Kerbside Recyclable Collection volume going to RRC.	18,000m ³	5% increase from 2011-12	15% increase from 2011-12	17.5% increase from 2011-12	20% increase from 2011-12
	Amount of organic material composted.	12,000m ³ per annum	>13,000m ³	>14,000m ³	>15,000m ³	>16,000m ³
Effective operation of waste management and minimisation services.	Number of resident's complaints in regards to Bluegums Landfill operations.	24 per annum	<20	<18	<16	<14
	% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	13,200 households	<5%	<5%	<5%	<5%
	Number of resident's complaints in regards to Hazardous Waste Collection and Storage.	24 per annum	<20	<18	<16	<14
	Reduce amount of material stored at compost site.	10,000m ³	<9,000m ³	<8,500m ³	<8,000m ³	<7,500m ³
	Number of resident's complaints in regards to Composting Operation.	24 per annum	<20	<18	<16	<14

Activity: Solid Waste Management

Funding Impact Statement for 2012-22

Solid Waste Management	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	986	1,244	1,318	1,360	1,435	1,524	1,546	1,565	1,591	1,619	1,758
Targeted rates (other than for water supply)	1,404	1,191	1,223	1,254	1,287	1,322	1,356	1,389	1,426	1,454	1,490
Subsidies and grants for operating purposes	150	150	155	160	165	171	177	183	189	195	202
Fees and charges	4,872	3,989	4,424	4,565	4,719	4,881	5,047	5,216	5,390	5,580	5,779
Other receipts	630	130	131	130	132	135	133	132	129	128	135
Total operating funding	8,042	6,704	7,251	7,469	7,738	8,033	8,259	8,485	8,725	8,976	9,364
Applications of operating funding											
Payments to staff and suppliers	5,581	4,491	4,602	4,720	4,831	4,962	5,087	5,209	5,348	5,498	5,651
Finance costs	529	492	489	478	441	410	379	346	314	279	242
Internal charges and overheads applied	376	429	444	454	464	476	489	498	509	523	534
Other operating funding applications	457	669	967	969	968	968	966	968	967	969	969
Total applications of operating funding	6,943	6,081	6,502	6,621	6,704	6,816	6,921	7,021	7,138	7,269	7,396
Surplus (deficit) of operating funding	1,099	623	749	848	1,034	1,217	1,338	1,464	1,587	1,707	1,968
Sources of capital funding											
Increase (decrease) in debt	(350)	(324)	222	(531)	(480)	(415)	(473)	(462)	(484)	(518)	(477)
Subsidies and grants for capital expenditure	-	160	2,529	-	-	-	-	-	-	-	-
Total sources of capital funding	(350)	(164)	2,751	(531)	(480)	(415)	(473)	(462)	(484)	(518)	(477)
Applications of capital funding											
Capital expenditure to meet additional demand	127	-	-	-	-	179	-	-	-	-	297
Capital expenditure to improve the level of service	-	3,708	3,287	21	254	3,646	-	-	7	354	5,903
Capital expenditure to replace existing assets	95	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	527	(3,249)	213	296	300	(3,023)	865	1,002	1,096	835	(4,709)
Total applications of capital funding	749	459	3,500	317	554	802	865	1,002	1,103	1,189	1,491
Surplus (deficit) of capital funding	(1,099)	(623)	(749)	(848)	(1,034)	(1,217)	(1,338)	(1,464)	(1,587)	(1,707)	(1,968)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	6,943	6,081	6,502	6,621	6,704	6,816	6,921	7,021	7,138	7,269	7,396
plus - Depreciation and amortisation	444	348	1,127	1,154	1,158	983	918	920	925	915	918
Expenditure as per Income Statement	7,387	6,429	7,629	7,775	7,862	7,799	7,839	7,941	8,063	8,184	8,314

Activity: Solid Waste Management

Funding Impact Statement for 2012-22

Solid Waste Management	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
<u>Operating expenditure</u>											
Landfills	2,955	2,647	3,725	3,745	3,754	3,593	3,539	3,552	3,572	3,595	3,617
Refuse Collections	1,721	1,326	1,363	1,397	1,435	1,476	1,515	1,554	1,596	1,629	1,672
Transfer Stations	1,316	1,445	1,470	1,502	1,538	1,577	1,613	1,648	1,689	1,733	1,778
Waste Minimisation	1,395	1,010	1,071	1,130	1,135	1,154	1,172	1,188	1,206	1,226	1,246
<u>Capital expenditure:</u>											
Landfills	222	3,508	154	21	254	3,826	-	-	7	354	6,200
Waste minimisation projects	-	200	3,132	-	-	-	-	-	-	-	-

Activity Group: Environmental Management

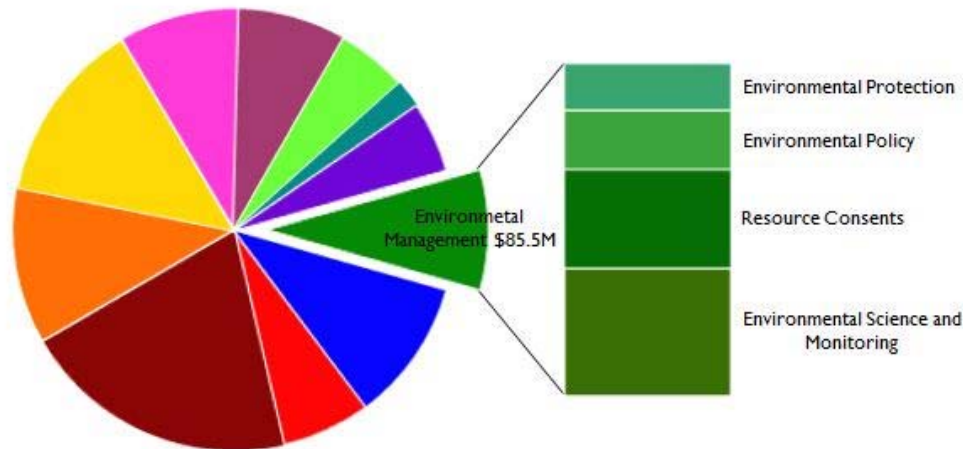
Environmental Management



Photo: Marfells Beach, Seddon

Major Budgeted Projects

Activities in this Group:



Activity	Major Projects
Environmental Policy	2012-13 Notification of second generation Resource Management Framework

Rationale for Grouping these Activities

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

Each activity delivers separate services under the RMA, but each of these services plays an integral role in a wider system of environmental management. This system can be described as the Plan-Do-Monitor-Review cycle and is represented by the following diagram:



The role of the Environmental Policy activity is to develop, maintain and review a resource management framework consisting of a regional policy statement, a regional coastal plan, regional plans and a District plan. The planning documents play an important role in strategically guiding the use, development and protection of natural and physical resources by enabling appropriate resource use (through the use of permitted activity rules and through the allocation of public resources) and by identifying the circumstances under which resource consent is required.

The resource management framework is implemented by the Resource Consent activity through the processing of resource consent and certificate of compliance applications and through the provision of planning information. The processing of resource consent applications utilises the guidance provided by the planning documents to ensure that any adverse effects of resource use are appropriately managed. Non regulatory methods specified

in the planning documents are also being implemented by various parts of the Council. This is the “Do” part of the cycle.

The Council monitors the effect of implementing regulatory and non-regulatory methods by monitoring compliance with the conditions of permitted activity rules and resource consents, and by monitoring the state of the Marlborough environment. This monitoring is undertaken by the Environmental Protection and the Environmental Science and Monitoring activities respectively. The results of the monitoring allow conclusions to be drawn about the efficiency and effectiveness of the resource management framework. This is the “Review” part of the cycle.

If the objectives established in the planning documents are not being achieved, then this signals the need to adjust or change the planning provisions through further planning, completing the Plan-Do-Monitor-Review cycle.

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

Review Processes

It is important to note that the Council is currently reviewing its operative resource management framework. A new regional policy statement and resource management plan will be notified in 2012. These documents will commence to have effect from notification, which will influence the way in which activities in the Environment Management Group deliver their services. In some cases, there may be substantial changes to the services or the way in which they are delivered. The nature of these changes cannot be confirmed until the new planning documents are made operative.

Measuring Success

Monitoring the state of the Marlborough environment is a statutory requirement under the RMA. The data the Council collects is reported on an annual basis.

The data is also used to monitor the effectiveness and efficiency of the policies and methods included in the resource management framework. Again, this monitoring is a statutory requirement under the RMA. The planning documents set environmental results anticipated as a result of the implementation of the policies and methods.

The State of the Environment Report data is used to assess whether the specified results have

Activity Group: Environmental Management

been achieved and, as a result, whether the provisions are effective or efficient in resolving or managing the environmental issue they are addressing. The results of this monitoring must be reported at intervals of not more than five years.

Increasingly, monitoring is having to be undertaken to meet national requirements as part of the Government's national State of the Environment reporting system.

A comprehensive set of anticipated environmental results has been developed for inclusion in the new regional policy statement. A measurable indicator has been specified for each result. Given this process, which is a statutory requirement, it is not necessary to set environmental performance indicators in the Long Term Plan.

Changes to Environmental Management Activity Group from the 2011-12 Annual Plan

This is a new activity group that includes activities from the Environmental Policy and Information activity group (Environmental Policy, Environmental Science and Monitoring) and Regulatory activity group (Resource Consents, Environmental Protection).

Intended Changes to Levels of Service from the 2011-12 Annual Plan

The table describes any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described.

Activity: Environmental Policy		
2011-12 Annual Plan	2012-22 LTP	Reason for changes
A reviewed resource management policy framework.	A second generation resource management framework for Marlborough	Revised LoS better reflects the way the activity is delivered.
A resource management framework that reflects current and emerging issues.	Implementation of the direction of the new resource management framework	
The sustainable management of natural and physical resources.	Review of the second generation resource management framework	
Activity: Environmental Science and Monitoring		
Restoration and protection of indigenous biodiversity on private land.	Promotion of resource management programmes to help maintain or improve the condition of the environment.	Revised LoS better reflects the way the activity is delivered.

Activity: Resource Consents		
Provide a consent processing service that is timely and responsive to customer needs.	Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers needs	Combined LoS.
Provide a consent processing service that is fair, consistent and cost effective.		
Educate applicants on the RMA and the resource consent application and approval process.	Provide consistent, appropriate and timely information to applicants and the public and RMA, resource consent and approval process.	Revised LoS better reflects the way the activity is delivered.

Activity: Environmental Protection		
Monitor resource consents to ensure the consent holder is in compliance.	Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.	Revised LoS better reflects the way the activity is delivered.
Effective enforcement action undertaken on breaches under the Resource Management Act 1991.	Not applicable.	Action taken covered by 'monitor and investigate' level of service.

Significant Negative Effects in this Group

Potential negative effects in terms of sustainable management of our physical and natural resources may result through ineffective monitoring of the environment and/or inadequate resource management policy with potential flow-on social and economic impacts on the community.

The following Funding Impact Statement (FIS) is for the activity group, throughout this section a separate FIS is included for each activity and these should be referred to for more detailed information.

Activity Group: Environmental Management

Funding Impact Statement for 2012-22

ENVIRONMENTAL MANAGEMENT

	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	5,121	5,416	5,487	5,754	5,875	6,058	6,225	6,353	6,553	6,717	6,884
Fees and charges	1,625	1,316	1,513	1,583	1,636	1,692	1,750	1,808	1,869	1,935	2,003
Internal charges and overheads recovered	88	88	88	88	88	88	88	88	88	88	88
Other receipts including fines	629	627	608	608	599	598	598	594	592	586	592
Total operating funding	7,463	7,447	7,696	8,033	8,198	8,436	8,661	8,843	9,102	9,326	9,567
Applications of operating funding											
Payments to staff and suppliers	5,522	5,553	5,716	5,993	6,124	6,301	6,465	6,624	6,839	7,002	7,204
Internal charges and overheads applied	1,942	1,917	1,999	2,056	2,095	2,160	2,221	2,254	2,304	2,367	2,412
Total applications of operating funding	7,464	7,470	7,715	8,049	8,219	8,461	8,686	8,878	9,143	9,369	9,616
Surplus (deficit) of operating funding	(1)	(23)	(19)	(16)	(21)	(25)	(25)	(35)	(41)	(43)	(49)
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to meet additional demand	60	-	-	-	-	-	-	-	-	-	-
Capital expenditure to improve the level of service	49	3	3	3	3	3	4	4	4	4	4
Capital expenditure to replace existing assets	3	99	71	52	54	56	117	60	62	64	66
Increase (decrease) in reserves	(113)	(125)	(93)	(71)	(78)	(84)	(146)	(99)	(107)	(111)	(119)
Total applications of capital funding	(1)	(23)	(19)	(16)	(21)	(25)	(25)	(35)	(41)	(43)	(49)
Surplus (deficit) of capital funding	1	23	19	16	21	25	25	35	41	43	49
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	7,464	7,470	7,715	8,049	8,219	8,461	8,686	8,878	9,143	9,369	9,616
plus - Depreciation and amortisation	73	78	81	86	83	81	83	75	72	73	70
less - Internal charges and overheads recovered	88	88	88	88	88	88	88	88	88	88	88
Expenditure as per Note I	7,449	7,460	7,708	8,047	8,214	8,454	8,681	8,865	9,127	9,354	9,598

Note I can be found on page 169.

Activity: Environmental Policy

Activity: Environmental Policy

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

Outcome	Related Community Outcomes	Related Council Outcome
Sustainable management of Marlborough's natural and physical resources.	Environmental sustainability, prosperity.	<p>A place where people enjoy living.</p> <p>A place where people can enjoy quality leisure opportunities.</p> <p>A prosperous community and economy for all Marlburians.</p>

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes primarily to the community outcome of environmental sustainability and Council outcomes of a place where people enjoy living and a place where people can enjoy quality leisure opportunities by providing a planning framework for the sustainable management of Marlborough's natural and physical resources. This activity also contributes to the prosperity Community Outcome and Council outcome of a prosperous community and economy for all Marlburians and by enabling the growth of new and existing economic activity.

What is this Activity About?

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

The Council has an existing resource management policy framework, which is described below. Significant effort has gone into getting this framework to an **operative** status in the past to provide greater certainty to resource users and the wider community.

The Marlborough Regional Policy Statement (RPS)

This is an operative document that provides a community-based vision and direction for managing the natural and physical resources of Marlborough. It identifies regionally significant issues for Marlborough and how they are to be addressed.

The Marlborough Sounds Resource Management Plan (MSRMP)

This is an operative combined Regional Plan, Regional Coastal Plan and District Plan that provides the framework by which the natural and physical resources of the Marlborough Sounds area are to be managed.

The Wairau/Awatere Resource Management Plan (WARMP)

This is an operative combined Regional Plan, Regional Coastal Plan and District Plan that provides the framework by which the natural and physical resources of the Wairau and Awatere areas of Marlborough are to be managed.

The RPS and the resource management plans identify resource management issues, establish objectives for addressing these issues, provide policies for achieving the objectives and identify regulatory and non-regulatory methods for implementing the policies. The provisions collectively seek to enable resource use, but in a manner that ensures any adverse effects arising from that use are avoided, remedied or sufficiently mitigated.

Marlborough's social and economic wellbeing relies on the use, development and protection of natural and physical resource. The framework described above plays an important role in strategically guiding this use, development and protection. In particular, provisions in this document enable appropriate resource use through the use of permitted activity rules and through the allocation of public resources (such as water, gravel and coastal space).

Asset Description

Although not an asset in the conventional sense, the RPS, MSRMP and WARMP are assets in that the Council and the community rely upon these planning documents. The planning documents guide development within Marlborough as they determine the status of resource use activities occurring within the environment (i.e., whether an activity requires a resource consent), allocate public resources (such as water and coastal space) and contain policies to guide the determination of resource consent applications.

Given the above, it is important that the currency and accuracy of the RPS, MSRMP and WARMP are maintained at all times. The Environmental Policy Team is in the process of finalising a Quality Management System to ensure that the correct version of the plans are being used internally and are available externally.

Major Budgeted Projects

The table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented.

Asset	Major Projects
Resource Management Plan	2012-13 Notification of second generation Resource Management Framework

Emerging Issues and Expected Changes

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

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

This simplified and streamlined structure will be easier to use and will provide greater certainty to resource users and the wider community. The combined Regional Policy Statement and Resource Management Plan is expected to be publicly notified by December 2012.

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

Essential Government initiatives (such as legislative change, or the introduction of national policy statements or national environmental standards) can influence the nature, scope and timing of the environmental work programme.

Levels of Service: Environmental Policy

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
A second generation resource management framework for Marlborough	A combined regional policy statement and resource management plan is publicly notified.	New measure	December 2012	N/A	N/A	N/A
	Decisions on submissions publicly notified.	New measure	N/A	October 2013	N/A	N/A
Implementation of the direction of the new resource management framework	% of plans for implementing non-regulatory methods from the regional policy statement completed.	New measure	N/A	N/A	50%	50% - 100%
Review of the second generation resource management framework	Efficiency and effectiveness report completed.	New measure	N/A	N/A	N/A	October 2018

Activity: Environmental Policy

Funding Impact Statement for 2012-22

Environmental Policy	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,227	1,282	1,247	1,284	1,320	1,362	1,401	1,430	1,470	1,515	1,554
Other receipts	147	147	137	134	133	133	133	132	131	130	132
Total operating funding	1,374	1,429	1,384	1,418	1,453	1,495	1,534	1,562	1,601	1,645	1,686
Applications of operating funding											
Payments to staff and suppliers	1,015	1,096	1,040	1,065	1,093	1,125	1,154	1,175	1,206	1,240	1,273
Internal charges and overheads applied	359	333	344	353	360	370	380	387	395	405	413
Total applications of operating funding	1,374	1,429	1,384	1,418	1,453	1,495	1,534	1,562	1,601	1,645	1,686
Surplus (deficit) of operating funding	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,374	1,429	1,384	1,418	1,453	1,495	1,534	1,562	1,601	1,645	1,686
Expenditure as per Income Statement	1,374	1,429	1,384	1,418	1,453	1,495	1,534	1,562	1,601	1,645	1,686

Activity: Environmental Science and Monitoring

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

Outcome	Related Community Outcome	Related Council Outcome
Knowledge, information and services to enable the management of Marlborough's natural and physical resources in a sustainable way.	Environmental sustainability, prosperity.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes primarily to the community outcome of environmental sustainability and Council outcome of a place where people enjoy living by undertaking resource monitoring, investigations, and providing information to measure our progress toward desired environmental outcomes for Marlborough's key natural and physical resources. This activity also contributes to the prosperity Community Outcome and Council outcome of a prosperous community and economy for all Marlburians by ensuring resources are available to support economic growth.

What is this Activity About?

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

The monitoring of natural and physical resources is effectively carried out to:

- Obtain information about the condition of the environment and raise awareness of environment issues.
- Assist in identifying areas where there is a need to improve the quality of the environment and enable Council to support a range of methods that can be applied to address specific issues.
- Allow Council to assess the effectiveness of its policies and methods contained in the RMA policy and planning documents.

This activity is also responsible for implementing a range of non regulatory resource management methods to effectively promote the sustainable management of our natural and physical resources. This also includes education and advocacy of resource users and the wider community, and provides support for flood and other environmental emergency responses.

Emphasis has been placed on the monitoring and development of sustainable programmes

associated with fresh water resources and this is expected to continue into the future. This reflects the value of water to the community and its overall vulnerability to over use and contamination. While there are other important programmes associated with measuring air quality, land resource monitoring and the protection of biodiversity, it is expected over the next ten years that more investment may also be necessary in monitoring of the coastal marine environment and freshwater eco systems.

Asset Description

Council operates 85 automated real time monitoring stations that measure a number of environmental parameters to support a range of resource monitoring programmes and emergency responses such as flooding.

Environmental parameters (automated)	Number of parameters monitored
Rainfall	27
Surface Water level	31
River Flow	21
Groundwater Level	33
Groundwater Temperature	11
Groundwater Conductivity	7
Air Quality (PM10)	2
River Water Quality	3
Total	135

Emerging Issues and Expected Changes

The Regional Policy Statement and Resource Management Plans, which are currently under review, will provide the strategic direction for future levels of service for resource monitoring, science investigations and a non regulatory approach to mitigate various environmental effects. It is also anticipated that central government may propose new national environmental standards and regulations under the RMA which will further impact on services.

A number of key resource issues that need to be addressed are described below:

Activity: Environmental Science and Monitoring

Fresh Water

Marlborough's water quality is generally good, however diffuse pollution remains as the biggest threat to water quality in the District, while for ground water, naturally occurring metals or salts and chemicals like arsenic continue to be of community concern in some localities. The current monitoring regime is seen as modest, however monitoring programmes will need to evolve to meet local and central government expectations and changes in the environment.

In terms of strategies to mitigate diffuse pollution to help improve degraded water bodies a non regulatory approach to encourage best land use practice in conjunction with a compliance regime is expected to be promoted in 2012-13.

The monitoring of both surface and ground water demand for consumptive uses will continue to be important, particularly where there is an increasing awareness that some water resources are approaching or are already fully allocated. In addition the implementation of national regulations to measure and report on water use will continue to require additional resourcing in order to ensure that our precious resource is sustained.

Coastal Water Quality

The coastal environment is a popular residential, recreational and tourist area, as well as a major economic resource for commercial fishing, marine farming and port related activities. These activities are often conflicting, and can place immediate pressure on the marine environment.

Monitoring of the overall health of the coastal environment in terms of measuring effects from land use, sewage disposal, vessel waste, siltation and marine farming is not that well understood. While some progress is being made towards investigations into what to monitor, and how to structure a monitoring programme additional resourcing will be necessary over the next few years.

Air Quality

Marlborough's air quality is generally perceived to be good. However, there are localised issues with urban air quality particularly in relation to particulate matter (Pm10) in Blenheim. In particular various management options may be promoted to help address these issues. These options are likely to be promulgated through the next cycle of second generation plans. Periodic monitoring of other pollutants may be required and future programmes may be extended to verify whether air quality in other urban areas is acceptable.

Biodiversity

A number of pressures and threats to terrestrial and aquatic biodiversity values exist. While some require further investigation, others may require additional protection or the introduction of other non regulatory approaches to mitigate these threats. It is also envisaged that a monitoring programme will need to be developed in line with national initiatives to ensure we can understand and measure change and pressures over time.

Levels of Service: Environmental Science and Monitoring

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Monitoring, investigations, gather and analyse information, and report on the state of Marlborough's natural resources including: Fresh Water, Land, Air and Coastal.	Timeliness of completion data integrity audits.	30 June	30 June	30 June	30 June	30 June
	Number of technical monitoring report cards completed.	5	5	5	5	5
	Completion of comprehensive state of the environment report every six years.	Published 2008-09	N/A	N/A	Published	2014-15 and every six years thereafter
	Timeliness completion of resource investigations and reporting to Council.	30 June	30 June	30 June	30 June	30 June
Effective environmental monitoring network is operated.	Percentage availability of the Environmental monitoring network.	99%	99%	99%	99%	99%
Promotion of resource management programmes to help maintain or improve the condition of the environment.	Long term trend in the number of protected terrestrial or wetland indigenous biodiversity sites on private land.	70	70	73	76	>79
Encourage the community and industry to look after and restore the environment through communication, education and advocacy.	Marlborough Environment Awards are held biennially.	2010-11	Awards held	N/A	Awards held	2016-17 and biennially thereafter
	Percentage of planned educational or communication programmes are completed annually.	90%	90%	90%	90%	90%

Activity: Environmental Science and Monitoring

Funding Impact Statement for 2012-22

Environmental Science and Monitoring	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	2,126	2,339	2,517	2,719	2,768	2,857	2,943	3,013	3,132	3,200	3,289
Fees and charges	5	5	5	5	6	6	6	6	6	7	7
Internal charges and overheads recovered	65	65	65	65	64	64	65	65	65	64	64
Other receipts	255	268	276	284	279	279	279	278	279	275	279
Total operating funding	2,451	2,677	2,863	3,073	3,117	3,206	3,293	3,362	3,482	3,546	3,639
Applications of operating funding											
Payments to staff and suppliers	2,005	2,179	2,339	2,532	2,569	2,643	2,713	2,783	2,894	2,943	3,029
Internal charges and overheads applied	451	525	547	562	573	592	608	618	633	650	663
Total applications of operating funding	2,456	2,704	2,886	3,094	3,142	3,235	3,321	3,401	3,527	3,593	3,692
Surplus (deficit) of operating funding	(5)	(27)	(23)	(21)	(25)	(29)	(28)	(39)	(45)	(47)	(53)
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to meet additional demand	60	-	-	-	-	-	-	-	-	-	-
Capital expenditure to improve the level of service	46	-	-	-	-	-	-	-	-	-	-
Capital expenditure to replace existing assets	3	99	71	52	54	56	117	60	62	64	66
Increase (decrease) in reserves	(114)	(126)	(94)	(73)	(79)	(85)	(145)	(99)	(107)	(111)	(119)
Total applications of capital funding	(5)	(27)	(23)	(21)	(25)	(29)	(28)	(39)	(45)	(47)	(53)
Surplus (deficit) of capital funding	5	27	23	21	25	29	28	39	45	47	53
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	2,456	2,704	2,886	3,094	3,142	3,235	3,321	3,401	3,527	3,593	3,692
plus - Depreciation and amortisation	71	74	78	83	81	80	84	75	72	72	69
less - Internal charges and overheads recovered	65	65	65	65	64	64	65	65	65	64	64
Expenditure as per Income Statement	2,462	2,713	2,899	3,112	3,159	3,251	3,340	3,411	3,534	3,601	3,697

Activity: Resource Consents

Activity: Resource Consents

Operating costs of this activity represents approximately 2.6% of total activity expenditure.

Outcome	Related Community Outcomes	Related Council Outcome
A high quality and equitable resource consent service that effectively manages Marlborough's built environment and natural resources in a way that best secures a sustainable level of development that meets the needs of the community.	Environmental sustainability, prosperity.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community Outcomes

This activity primarily contributes to the Community Outcomes of environmental sustainability and prosperity by managing the physical and built environment through the administration of the resource consenting process in a manner consistent with Council's plans and policies developed under the Resource Management Act 1991. This activity contributes to the Council outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by supporting development for community and economic benefit.

What is this Activity About?

This Activity involves discharging Council's statutory obligations under the Resource Management Act (RMA). RMA sets out a range of powers, duties and functions and the statutory processes that must be followed when processing and determining applications for resource consent. The RMA purpose is to promote sustainable management of natural and physical resources. This activity is about the promotion of the sustainable management of natural and physical resources and the administration of the Marlborough Sounds and the Wairau/Awatere Resource Management Plans.

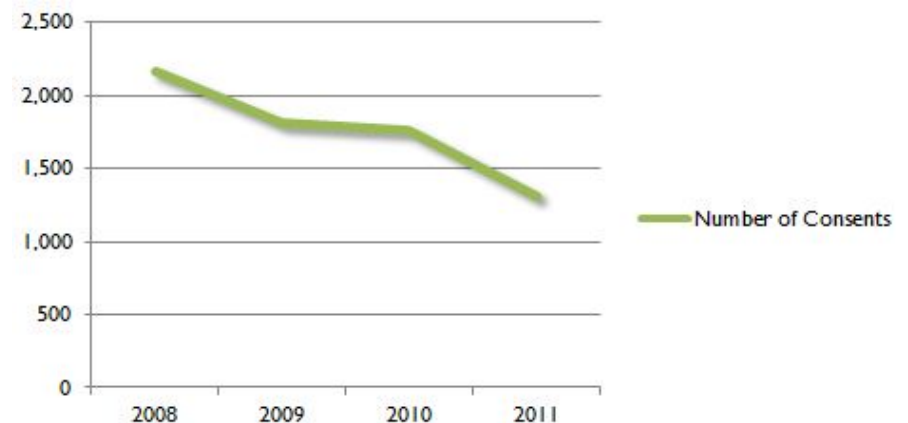
Specifically this activity processes five different types of resource consents:

- Land Use Consents.
- Water Permits.
- Discharge Permits.
- Subdivision Consents.
- Coastal Permits.

The Resource Consent activity provides information to potential applicants, interest groups and the general public on all resource management matters. The activity maintains and manages a consents data base that is responsive to the needs and requirements of central government, applicants, submitters and the general public. The activity also manages objections and appeals to the Environment Court on resource consent decisions and conditions.

Activity Levels

The activity level of the group varies from year to year. The graph below shows there has been a general decline in numbers since the peak times.⁷ Within each year there are also daily, weekly and monthly fluctuations in the number and types of application received.



Emerging Issues and Expected Changes

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

⁷ For a calendar year from January to December.

Levels of Service: Resource Consents

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0	6.0	6.0	6.0
Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers needs	% of resource consent applications processed within statutory timeframes.	90%	90%	90%	95%	% consistently exceeding the national average (currently 95%)
	% of objections under section 357(b) compared to total number of applications processed ⁸ .	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%
Provide consistent, appropriate and timely information to applicants and the public on the RMA, resource consent and approval process.	% of incomplete applications rejected under the requirements of RMA - section 88.	<20%	<18%	<16%	<15%	<15%

⁸ RMA, section 357(b) - Right of objection in relation to imposition of additional chargers or recovery costs.

Activity: Resource Consents

Funding Impact Statement for 2012-22

Resource Consents	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	916	891	785	784	794	814	828	832	844	861	868
Fees and charges	1,565	1,250	1,445	1,512	1,563	1,617	1,672	1,728	1,786	1,849	1,914
Internal charges and overheads recovered	23	23	23	24	24	23	22	23	22	23	23
Other receipts	111	102	86	81	79	79	78	76	75	73	73
Total operating funding	2,615	2,266	2,339	2,401	2,460	2,533	2,600	2,659	2,727	2,806	2,878
Applications of operating funding											
Payments to staff and suppliers	1,811	1,565	1,605	1,646	1,691	1,740	1,785	1,832	1,883	1,938	1,995
Internal charges and overheads applied	800	700	731	751	765	789	811	823	840	864	879
Total applications of operating funding	2,611	2,265	2,336	2,397	2,456	2,529	2,596	2,655	2,723	2,802	2,874
Surplus (deficit) of operating funding	4	1	3	4	4	4	4	4	4	4	4
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to improve the level of service	3	3	3	3	3	3	4	4	4	4	4
Increase (decrease) in reserves	1	(2)	-	1	1	1	-	-	-	-	-
Total applications of capital funding	4	1	3	4	4	4	4	4	4	4	4
Surplus (deficit) of capital funding	(4)	(1)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	2,611	2,265	2,336	2,397	2,456	2,529	2,596	2,655	2,723	2,802	2,874
plus - Depreciation and amortisation	2	1	1	3	2	1	-	-	-	-	-
less - Internal charges and overheads recovered	23	23	23	24	24	23	22	23	22	23	23
Expenditure as per Income Statement	2,590	2,243	2,314	2,376	2,434	2,507	2,574	2,632	2,700	2,779	2,851

Activity: Environmental Protection

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

Outcome	Related Community Outcomes	Related Council Outcome
Ensuring statutory compliance with the Resource Management Act 1991, Resource Management Plans, resource consents, bylaws and Local Government Act.	Environmental sustainability, Health choices.	A place where people enjoy living.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of Environmental sustainability by ensuring that Resource Management Act (RMA), Resource Management Plans and resource consents are complied with. Also contributions are made to the Community Outcome Health choices by monitoring land uses, subdivisions, discharges water takes and coastal activities. The activity contributes to the Council outcome of a place where people enjoy living by ensuring that the community enjoyment of the environment is protected.

What is this Activity About?

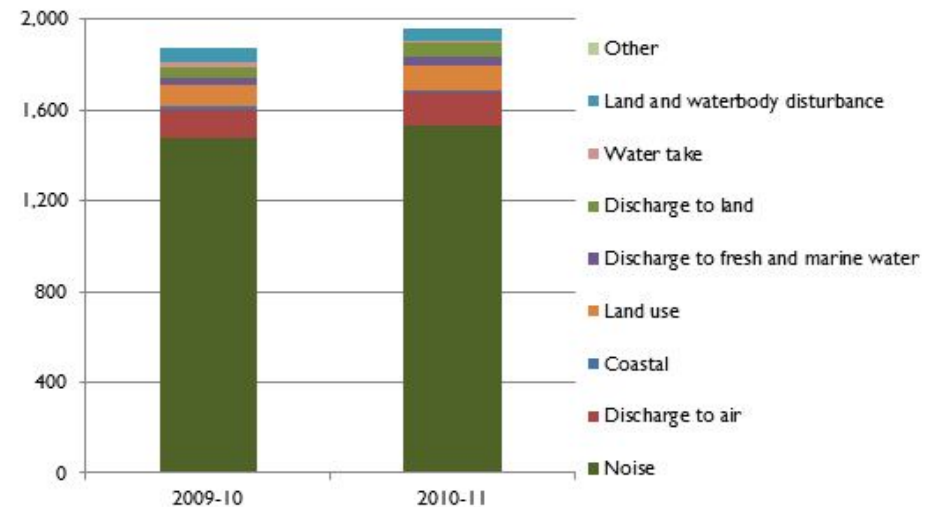
The council monitors the effect of implementing its Resource Management Plans by monitoring compliance with the conditions of permitted activity rules and Resource Consent conditions.

The main activities of the Environmental Protection section are:

- **Monitoring** – Proactively monitor activities that have either a greater environmental impact warranting special consideration, generate community concern or are related to trends highlighted through the State of the Environment Report.
- **Complaint Response** - Investigate alleged breaches of the RMA, Resource Management Plans and consents. Council receives over 1,500 complaints on an annual basis in regard to alleged breaches of the RMA or Resource Consent conditions, all of which require investigation. The follow up involved in resolving a complaint can vary from a relatively simplistic desk top exercise to a complex investigation and Court action. As any complaint could escalate, a high level of data recording is essential.
- **Emergency Response** – Respond to emergencies that have the potential to affect the environment (eg: spillages, discharges).
- **Education:** Good education leads to the community understanding and taking ownership of an issue and its resolution. It is an effective way of bringing about a long-term change in environmental behaviour and also allows Council and the community to foster good relationships and deal with issues in a proactive as opposed to a regulatory manner.

Activity Levels

During 2010-11, Council received 1,960 complaints (2009-10: 1,870). Noise complaints are the most common complaint received:



Emerging Issues and Expected Changes

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

- Discharge of waste water from wineries and commercial activities in the Marlborough Sounds.
- Effects of forestry on the environment.
- Sounds sewerage from properties that manage their on wastewater.
- Trustpower consent leading to complaints.

Activity: Environmental Protection

Levels of Service: Environmental Protection

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.5	6.5	6.5	6.5
Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.	Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or Resource Management Plans and consents.	New measure	By 30 June	By 30 June	By 30 June	By 30 June
	Report on waste from wineries for compliance with resource consent conditions, (waste water and grape marc)	New measure	By 31 July	By 31 July	By 31 July	By 31 July
	Report on resource consents for the discharge of sewerage from commercial operators to Marlborough Sounds' land or coastal waters.	New measure	By 31 July	By 31 July	By 31 July	By 31 July
Monitor and investigate alleged breaches of the RMA, Resource Management Plans and Consents.	% of complaints assessed and acknowledged within one working day.	New measure	80%	80%	80%	80%
	% of complaints, either resolved or had a resolution strategy, developed within 90 days of receipt.	99%	99%	100%	100%	100%

Activity: Environmental Protection

Funding Impact Statement for 2012-22

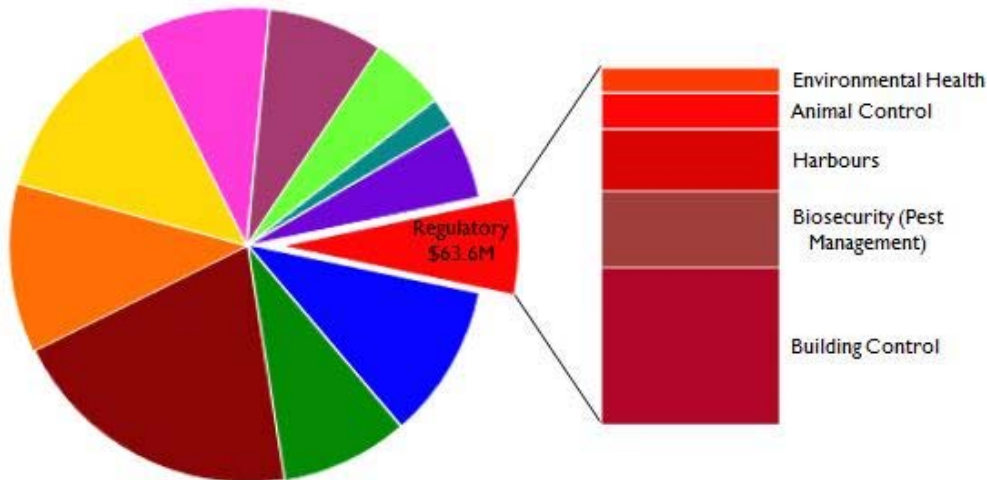
Environmental Protection	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	852	904	937	967	992	1,024	1,053	1,078	1,108	1,142	1,172
Fees and charges	55	61	63	65	67	69	72	74	77	79	82
Other receipts including fines	116	111	111	108	108	108	108	108	107	108	109
Total operating funding	1,023	1,076	1,111	1,140	1,167	1,201	1,233	1,260	1,292	1,329	1,363
Applications of operating funding											
Payments to staff and suppliers	691	713	732	750	771	793	813	834	856	881	907
Internal charges and overheads applied	332	361	377	388	395	408	420	426	436	448	456
Total applications of operating funding	1,023	1,074	1,109	1,138	1,166	1,201	1,233	1,260	1,292	1,329	1,363
Surplus (deficit) of operating funding	-	2	2	2	1	-	-	-	-	-	-
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Increase (decrease) in reserves	-	2	2	2	1	-	-	-	-	-	-
Total applications of capital funding	-	2	2	2	1	-	-	-	-	-	-
Surplus (deficit) of capital funding	-	(2)	(2)	(2)	(1)	-	-	-	-	-	-
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,023	1,074	1,109	1,138	1,166	1,201	1,233	1,260	1,292	1,329	1,363
plus - Depreciation and amortisation	-	2	2	2	1	-	-	-	-	-	-
Expenditure as per Income Statement	1,023	1,076	1,111	1,140	1,167	1,201	1,233	1,260	1,292	1,329	1,363

Regulatory



Photo: Looking towards Waitaria, Kenepuru, Marlborough Sounds

Activities in this Group:



Major Budgeted Projects

Asset	Major Projects 2012-22	Value (Millions)
	There are no major assets budgeted for this group of activities.	

Rationale for Activities in this Group

Council is charged with carrying out a number of statutory functions, on behalf of Central Government. These responsibilities are denoted down to Local Government by statute. This grouping contains activities driven by various statutes which have nothing in common and no real interrelationships.

The responsibility for managing this group of activities has been given to the Regulatory Group to manage.

The following Funding Impact Statement (FIS) is for the activity group, throughout this section a separate FIS is included for each activity and these should be referred to for more detailed information.

Changes to Regulatory Activity Group from the 2011-12 Annual Plan

1. Biosecurity (Pest Management) is now included in this activity group.
2. Resource Consents and Environmental Protection are no longer included in this activity group.

Intended Changes to Levels of Service from the 2011-12 Annual Plan

The table describes any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described.

Activity: Biosecurity (Pest Management)		
2011-12 Annual Plan	2012-22 LTP	Reason for changes
Provide community and industry awareness of pest management responsibility through communication, education and advocacy.	Not applicable.	This is not a major aspect of the service.
Activity: Building Control		
Provide a consent processing service that is timely and responsive to customer needs.	Provide a service that is responsive to customer needs and minimise risks to public safety.	Combined LoS.
Provide a service that minimises risks to public safety.		

Activity: Environmental Health

To approve and monitor food safety generally encourage operators of food premises through education and enforcement to take responsibility for providing safe and suitable food.	Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.	Combined LoS.
Encourage operators of registered premises to take responsibility for providing a safe environment.		
Encourage operators of licensed premises to establish a reasonable system of control over the sale and supply of liquor to the public with the aim of contributing to the reduction of liquor abuse.	Carryout the functions of Licensing Inspector controlling the sale and supply of liquor to the public with the aim of contributing to the reduction of liquor abuse.	Revised LoS better reflects the way the activity is delivered.

Activity: Animal Control

To provide an effective education programme on dog safety and responsible dog ownership.	Not applicable.	Included under Animal Control contract requirements measured under other current LoS.
To provide an effective service for dealing with wandering livestock on public land and roads.		

Activity: Harbours

High degree of compliance with statutes, bylaws and regulations that directly affects Marlborough's coastal region and its users.	Ensure navigation safety and bylaw requirements in the Marlborough Sounds area are adhered to.	Revised LoS better reflects the way the activity is delivered.
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Significant Negative Effects Associated with this Group of Activities

No negative effects are considered to be associated with this group of activities.

The following Funding Impact Statement (FIS) is for the activity group, throughout this section a separate FIS is included for each activity and these should be referred to for more detailed information.

Activity Group: Regulatory

Funding Impact Statement for 2012-22

REGULATORY

	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	2,387	2,403	2,496	2,592	2,604	2,639	2,610	2,626	2,713	2,792	2,821
Fees and charges	2,935	2,665	2,778	2,899	2,996	3,099	3,204	3,312	3,423	3,543	3,669
Other receipts	623	622	633	642	645	654	656	665	678	692	706
Total operating funding	5,945	5,690	5,907	6,133	6,245	6,392	6,470	6,603	6,814	7,027	7,196
Applications of operating funding											
Payments to staff and suppliers	4,220	4,062	4,207	4,373	4,437	4,510	4,570	4,684	4,848	4,987	5,093
Internal charges and overheads applied	1,392	1,415	1,479	1,520	1,548	1,601	1,644	1,669	1,705	1,752	1,784
Other operating funding applications	6	31	32	34	34	35	7	9	7	9	8
Total applications of operating funding	5,618	5,508	5,718	5,927	6,019	6,146	6,221	6,362	6,560	6,748	6,885
Surplus (deficit) of operating funding	327	182	189	206	226	246	249	241	254	279	311
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to meet additional demand	145	-	69	-	-	48	-	51	-	243	-
Capital expenditure to improve the level of service	202	62	2	109	355	2	203	88	3	185	3
Capital expenditure to replace existing assets	33	75	67	35	36	74	39	40	81	43	44
Increase (decrease) in reserves	(53)	45	51	62	(165)	122	7	62	170	(192)	264
Total applications of capital funding	327	182	189	206	226	246	249	241	254	279	311
Surplus (deficit) of capital funding	(327)	(182)	(189)	(206)	(226)	(246)	(249)	(241)	(254)	(279)	(311)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	5,618	5,508	5,718	5,927	6,019	6,146	6,221	6,362	6,560	6,748	6,885
plus - Depreciation and amortisation	122	111	128	140	155	169	165	148	153	169	193
Expenditure as per Note I	5,740	5,619	5,846	6,067	6,174	6,315	6,386	6,510	6,713	6,917	7,078

Note I can be found on page 169.

Activity: Biosecurity (Pest Management)

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

Outcome	Related Community Outcome	Related Council Outcome
The economic and ecological impacts of pests in the District are minimised.	Prosperity, environmental sustainability.	A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to Community outcomes of environmental sustainability and prosperity and the Council outcome of a prosperous community and economy for all Marlburians by reducing the impacts of animal and plant pests on the primary sector and our natural environment.

What is this Activity About?

The Biosecurity Act 1993 enables Council to have a significant regional role in carrying out pest management activities. In Marlborough there is a long history of pests which impact on our economy and the environment. Furthermore the potential of new pest threats are continuous and require an active regime in order to understand and manage any impacts.

The framework for managing pests has been through the development and implementation of a Regional Pest Management Strategy (RPMS). The RPMS includes pests that have a regional focus, rather than being of national significance. The RPMS defines and declares 37 plant and animal pests and contains a variety of methods both regulatory and non regulatory approaches on how the listed pests are to be managed. Broadly the listed pests are classified into three main groups;

Total Control Pests – pests of limited distribution which potentially would have a high impact if left unmanaged. The objective is to eradicate these species throughout the region. The onus for pest control is shared between the land occupiers, Council and in particular circumstances, the Department of Conservation.

Containment Pests - pests that are more widespread in nature which have a high impact on the environment and require control to prevent spread and to reduce overall pest density levels over time. The control of these pests is primarily the responsibility of the land occupier, however council intervention may be justified for certain pests.

Surveillance Pests - pests which have significance and require further information gathering. The only management intervention is the banning of sale, propagation and distribution.

Council undertakes a coordinated approach to manage the risks and impact of pest threats to the terrestrial, freshwater and marine environments.

The major part of Council's pest management activity is directed towards providing advice to land occupiers and the public on identifying and controlling pests and monitoring to ensure land owner compliance with pest control programmes. The activity is predominantly focused in the Wairau/Awatere catchment to protect the productive state of Marlborough's primary industries.

The Council also provides funding to the Animal Health Board for the purpose of the vector control programme, pursuant to the National Pest Management Strategy for Bovine Tb.

Emerging Issues and Expected Changes

Over the next ten years our focus is centred on the need to adequately respond to:

- The statutory requirement to review the RPMS by 2013, however pending changes to the Biosecurity Act and a national policy direction will impact on the overall process, timeframes and scope of this review.
- The need to constantly review policies to manage biodiversity pest threats on sites that are identified as Significant Nature Areas (SNA). In particular an impact assessment is required for SNA in south Marlborough where the Animal Health Board possum control programme is planned to withdraw.
- The potential of rabbit populations to recover and the need to work with the community to develop control methods and strategies.
- The ongoing risk of Chilean needle grass spread will continue. Effective control options including minimising pathway risks remain a concern, and will continue to require an adaptive approach.

Activity: Biosecurity (Pest Management)

Levels of Service: Biosecurity (Pest Management)

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.4	6.5	6.5	6.5	6.6
Monitoring and controlling the spread and impacts of animal and plant pests.	Percentage of sites (Containment Pests) inspected or audited to confirm that control programmes have been undertaken to standard.	80%	85%	85%	85%	85%
	Percentage of known active Total Control Pest sites controlled annually.	New measure	95%	95%	95%	95%
	The number of hours spent searching (surveillance) for pests outside known areas.	New measure	>500hrs	>500hrs	>500hrs	>500hrs
Prepare, publish, and implement the RPMS operational plan.	Timeliness completion of annual plan to the Environment Committee.	30 October	30 October	30 October	30 October	30 October

Activity: Biosecurity (Pest Management)

Funding Impact Statement for 2012-22

Biosecurity (Pest Management)	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,098	1,067	1,126	1,214	1,200	1,194	1,229	1,261	1,331	1,373	1,378
Other receipts	155	145	147	152	146	142	143	144	146	148	147
Total operating funding	1,253	1,212	1,273	1,366	1,346	1,336	1,372	1,405	1,477	1,521	1,525
Applications of operating funding											
Payments to staff and suppliers	991	950	1,001	1,087	1,063	1,043	1,072	1,100	1,166	1,201	1,199
Internal charges and overheads applied	260	260	271	278	283	293	300	305	311	320	326
Total applications of operating funding	1,251	1,210	1,272	1,365	1,346	1,336	1,372	1,405	1,477	1,521	1,525
Surplus (deficit) of operating funding	2	2	1	1	-	-	-	-	-	-	-
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Increase (decrease) in reserves	2	2	1	1	-	-	-	-	-	-	-
Total applications of capital funding	2	2	1	1	-	-	-	-	-	-	-
Surplus (deficit) of capital funding	(2)	(2)	(1)	(1)	-	-	-	-	-	-	-
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,251	1,210	1,272	1,365	1,346	1,336	1,372	1,405	1,477	1,521	1,525
plus - Depreciation and amortisation	2	2	1	1	-	-	-	-	-	-	-
Expenditure as per Income Statement	1,253	1,212	1,273	1,366	1,346	1,336	1,372	1,405	1,477	1,521	1,525

Activity: Building Control

Activity: Building Control

Operating costs of this activity represents approximately 2.8% of total activity expenditure.

Outcome	Related Community Outcome	Related Council Outcome
Residents and visitors live and work in buildings that are healthy and safe.	Affordable housing and Energy efficiency.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of affordable housing and energy efficiency by ensuring that all buildings are constructed in accordance with the minimum standards of the New Zealand Building Code. New Zealand Building Code aims to reduce the use of non-renewable energy sources. The activity also contributes to the Council outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by supporting development of residential and industrial property.

What is this Activity About?

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

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

The most significant component of this activity is to receive, process, grant, and issue Building Consent applications, followed by inspecting work for compliance and issuing a Code Compliance Certificate. The standard of compliance required is set out in the Building Regulations and it's compliance with the New Zealand Building Code.

This Activity also involves other functions under separate legislation including:

- Monitoring swimming pool fencing under the Fencing of Swimming Pools Act 1987.
- Investigating building related complaints under the Local Government Act and the Building Act.
- The Council is required to have an accredited Building Consent Authority.

Land Information Memoranda

The issuing of a Land Information Memorandum involves the timely, accurate and complete

supply of information Council either holds, or has been statutorily advised of, by means of a memorandum to the applicant. Council is required to hold Land Information Memoranda (LIM) pursuant to section 44A of the Local Government Information and Meetings Act 1987. Council is also required to process all LIM requests within statutory timeframes.

Activity Levels

The activity level of the Group varies from year to year but has noticeably fallen since the economic downturn. However, administration of each building consent is more time consuming since changes to the Building Act. The following table lists the numbers of Building Consents handled during the past few years⁹:



Emerging Issues and Expected Changes

The Government has made changes to the Building Act which will implement progressively over the next few years. Whilst not all of the changes are known in detail it is likely that the Council and BCA role in the Building Control area will change to a less hands on role and a more of a quality assurance type role.

⁹ For a calendar year from January to December.

The industry practitioners will be required to take greater responsibility for their own work which could reduce Council's role in some areas such as consent processing and inspections. The Licensed Building Practitioners and Restricted Building Work schemes started on 1 March 2012.

It is likely that the Canterbury re-build will impact on the availability of qualified and experienced personnel throughout the industry.

Levels of Service: Building Control

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0	6.0	6.0	6.0
Provide a service that is responsive to customer needs and minimise risks to public safety.	% of Building Consents applications granted within 20 working days of receipt of the application.	100%	100%	100%	100%	100%
	% of Code Compliance Certificates issued within 20 working days of receipt of application.	New measure	100%	100%	100%	100%
	% of swimming pools inspected annually.	15%	>15%	>15%	>15%	>15%
	% of Building Warrants of Fitness audited annually.	20%	20%	20%	20%	20%
Provision of Land Information Memoranda	Number of liability claims made because of incomplete or inaccurate information supplied.	1	<3	<3	<3	<3

Activity: Building Control

Funding Impact Statement for 2012-22

Building Control	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	405	384	373	346	335	336	251	228	214	204	182
Fees and charges	2,011	1,986	2,078	2,176	2,249	2,326	2,405	2,486	2,569	2,660	2,754
Other receipts	72	114	113	110	111	113	105	106	107	108	110
Total operating funding	2,488	2,484	2,564	2,632	2,695	2,775	2,761	2,820	2,890	2,972	3,046
Applications of operating funding											
Payments to staff and suppliers	1,645	1,604	1,644	1,685	1,730	1,778	1,765	1,809	1,858	1,910	1,965
Internal charges and overheads applied	841	854	893	919	936	967	995	1,009	1,031	1,060	1,079
Other operating funding applications	1	25	26	27	28	29	-	-	(1)	1	-
Total applications of operating funding	2,487	2,483	2,563	2,631	2,694	2,774	2,760	2,818	2,888	2,971	3,044
Surplus (deficit) of operating funding	1	1	1	1	1	1	1	2	2	1	2
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to replace existing assets	1	1	1	1	1	1	1	1	2	2	2
Increase (decrease) in reserves	-	-	-	-	-	-	-	1	-	(1)	-
Total applications of capital funding	1	1	1	1	1	1	1	2	2	1	2
Surplus (deficit) of capital funding	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(1)	(2)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	2,487	2,483	2,563	2,631	2,694	2,774	2,760	2,818	2,888	2,971	3,044
plus - Depreciation and amortisation	-	1	1	1	1	1	1	2	2	1	1
Expenditure as per Income Statement	2,487	2,484	2,564	2,632	2,695	2,775	2,761	2,820	2,890	2,972	3,045
Operating expenditure											
Building Control	2,317	2,311	2,386	2,449	2,508	2,583	2,565	2,619	2,685	2,761	2,830
LIMs	170	173	178	183	187	192	197	200	205	211	216
Capital expenditure:											
Building Control	1	1	1	1	1	1	1	1	2	2	2

Activity: Environmental Health

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

Outcome	Related Community Outcomes	Related Council Outcome
To ensure residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.	Health choices.	A place where people enjoy living. A prosperous community and economy for all Marlburians.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community Outcomes of Health choices and Council outcomes of a place where people enjoy living and a prosperous community and economy for all Marlburians by providing an effective permitting and inspection regime of registered food and alcohol premises to ensure public health is maintained. Statutory nuisances are managed and bylaws enforced.

What is this Activity About?

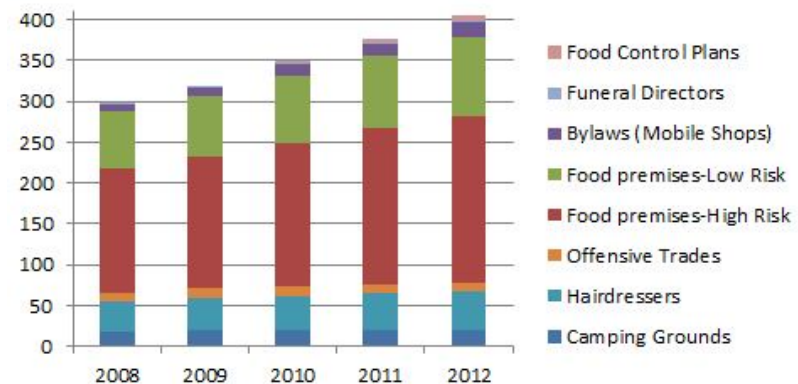
This activity provide services to protect the public health through registration and inspection of premises that prepare or sell food and the investigation of food complaints, as required by the Health Act 1956 and Food Act 1981. The activity also promotes public health and food safety by undertaking education activities and providing written information material to the public.

Further, our Environmental Health Officers administer the Sale of Liquor Act 1989, which requires the issuing of liquor licences and monitoring compliance with licence conditions. Staff also investigates nuisance complaints such as noise, smoke, odours, pest control and hazardous substances. In summary the main focus of this activity are:

- The licensing, inspection and enforcement of standards with regard to all premises (particularly food, hairdressers, camping grounds and offensive trades) to ensure compliance with the relevant legislative requirements.
- The licensing and inspection of premises that sell or supply liquor, to ensure compliance with the relevant legislative requirements and licence conditions.
- The licensing and inspection of markets, food stalls and other annual events.
- To investigate statutory nuisances and respond to noise complaints within seven working days.
- The assessment/granting of Class Four Gaming Consent applications.
- The response to complaints of critical nature (food poisoning) within one working day and of non-critical nature within seven working days.

- And in general, ensure that the health of the public of Marlborough is not put at risk from environmental influences by investigating conditions¹⁰ that may directly or indirectly have the potential to threaten public health. All complaints regarding these threatening conditions are responded within seven working days.

Activity Levels



Emerging Issues and Expected Changes

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

- Expected changes to the Food Act that might place an additional administrative burden on who will be enforcing the Act.
- Continuing use of frost fans, particularly on the Wairau Plain as well as in the Wairau and Awatere Valleys.
- Continuing increase in complaints to Council, especially in terms of noise, air quality, land use and land disturbance.

¹⁰ With particular emphasis on statutory nuisances, bylaw, air quality and noise complaints.

Activity: Environmental Health

Levels of Service: Environmental Health

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.	% of registered premises inspected once a year.	100%	100%	100%	100%	100%
	Number of annual random inspection of markets and events with 10 or more food stalls.	≥12 of each	≥12 of each	≥12 of each	≥14 of each	≥14 of each
	% of complaints of critical nature (food poisoning) responded within one working day.	100%	100%	100%	100%	100%
	% of complaints of a non-critical nature assessed and acknowledged within seven working days.	100%	100%	100%	100%	100%
Administer the voluntary implementation of Food Control Plans.	Undertake annual audit of all existing food businesses with registered exemptions to ensure compliance with the Food Control Plans.	New measure	100%	100%	100%	100%
	Undertake an initial audit of newly registered Food Control Plans within 3 months of registration and then annually thereafter.	New measure	100%	100%	100%	100%
Carryout the functions of Licensing Inspector controlling the sale and supply of liquor to the public with the aim of contributing to the reduction of liquor abuse.	% of "On Licences ¹¹ inspected once a year.	New measure	90%	90%	90%	90%
	Review Council's Liquor Licensing Policy.	New measure	31 July	N/A	N/A	2015-16 and every three years thereafter
Provide a service for investigation of noise complaints.	% of compliance with specifications in the Excessive Noise Control contract, which includes the contractor's obligations regarding response times.	New measure	80%	80%	80%	80%
	Assess and acknowledge complaints concerning unreasonable noise within one working day.	New measure	80%	80%	80%	80%

¹¹ An "on-licence" allows the sale or supply of liquor to any person present on the premises, for consumption on the premises.

Funding Impact Statement for 2012-22

Environmental Health	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	179	181	187	190	193	198	202	201	207	214	217
Fees and charges	5	5	5	5	5	5	5	5	6	6	6
Other receipts	227	226	233	240	247	255	263	271	278	287	297
Total operating funding	411	412	425	435	445	458	470	477	491	507	520
Applications of operating funding											
Payments to staff and suppliers	270	269	276	283	290	298	306	313	321	331	340
Internal charges and overheads applied	136	138	144	149	152	157	161	164	167	171	175
Total applications of operating funding	406	407	420	432	442	455	467	477	488	502	515
Surplus (deficit) of operating funding	5	5	5	3	3	3	3	-	3	5	5
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to improve the level of service	2	2	2	2	2	2	2	2	3	3	3
Capital expenditure to replace existing assets	2	2	2	2	2	2	2	2	2	2	2
Increase (decrease) in reserves	1	1	1	(1)	(1)	(1)	(1)	(4)	(2)	-	-
Total applications of capital funding	5	5	5	3	3	3	3	-	3	5	5
Surplus (deficit) of capital funding	(5)	(5)	(5)	(3)	(3)	(3)	(3)	-	(3)	(5)	(5)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	406	407	420	432	442	455	467	477	488	502	515
plus - Depreciation and amortisation	5	5	5	3	3	3	3	-	1	1	-
Expenditure as per Income Statement	411	412	425	435	445	458	470	477	489	503	515

Activity: Animal Control

Activity: Animal Control

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

Outcome	Related Community Outcomes	Related Council Outcome
Ensuring Council fulfils the obligations that are imposed on it or the public by the provisions of the Dog Control Act 1996, and Bylaws.	Safety and security.	A place where people enjoy living.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community outcome of safety and security and Council outcome of a place where people enjoy living. The activity involves the protection of the community from danger, distress and nuisance caused by dogs as well as the promotion of responsible dog ownership. The Animal Control section is also responsible for providing services in relation to wandering livestock on public land and roads.

What is this Activity About?

The activity involves the promotion of responsible dog ownership and protection of the community from danger, distress and nuisance caused by dogs. It is also responsible for providing services in relation to wandering livestock on public land and roads. The Dog Control Act (DCA) is the primary legislative tool used in this activity, carrying out the majority of its functions together with related regulations, Impounding Act 1955 and Council Bylaws. Council oversees the effectively delivery of this service, which is delivered on a day-to-day basis under contract by Maataa Waka Ki Te Tua Ihu Trust (MW).

The contract contains detailed performance measures on registrations, complaints, operation of the dog pound, education, enforcement, impounding, livestock, training and qualification.

Emerging Issues and Expected Changes

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

- The cost of maintaining the levels of service.
- Dog owners are concerned about increasing fees.
- In the current economic climate some owners are not prioritising the registration of their dogs over other expenditure.
- Increasing numbers of callouts for wandering stock, partly caused by escape of sheep grazing vineyards to reduce mowing costs.
- The public perception that animal control officers have greater powers than the law actually provides.

Levels of Service: Animal Control

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well"	7.2	7.2	7.2	7.2	7.2
To provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).	% of compliance with the service specifications in the Animal Control contract with MW. The key service specifications relate to Education, Unaccounted for Dogs and Complaints.	100%	100%	100%	100%	100%
	Report on how MW has met their obligations under the contract.	New measure	By 30 September	By 30 September	By 30 September	By 30 September
	Compliance with DCA requirements by: <ul style="list-style-type: none"> • Reviewing policies and bylaws; and • Preparing and publicising a report annually. 	N/A N/A	Completed 30 September	N/A 30 September	N/A 30 September	2015-16 review and three years thereafter 30 September

Funding Impact Statement for 2012-22

Animal Control	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	41	39	40	41	42	43	44	45	46	48	49
Fees and charges	564	544	562	580	599	620	641	662	684	708	734
Other receipts	15	14	14	14	15	15	15	16	17	16	16
Total operating funding	620	597	616	635	656	678	700	723	747	772	799
Applications of operating funding											
Payments to staff and suppliers	564	505	531	543	557	571	585	598	614	630	647
Internal charges and overheads applied	44	51	54	55	56	58	59	60	62	63	64
Other operating funding applications	7	6	6	7	7	7	7	8	7	8	8
Total applications of operating funding	615	562	591	605	620	636	651	666	683	701	719
Surplus (deficit) of operating funding	5	35	25	30	36	42	49	57	64	71	80
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Increase (decrease) in reserves	5	35	25	30	36	42	49	57	64	71	80
Total applications of capital funding	5	35	25	30	36	42	49	57	64	71	80
Surplus (deficit) of capital funding	(5)	(35)	(25)	(30)	(36)	(42)	(49)	(57)	(64)	(71)	(80)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	615	562	591	605	620	636	651	666	683	701	719
plus - Depreciation and amortisation	4	5	6	6	6	6	7	6	6	7	7
Expenditure as per Income Statement	619	567	597	611	626	642	658	672	689	708	726
Operating expenditure											
Dog Control	565	516	544	557	570	586	600	613	629	646	663
Other Animal Control	54	52	53	54	55	57	58	59	61	62	64

Activity: Harbours

Activity: Harbours

Operating costs of this activity represents approximately 1.1% of all the activity expenditure

Outcome	Related Community Outcome	Related Council Outcome
Proactively manage the safe and sustained use of the maritime areas of Marlborough so that it can continue to provide physical, spiritual, economic and environmental benefits to its current and future stakeholders.	Environmental sustainability, Safety and security, Fun and recreation.	<p>A place where people enjoy living.</p> <p>A place where people can enjoy quality leisure opportunities.</p> <p>A prosperous community and economy for all Marlburians.</p>

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Safety and Security (on the waterways) Community Outcome by providing aids to navigation as well as on-water patrols to monitor compliance with bylaws. Fun and recreation Community Outcome is contributed to by the establishment and regular patrols of water-ski lanes and swimming areas when established. The Environmental sustainability Community Outcomes is contributed to by providing approved response plans to manage marine oil spills. This activity contributes to the Council outcomes of a place where people enjoy living and a place where people can enjoy quality leisure opportunities by helping to deliver safe recreation in the Sounds and a prosperous community and economy for all Marlburians by supporting economic use of the Sounds.

What is this Activity About?

This activity involves ensuring safety in Marlborough's extensive marine waterways. The Marlborough Sounds comprises approximately 1,500 kms of coastline (which is 18% of New Zealand's entire coastline) and 4,136 km² of water area. The Sounds is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries.

The purpose of the Harbours Department is to ensure that the Council's statutory functions, duties and powers as a Harbour Authority are discharged in an accountable way and, where appropriate, educate the users of the Sounds waterways so that non-compliance with statutes and bylaws and, potentially, enforcement action through legal processes are minimised.

The Group also performs pollution response functions and duties as set out in the Maritime Transport Act 1994 and associated maritime rules.

More generally, the purpose of the Harbours Department is to:

- Provide a 24/7 service, with a rostered system for after-hour call-outs.

- Provide the infrastructure and systems that allows all users to travel safely within the region. This includes the provision of all regional Aids to Navigation, maritime information and Vessel Traffic Monitoring Services.
- Monitor and manage compliance using statutes, bylaws and regulations that directly affects the Marlborough Sounds.
- Manage emergencies and risks that threaten people, the environment, property or economic benefits from the coastal regions of Marlborough.
- Protect Marlborough's coastal environment for this and future generations from pollution through the ability to respond and deal with oil spills or other environmental risks.
- Educate maritime users in particular, and the whole community in general, on the safe and sustained use of Marlborough's marine environment.
- Provide support to Council on decision and policy provisions related to the region's marine environment.
- Assist Central Government agencies and other Council departments in meeting their responsibilities within Marlborough's marine area.
- Promote the public image of the Council in the management of its marine responsibilities.

Activity Level

The Marlborough Sounds are busy waterways, particularly during the summer months. To provide a brief statistical overview of some of the typical Harbours Department matters. A variety of craft use the Sounds:

Recreational Vessels

Recreational use is important in the Sounds, both in terms of access to property and for leisure uses. Currently there are 1,158 berths in the Port Marlborough marinas of which over 90% are occupied. In addition, there are in excess of 3,000 moorings in the Sounds and it is

estimated that 50% are occupied on a continuous basis. Further, during the summer season, it is estimated that up to 10,000 additional recreational crafts make use of the Sounds.

Commercial Vessels

The Marlborough Sounds is important for commercial use. There were almost 7,000 ferry movements, which according to the New Zealand Standards demonstrates that the area is the second busiest harbour after Wellington. In addition there are over 120 movements¹² of passenger and log ships within the Sounds, the majority of these calling at Picton.

An important aspect of Council's as Harbour Authority is to patrol these busy water to ensure safety and to provide education. Patrols are regularly undertaken with a particular emphasis on the summer months. Records are kept of patrols as well as reported incidents.

Oil Spill Response

Specialist oil spill response equipment is on permanent loan to the District from the national stock-pile held by Maritime NZ (MNZ). As part of the loan agreement, the Harbours Department staff is responsible for the ongoing maintenance required to maintain the equipment in an immediate state of readiness.

Emerging Issues and Expected Changes

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

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

Two new vessels are required to enable the harbour service to function effectively. These are planned for 2015-16 and 2020-21.

The issues emerging with this Activity are:

- Ongoing development and review of the Safety Management System required by Maritime New Zealand.
- Impact of oil exploration within New Zealand in relation to Admiralty Bay and the additional pressures this places on the Harbour Department's resources.

- Potential for log exports from Port Underwood has been raised on a number of occasions and will require careful consideration prior to this taking place.
- The need to review the levels of service as water use changes.
- Ongoing review of the Harbour Risk Assessment with a complete review every three years.
- Keeping the adequacy of the Aids to Navigation (AtoN) network under review to ensure that changes in waterway use are incorporated in establishment of additional AtoNs.

¹² A movement is defined as a transit inwards or outwards.

Activity: Harbours

Levels of Service: Harbours

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	7	7	7.2	7.4
Provide a safe environment for all users through effective public education	Safe Sounds Boating brochure reviewed, printed and ready for distribution annually.	Labour weekend	100% by Labour weekend	100% by Labour weekend	100% by Labour weekend	100% by Labour weekend
	Number of weekends in period commencing at Labour Weekend through to end of Easter of the following year where patrols undertaken.	≥15	≥20	≥20	≥20	≥21
	Number of weekday patrols undertaken from mid-December through to end of January of the following year.	New measure	≥30	≥30	≥30	≥30
	% of navigation warnings issued within two hours of a reported event that may impact on navigation safety.	100%	100%	100%	100%	100%
Ensure that Port and Harbour Safety Code requirements are met.	Full review of the Harbour Safety Plan.	Triennially	Review completed	N/A	N/A	2015-16 and 2018-19 review completed
	% of funded mitigation measures completed.	80%	80%	80%	80%	80%
Ensure navigation safety and bylaw requirements in the Marlborough Sounds area are adhered to.	Number of random light inspections of marine farms undertaken.	>200	>200	>200	>200	>200
	Information regarding accidents and incidents is received and, where relevant, passed onto MNZ within five days.	100%	100%	100%	100%	100%
Ensure that navigation aids, swimming and water-ski lanes are maintained effectively.	% of time aids to navigation are working in compliance with the International Association of Lighthouse Authorities (IALA) standards.	100%	100%	100%	100%	100%
	% of pre summer season inspections of swimming and water-ski lanes undertaken.	100%	100%	100%	100%	100%
	Number of further inspections of swimming and water-ski lanes undertaken during the summer season.	>4 (2 of each)	>4 (2 of each)	>4 (2 of each)	>4 (2 of each)	>4 (2 of each)

Funding Impact Statement for 2012-22

Harbours	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	664	732	769	801	834	868	884	890	915	953	994
Fees and charges	355	130	134	138	143	148	153	158	163	169	175
Other receipts	155	124	126	126	127	130	130	130	131	133	138
Total operating funding	1,174	986	1,029	1,065	1,104	1,146	1,167	1,178	1,209	1,255	1,307
Applications of operating funding											
Payments to staff and suppliers	750	734	755	775	797	820	842	864	889	915	942
Internal charges and overheads applied	111	112	117	119	121	126	129	131	134	138	140
Total applications of operating funding	861	846	872	894	918	946	971	995	1,023	1,053	1,082
Surplus (deficit) of operating funding	313	140	157	171	186	200	196	183	186	202	225
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to meet additional demand	145	-	69	-	-	48	-	51	-	243	-
Capital expenditure to improve the level of service	200	60	-	107	352	-	200	85	-	182	-
Capital expenditure to replace existing assets	30	72	64	32	33	71	35	37	78	39	40
Increase (decrease) in reserves	(62)	8	24	32	(199)	81	(39)	10	108	(262)	185
Total applications of capital funding	313	140	157	171	186	200	196	183	186	202	225
Surplus (deficit) of capital funding	(313)	(140)	(157)	(171)	(186)	(200)	(196)	(183)	(186)	(202)	(225)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	861	846	872	894	918	946	971	995	1,023	1,053	1,082
plus - Depreciation and amortisation	109	98	115	130	145	158	154	142	145	161	183
Expenditure as per Income Statement	970	944	987	1,024	1,063	1,104	1,125	1,137	1,168	1,214	1,265

Activity Group: Regional Development

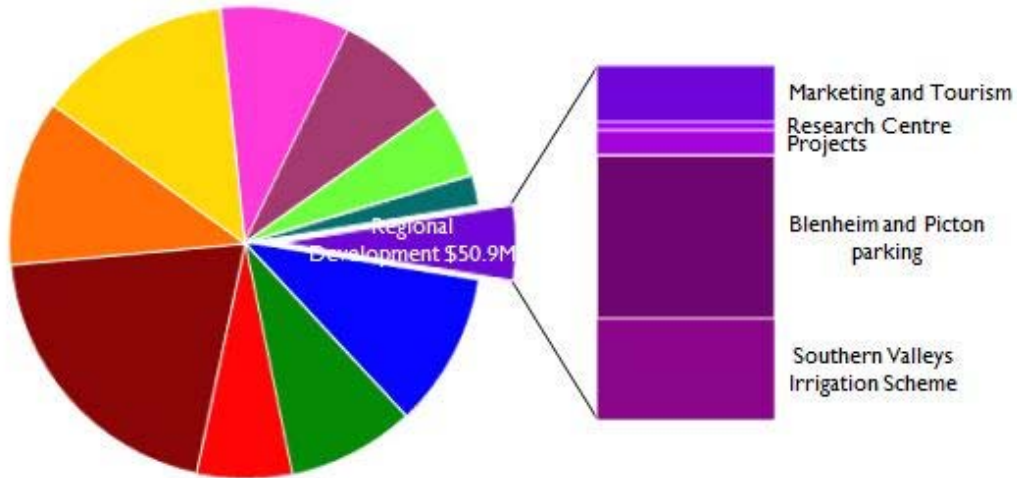
Regional Development



Photo: Marlborough Museum, Blenheim

Major Budgeted Projects

Activities in this Group:



Asset	Major Projects	Value (Millions)
Parking	2015-19 Renewal of parking meters and ticket machines	\$1.0

Rationale for the Delivery of the Regional Development Activity Group

Council decisions and actions can significantly assist the development of the regional economy by encouraging local business initiatives and innovation, attracting new investments, and by presenting Marlborough as an attractive tourist destination. As a provider of infrastructure (such as roading, water, parking and irrigation), as a regulator of many business activities, Council is both a facilitator and encourager of development in the region.

Changes to Regional Development Activity Group from the 2011-12 Annual Plan

1. Parking (except unmetered street parking) and Irrigation (Southern Valleys) are now included in this activity group. This has significantly increased the overall budget for the group.
2. The activity Regional Development has been renamed Economic Development. There are no major differences to its delivery or focus.
3. Events Management is no longer included in this activity group.

Intended Changes to Levels of Service from the 2011-12 Annual Plan

This table describes any intended changes to the levels of service within the group from the levels of service displayed in the 2011-12 Annual Plan. The reasons for the intended changes are also described.

Activity: Regional Development		
2011-12 Annual Plan	2012-22 LTP	Reason for changes
Co-ordinate effective economic development delivery.	Not applicable.	
Manage third party providers to ensure service quality and value (Marketing and Tourism)	Effective promotion of Marlborough as a visitor destination.	Combined LoS.
Effective promotion of Marlborough as a destination.		
Provide an overall level of service that meets or exceeds residents expectations (Events Management).	Provide an overall level of service that meets or exceeds residents expectations.	Activity has moved from this group. Included in 'Community Support' activity in the 'People' activity group
Manage third party providers to ensure service quality and value (Events Management).	Manage third party providers to ensure service quality and value of community events.	

Significant Negative Effects Associated with this Group of Activities

Unplanned development carries a variety of risks, chiefly associated with the sustainability of resource use. Council takes a sustainable development approach to planning for regional development, and endeavours to balance current and future needs of the community. The irrigation activity may involve the potential for environmental impact or the operation of machinery, earthmoving or construction works, which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities appropriate controls are imposed.

Major Budget Projects

The table outlines the major budgeted projects and areas of expenditure proposed for this activity over the next ten years. Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented.

Asset	Major Projects	Value (Millions)
Parking	2015-19 Renewal of parking meters and ticket machines	\$1.0

Activity: Regional Development

Activity: Regional Development

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

Outcome	Related Community Outcome	Related Council Outcome
Improved quality of life for all residents. A prosperous community.	Prosperity, Enterprise and Endeavour, Full Participation.	A prosperous community and economy for Marlburians. A place where people can enjoy quality leisure opportunities.

How this Activity Contributes to Related Community and Council Outcomes

This activity contributes to the Community outcomes of prosperity, enterprise and endeavour and full participation by working collaboratively with key industries to identify and take advantage of commercial development opportunities within the District to the Council outcomes of a prosperous community and economy for Marlburians and a place where people can enjoy quality leisure opportunities by supporting the sustainable growth of the regional economy.

What is this Activity About?

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

Some services are provided by Council specifically for the benefit of the regional economy:

- Economic development.
- Marketing and tourism.
- Research centre.
- Parking.
- Irrigation.

Economic Development

Council undertakes a strategic role by supporting and funding initiatives in our key sectors to help them grow, and encouraging and facilitating businesses to move to Marlborough. Recent examples include helping our smaller wineries to access new markets, helping our businesses benefit from the Rugby World Cup 2011, attracting new contracts in the aviation sector, and

supporting our aquaculture companies to develop new products. Council is developing a new regional economic strategy that will highlight the best prospects for regional growth. Future programmes will be guided by the direction set by the strategy.

Marketing and Tourism

Council's role is to market and promote Marlborough as a desirable visitor destination to both international and domestic travellers. The objective is to not only increase visitor numbers, but also increase the time they spend in the District and the amount spent. Currently approximately 1.5 million travellers (75% domestic, 25% international) visit the District per year spending in excess of \$200 million while they are here. International visitor numbers are projected to grow over 20% in the next six years, while domestic visitors are projected to fall by just under 2%. A particular focus is made on stimulating travel in the shoulder seasons and winters.

The Regional Tourism Organisation, Destination Marlborough, delivers this activity with funding from Council and other organisations.

In addition, Council as part of its consideration of submissions, decided to allocate \$60,000 towards the establishment of an Event Co-ordinator role to develop and manage a Regional Event Strategy for Marlborough. The role will improve alignment of event opportunities and communication between event organisers, facilities, businesses, the community and marketing channels to improve the attractiveness and value of visiting Marlborough. A particular focus will be on the shoulder seasons, when visitor numbers tend to drop off. This role should provide significant benefit to the Marlborough business community. Council has yet to decide how this new activity will be delivered.

Research Centre

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

The Marlborough Wine Research Centre is owned and managed by the Marlborough Research Centre Trust. The Trust was set up in 1984 to ensure the Marlborough region

makes the best use of its natural resources, by assisting innovative research and technical development in agricultural, pastoral, horticultural and viticultural matters.

Parking

A large number of our businesses are located in or close to our main town centres of Blenheim and Picton. The ability for customers, staff and visitors to access these businesses is supported by the provision of convenient and affordable car parks, as well as support for other modes such as public transport, biking and walking. Council provides, operates and maintains over 2,000 on and off-street parks in Blenheim and Picton. This service is contracted to Marlborough Roads, which currently sub-contracts parking enforcement to ADT Armourguard and the Cash Collection contract, which is held by Gary Ching Ltd.

This provision of car parking in Blenheim and Picton town centres is guided by parking strategies for each town. Picton's parking strategy is due to be adopted in 2012 and Blenheim's in 2013. Measurement of parking occupancy levels in Blenheim is carried out by contract, and will possibly extend to Picton following the adoption of the Picton parking strategy during 2012. The table below provides a summary of Blenheim and Picton kerbside and off-street parking numbers:

Parking	Length / Quantity
Blenheim Car Parks	357 kerbside metered; 918 off-street metered (includes 348 car park building); 130 off-street leased; 640 off-street time restricted.
Picton Car Parks	201 off-street metered; 65 off-street time restricted.

Irrigation

Sourcing water for irrigation is of critical importance to our primary industries, particularly in areas of shortage such as south Marlborough. Council has significant expertise and experience in providing water infrastructure in Marlborough, and has developed an irrigation scheme for the Southern Valleys (SVIS) for horticultural, farming and rural residential properties over an area of approximately 4,500 ha to the south of Renwick. The scheme is operated during the drier months of the year providing there is sufficient water available in the Wairau River.

A pre-feasibility study is underway for a community irrigation scheme for the Flaxbourne area around Ward. Council supports in principle other community irrigation schemes if environmental effects can be managed and mitigated.

The Council also plays a key role in the local economy through its core services of roading and water infrastructure and regulatory activity, and through its investment in community infrastructure such as libraries and leisure facilities.

The table below provides a summary of the SVIS assets:

Southern Valleys Irrigation Scheme (SVIS)	Length/Quantity
Reticulation length	57 km
Service connections	4,500 hectares
Abstraction Gallery	2
Distribution Pumps	6
Booster Pumps	8
Meters	261

Emerging Issues and Expected Changes

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

- The role of the Council in supporting economic growth is under review.
- The government has refocused its funding of local economic interventions from a regional allocation to a national bidding model. Marlborough is therefore competing with larger population centres to secure a government contribution towards projects.
- National research by ANZ Bank indicates that Marlborough is one of the hardest hit regions in the current economic downturn occurring within New Zealand and other developed nations. Smaller businesses, especially in viticulture and winemaking, and in tourism, are at risk of downsizing and closure due to the recession.
- The decision by government whether to invest in port facilities at Clifford Bay, near Ward, could have a significant impact for that area and for Picton where major port facilities are currently located.
- Marlborough will continue to be reliant on securing people and investment from elsewhere in New Zealand and the world.
- Balancing economic growth with our special natural environment. Access to water for irrigation and production is a particular issue for our land-based economy.
- The current global economic situation has had an impact on the number of visitors to New Zealand as travel is frequently seen as discretionary expenditure.
- International airline capacity, low cost airlines and new routes will create a change in the international market mix to Marlborough. There are shifts in the market mix with higher growth in Asian market arrivals than the traditional markets of UK, Europe, USA and Canada.
- Changing traveller booking patterns with much shorter lead times.
- Tourism New Zealand's new target market strategy for international promotion is more closely aligned with the Marlborough visitor experience and provides good future promotional opportunities to feature more within the context of the international marketing effort.

Activity: Regional Development

- Parking strategies for Picton and Blenheim (due for Picton and 2012, and Blenheim in 2013) will guide future decisions about provision, pricing and other parking related issues.
- If the conditions are met there is expected to be a forgiveness of the \$1.4 million loan and accumulated interest to the Aviation Heritage Centre in 2015-16.

Levels of Service: Regional Development

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2012-13	2013-14	2014-15	2015-22
Provide an overall level of service that meets or exceeds residents' expectations	Resident satisfaction with this service as measured by survey where 10 = "service delivered extremely well".	Reg devt – 6.4 Tourism – 7.3 Research Ctr – 7.0 Parking – 6.3 Irrigation – 6.9	Reg devt – 6.4 Tourism – 7.5 Research Ctr – 7.0 Parking – 7.0 Irrigation – 7.0	Reg devt – 6.4 Tourism – 7.5 Research Ctr – 7.0 Parking – 7.0 Irrigation – 7.0	Reg devt – 6.4 Tourism – 7.5 Research Ctr – 7.0 Parking – 7.0 Irrigation – 7.0	Reg devt – 6.4 Tourism – 7.5 Research Ctr – 7.0 Parking – 7.0 Irrigation – 7.0
Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough	Complete a strategy for Council's role in regional development.	New measure	31 December 2012	N/A	N/A	N/A
	Develop a work programme from Regional Development Strategy.	New measure	30 June 2013	N/A	N/A	N/A
	% of funded work programme targets achieved.	New measure	Work programme under development	80%	80%	80%
Manage Research Centre contract to ensure service quality and value	Number of published research papers.	70	≥50	≥50	≥50	≥50
Effective promotion of Marlborough as a visitor destination	% change in visitor nights in Marlborough compared to national trends.	% change in visitor nights equal or better than national trends	% change in visitor nights equal or better than national trends	% change in visitor nights equal or better than national trends	% change in visitor nights equal or better than national trends	% change in visitor nights equal or better than national trends
	% of achievement of Destination Marlborough business plan key performance measures	New measure	80%	80%	80%	80%
Provision of convenient and affordable car parks to support CBD businesses	Regularly review the parking strategies for Blenheim and Picton. (five yearly)	New measure	Picton – December 2012	Blenheim – December 2013	N/A	Picton – December 2017 Blenheim – December 2018
	Occupancy rates of off-street car parks in Blenheim	kerbside 65% off street 76% (Queen St and Clubs only) Parking building – New measure	kerbside <70% off street <85%, parking building 70%	kerbside <70% off street <85%, parking building 70%	kerbside <70% off street <85%, parking building 70%	kerbside <70% off street <85%, parking building 70%
Support for land based industries through the supply of irrigation water	Number of events that cause a loss of supply during the season for more than 48 hours due to infrastructure breakdown.	New measure	≤ 1 event per annum	≤ 1 event per annum	≤ 1 event per annum	≤ 1 event per annum

Activity: Regional Development

Funding Impact Statement for 2012-22

Regional Development	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	879	970	1,032	1,043	1,070	1,095	1,106	1,116	1,127	1,140	1,142
Targeted rates (other than for water supply)	1,215	1,235	1,241	1,247	1,253	1,259	1,265	1,272	1,278	1,285	1,292
Fees, charges and targeted rates for water supply	2,237	2,097	2,200	2,308	2,440	2,528	2,616	2,706	2,801	2,905	3,013
Other receipts	230	199	204	202	204	206	208	209	210	211	214
Total operating funding	4,561	4,501	4,677	4,800	4,967	5,088	5,195	5,303	5,416	5,541	5,661
Applications of operating funding											
Payments to staff and suppliers	1,807	1,882	1,939	1,979	2,042	2,155	2,211	2,267	2,329	2,398	2,469
Finance costs	1,335	1,468	1,419	1,365	1,315	1,271	1,229	1,176	1,108	1,032	950
Internal charges and overheads applied	273	291	300	310	315	323	329	334	340	347	353
Other operating funding applications	766	448	503	520	2,503	497	505	514	522	532	541
Total applications of operating funding	4,181	4,089	4,161	4,174	6,175	4,246	4,274	4,291	4,299	4,309	4,313
Surplus (deficit) of operating funding	380	412	516	626	(1,208)	842	921	1,012	1,117	1,232	1,348
Sources of capital funding											
Increase (decrease) in debt	(19)	(681)	(758)	(831)	(619)	(619)	(646)	(904)	(1,066)	(1,151)	(1,232)
Total sources of capital funding	(19)	(681)	(758)	(831)	(619)	(619)	(646)	(904)	(1,066)	(1,151)	(1,232)
Applications of capital funding											
Capital expenditure to meet additional demand	675	105	88	91	374	387	400	225	119	123	128
Capital expenditure to improve the level of service	69	67	-	-	-	-	-	-	-	-	-
Capital expenditure to replace existing assets	-	18	19	6	7	20	7	44	23	8	8
Increase (decrease) in reserves	(383)	(459)	(349)	(302)	(2,208)	(184)	(132)	(161)	(91)	(50)	(20)
Total applications of capital funding	361	(269)	(242)	(205)	(1,827)	223	275	108	51	81	116
Surplus (deficit) of capital funding	(380)	(412)	(516)	(626)	1,208	(842)	(921)	(1,012)	(1,117)	(1,232)	(1,348)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	4,181	4,089	4,161	4,174	6,175	4,246	4,274	4,291	4,299	4,309	4,313
plus - Depreciation and amortisation	557	552	544	562	594	645	679	711	742	772	789
Expenditure as per Income Statement	4,738	4,641	4,705	4,736	6,769	4,891	4,953	5,002	5,041	5,081	5,102

Funding Impact Statement for 2012-22

Regional Development	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
<u>Operating expenditure</u>											
Economic Development	207	107	110	114	2,081	179	185	191	197	204	211
Marketing and Tourism	780	856	910	905	920	875	880	884	889	894	898
Research Centre	70	136	136	136	136	136	136	137	137	137	137
Irrigation	1,444	1,406	1,411	1,411	1,422	1,423	1,423	1,422	1,423	1,426	1,430
Parking	2,238	2,137	2,138	2,170	2,210	2,277	2,328	2,369	2,396	2,420	2,426
<u>Capital expenditure:</u>											
Irrigation	69	67	-	-	-	-	-	-	-	-	-
Parking	675	123	106	97	381	407	407	268	142	131	136

These figures reflect the assumption that the Aviation Heritage Trust will meet the conditions for the forgiveness of its loan.



Part 3: Financial Strategy and Statements

- **Financial Strategy**
- **Assumptions, Disclosures and Compliance**
- **Income Statement**
- **Statement of Comprehensive Income**
- **Statement of Changes in Equity**
- **Statement of Financial position**
- **Statement of Cashflows**
- **Statement of Accounting Policies**
- **Notes to Financial Statement**

Photo: Saltworks, Lake Grassmere, Seddon

Financial Strategy

Introduction

The Financial Strategy is a new requirement for the Long Term Plan.

Council must under the Local Government Act 2002, manage its revenues, expenses, assets, liabilities and general financial dealings prudently and in a manner that sustainably promotes the current and future interests of the community.

The Financial Strategy is an important component of the Long Term Plan that demonstrates how Council will:

- Ensure that the levels of rates and borrowing are financially sustainable and kept within pre-set limits.
- Maintain levels of service.
- Maintain the assets it owns on behalf of the community.
- Provide for growth and changing demand patterns within the District.
- Fund improvements to infrastructural and other community facilities.
- Manage Council's investments and liabilities.

In preparing the Draft Long Term Plan and this Financial Strategy, Council has considered how to balance:

- The levels of service to be provided and the cost of achieving and maintaining them during periods of growth.
- The priorities and timing of expenditure across all activities, especially expenditure of a capital nature.
- The proposed levels of rates and charges across the full 10 year period of the Long Term Plan and their impact on the community.
- The proposed level of borrowing that current and future ratepayers will need to service.

Overall Council considers that it has successfully balanced these four key elements in preparing the Draft Long Term Plan, but welcomes the community's input on how the current result contained in this Draft Long Term Plan can be improved.

Strategic Direction of Council

Council's Mission Statement is set out on page 2 and Community Outcomes are set out on pages 9 to 11 of this Plan. Each Activity in this Long Term Plan identifies the outcomes that it contributes to.

Outline of Factors that are Expected to have a Significant Impact on the Long Term Plan

1. Environment

Marlborough provides a unique lifestyle opportunity for residents and visitors with the full range of geological features from mountains to fertile plains, rivers and the magnificent Marlborough Sounds, coupled with high sunshine hours and available water. These features support a wide range of business and leisure opportunities. Business opportunities have predominantly centred on "land" based activities ie: viticulture, forestry, horticulture, pastoral farming, aquaculture, tourism and the servicing sectors. The common thread for almost all these activities is having a quality environment and maintaining it. Availability of quality water is also a key factor.

2. Global Financial Crisis and Markets

The major industries identified above rely upon favourable international markets to provide a strong economic foundation for the District. The current international situation and the high New Zealand dollar are having a significant impact on the District's ability to obtain good returns for its products and the ability to attract international visitors. However, the high New Zealand dollar does have some advantages for Council as it helps reduce the cost of petroleum products, diesel and bitumen in particular which are major components of our roading and contracting costs.

The global financial crisis also has, as it has in the past, the potential to impact upon the cost of borrowing by New Zealand, the four major banks, and ultimately Council. There is evidence that this has occurred already.

Council in its interest rate assumption has taken a conservative position when compared with historically low current market rates. However, even at the end of the Long Term Plan's first year, some 15 months away, there is significant potential for change. Compounding this, because of Council's good financial position, is a reduced ability to lock in long term interest rates for its borrowings. Other Councils, with higher levels of debt, can lock in large portions of the debt levels they are forecasting over the next 10 years.

3. The Market's Response to the Christchurch Rebuild

Council, along with the majority of other Councils in New Zealand use inflation projections provided by Business Economic Research Limited (BERL). These projections are used to inflate Council's forecast operating and capital expenditure in years two to 10 of the Long Term Plan. The Christchurch rebuild is still in its early phases with the result that the increased demand for labour and materials has yet to peak. This creates some

Financial Strategy

uncertainty on the BERL projections and on the availability of contracting resources needed for Council to complete its proposed 10 year \$375.6 million capital expenditure programme.

Currently BERL are forecasting the following combined increases in its Local Government Cost Index (LGCI):

Forecast BERL LGCI

12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
3.79	3.46	3.17	3.27	3.42	3.26	3.38	3.69	3.89	3.90

These increases make up a significant portion of the proposed rates increase over 10 years of the Long Term Plan contained on page 144.

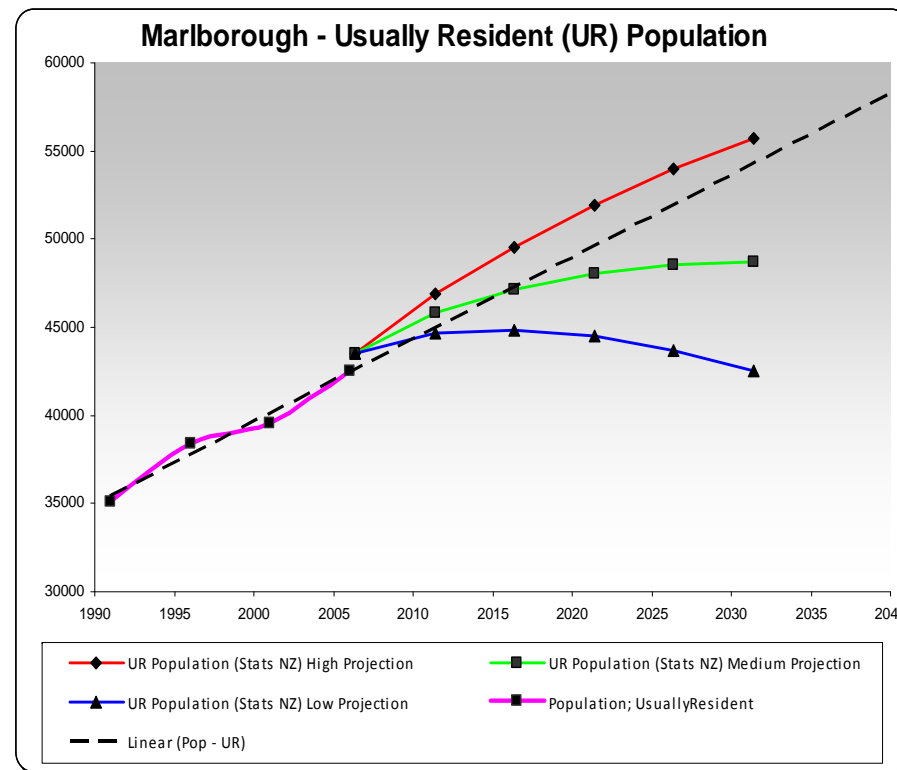
4. Growth

The number of people in the District, (both permanent residents and visitors), where they choose to live and the growth in economic activity directly affects the demand for land for development, infrastructure and other services the Council provides. This growth underpins land use planning, infrastructure developments, where and when new services and facilities are required and their cost.

Census information on population growth has been analysed from 1991 to 2006 and updated for the 2011 Department of Statistics Projections. During this period overall growth in Marlborough was approaching 2% per annum although with some significant variations. The Waikawa area saw population rise by an average of 5.5% whilst the usual resident population of Seddon decreased by 0.8%.

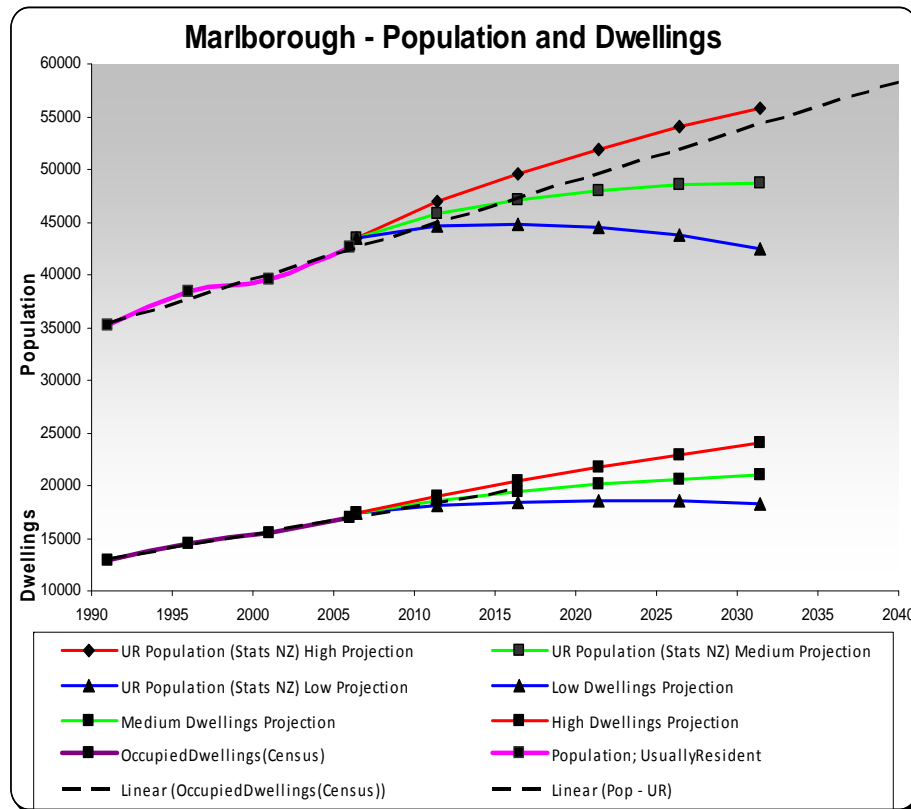
Internal population growth in the region is fairly low for a number of demographic reasons. Growth is therefore more dependent upon migration into and out of the area which in turn is influenced by prevailing economic and political factors. These are difficult to predict with any degree of certainty. Major factors such as the international market demand for Marlborough wines, the future rebuild of Canterbury following the earthquakes and the possibility of moving the port terminal from Picton to Clifford Bay are compounded by decisions of multi-nationals, small businesses and individual traders.

For the purpose of long term planning, the sum total of all the influencing factors have been aggregated to high, medium or low growth projections. A simplified version of a growth prediction graph of population in the District is shown below in the graph "Marlborough Usually Resident Population".



Graphing the past population trends allow projections to be made of future growth. In addition, the census information has provided intelligence on the number of properties, household size, occupancy rates and an estimation of transient visitors.

The analysis undertaken in the paragraph above has shown for example the average number of occupiers per dwelling is decreasing. The result is that the rate of growth in dwellings is higher than population growth. See below for a comparison graph of forecast population and dwellings.



For planning purposes a growth rate slightly above the medium growth scenario has been adopted. The reasons for taking this position are twofold:

1. To take account of historic levels of growth which are almost double the current projections; and
2. To allow a contingency in infrastructure construction planning. It is comparatively easy to slow a major infrastructure project if the demand is below forecast levels. However, it is virtually impossible to accelerate a significant capital project because of the consultation, land access, regulatory, design and tendering requirements that must be worked through before construction can start.

Council believes, that as development increases the consumption of its current infrastructure capacity and accelerates the requirement for new infrastructure, that developers should bear the cost of this increased demand.

Through the application of its Development Contributions and Financial Contributions Policies Council is seeking to fund the cost of this additional infrastructure and reduce the potential for additional burden on the ratepayer.

Undertaking development in a planned co-ordinated manner can reduce cost as infrastructure development is not responding to “ad hoc requests”. Responding to ad hoc development can mean that parts of the infrastructure networks are replaced earlier in their life than optimum while allowing other parts of the network to remain comparatively underutilised.

Population projections were used to inform a major consultative process with both the public and Council staff to investigate land areas that have the potential to be developed into urban growth pockets. The project has progressed well and is proving valuable for planning future capacity upgrades. Draft strategies have been prepared and published for further comment from the public. They are currently being reviewed in the light of this feedback. Additional information regarding the suitability of land for building is becoming available following the Canterbury earthquakes and is being incorporated into the final strategy.

When looking at growth it is also important to look at the demographics that make it up. As identified in the “Key Issues Facing Council” section of the Long Term Plan the percentage of the population aged over 65 is projected to double from around 15% to 30% of the District’s population by 2031. Over time, it is likely that this will alter the demands for particular Council services and raise affordability issues as a large percentage of this group are on relatively fixed incomes.

Balancing the Budget

The Council is required under the Local Government Act 2002 to ensure that each year’s projected operating revenues are set at a level sufficient to meet that year’s projected operating expenses ie: Council must demonstrate financial prudence.

In assessing financial prudence consideration is to be given to:

- The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the Long Term Plan, including the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life;
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life;
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life;
- The funding and financial policies.

During the development of the 2012-22 Long Term Plan, the Council considered how to maintain its current levels of service, operating expenditure including the major increase in insurance costs, and capital expenditure needed to replace existing assets and provide new

Financial Strategy

infrastructure and facilities to meet the levels of growth that are forecast within the ten years of the Long Term Plan. The Long Term Plan as presented should for the majority of activities enable Council to maintain current levels of service.

The Council is forecasting that its Activity expenditure will increase from \$83.4 million in the 2011-12 Annual Plan to \$110.8 million (32.9%) for the 2021-22 financial year. The increase is due to a larger population that has to be serviced and the balance represents inflation and the effects of supplying either additional or improved services offset in part by the impact of deferring capital works.

Borrowing over the period of the Long Term Plan will increase from \$42.1 million shown in the 2011-12 Annual Plan to \$91.2 million to help fund the proposed capital expenditure programme. Development contributions have been reviewed accordingly to fund growth related expenditure. The “Financial Trends and Summaries” section of the report below provide the extent of capital works and the funding sources.

Under section 101 of the Local Government Act 2002, Council considered its financial management responsibilities where it must manage revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The Council also considered whether it was sustainable to undertake the level of capital expenditure proposed in the Long Term Plan together with increased operating costs associated with the higher debt level. If the Council has too much debt then future ratepayers will subsidise current ratepayers. If population growth, which is expected to fund the growth portion of assets incorporated into capital expenditure programme, does not occur or occurs at a slower rate, this may either increase rates or slow the delivery of capital projects.

The policy of fully funding depreciation policy has been continued in the Long Term Plan and is considered an appropriate measure to ensure the concept of intergenerational equity is maintained. That is, current ratepayers will pay for its use and a share of its replacement cost in relation to the assets provided.

In summary, the rate movements have been affected as a result of:

- Price increases – cost adjustors (inflation) that have been applied to the estimates within the Long Term Plan.
- Growth – while development contributions fund much of the growth related capital expenditure, additional developed land and services need to be maintained and add to the Councils operational expenditure. Generally the additional costs are met by the rates recovered from the extra ratepayers.
- Service levels increases – for some services, such as water supply and sewerage, a greater total rate take will be required.
- Depreciation and interest payments – the increased capital expenditure programme will mean that there will be a corresponding increase in depreciation and debt servicing costs.

Given there is a need to raise a larger amount of debt funding, this will be reflected in higher interest costs that will be required to be met through fees and charges and rates.

Rates, Rates Increases and Rate Increase Limit

Council is very conscious of the impacts of rates increases in the community, the community’s wish to maintain or enhance current levels of service and the underlying cost drivers that Council has limited ability to control. The underlying cost drivers particularly relate to the materials that go into building and maintaining infrastructural assets ie: diesel, bitumen, pipes and other construction materials. The latest reported increase in the Civil Construction Index was almost 6% and the New Zealand Transport Agency’s Index movements for roading reseals, maintenance and construction all exceed 4.5%. Roading makes up 20.2% of Council’s Activities operating expenditure and 28.4% of its capital expenditure budget. The other major driver in Council’s expenditure is the remainder of the Capital Expenditure Programme. Council has reviewed the Capital Expenditure Programme and looked to defer projects where possible without significantly affecting levels of service.

Existing Reserves and Development Contributions are the first sources for funding Capital Expenditure. The balance is generally funded by loans. Loans have a rating impact, but as their repayment is generally spread over 20 years it reduces the burden on current rates and spreads the costs over those future ratepayers who will also benefit from the asset being created. Increased maintenance and operating costs also result.

Because Council’s costs are not the same the cost faced by households eg: food, housing, transportation etc as measured by the CPI, Council has decided to use the specifically developed Local Government Cost Index as its benchmark. **It has further decided that increases in total rates will not exceed the LGCI movement by more than 2%.** The following table shows forecast rates increases, LGCI movements and the difference between the two showing that Council has not exceeded the 2% stated above.

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
% increase in total Rates and Charges	3.57	4.58	5.02	4.80	4.55	5.05	3.84	3.27	3.37	3.03
% movement in forecast LGCI	3.79	3.46	3.17	3.27	3.42	3.26	3.38	3.69	3.89	3.90
Difference	-0.22	1.12	1.85	1.53	1.13	1.79	0.46	-0.42	-0.52	-0.87

Over the 10 years of the plan, the average rate, after allowing for inflation and growth will increase from \$2,325 (GST inclusive) in 2011-12 to \$3,263 in 2021-22. This is a 40.0% movement over 10 years. This increase is marginally higher than the increase in activities expenditure mainly due to the forecast decrease in fees and charges from that estimated in the 2011-12 Annual Plan due to the economic slow down.

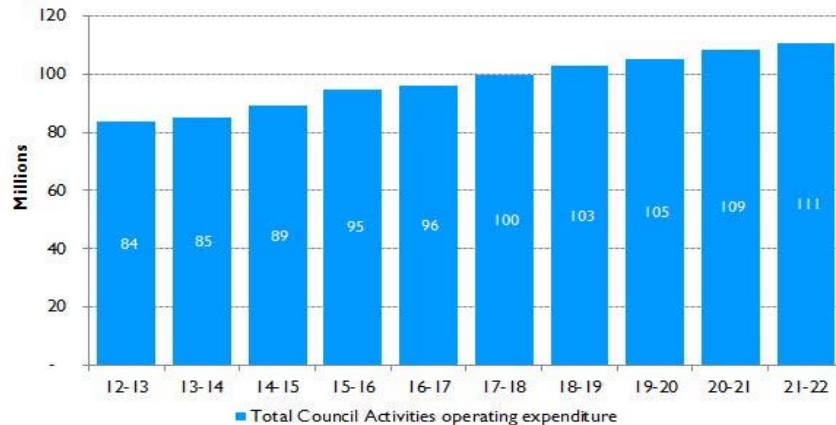
The amounts shown above are the total rates increases throughout the Long Term Plan.

There will be properties that will pay less and others that will pay more, depending on the services that they receive. Samples for areas across the District are provided within the Long Term Plan, "Rates Movements" section.

Financial Trends and Summaries within the Ten Year Plan

Operating Expenditure

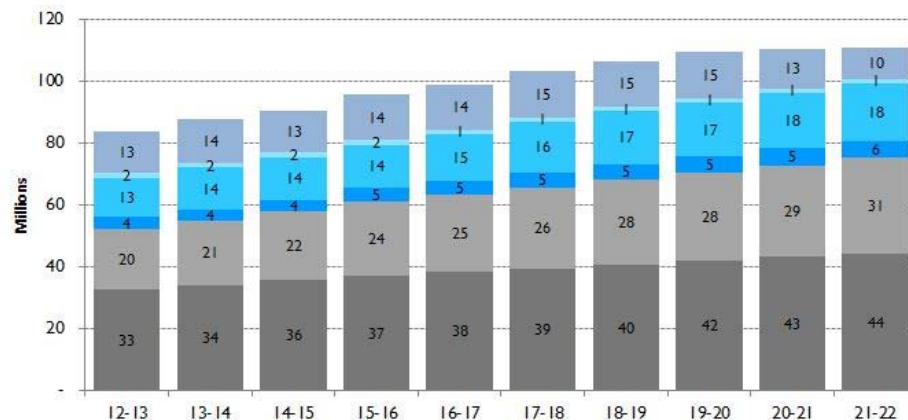
The following graph shows that total Activity operating expenditure is forecast to rise from \$83.4 million in 2011-12 to \$110.8 million in 2021-22 an increase of 32.9%.



Operating Revenues

Total Operating revenue (from the Funding Impact Statement) is forecast to rise from \$84.2 million in 2011-12 to \$110.6 million in 2021-22, excluding internal interest.

The following graph shows the sources of operating revenue throughout the Long Term Plan.



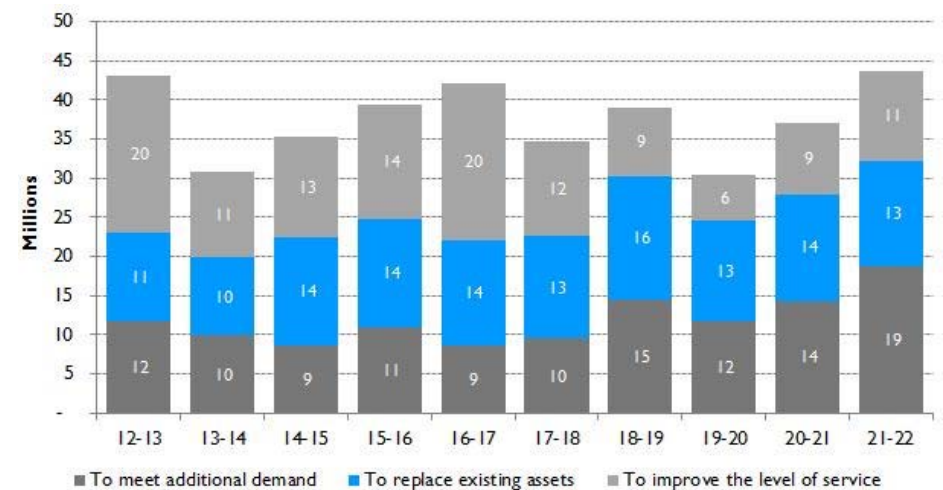
- General rates, uniform annual general charges, rates penalties
- Targeted rates (other than a targeted rate for water supply)
- Subsidies and grants for operating purposes
- Fees, charges, and targeted rates for water supply
- Interest and dividends from investments
- Other receipts including fuel tax, fines and infringement fees

Capital Expenditure

The Council currently has assets worth \$1.3 billion. During the next 10 years the Council is planning to undertake capital expenditure of:

- \$118.9 million to meet additional demand (including vested assets)
- \$125.3 million to improve the levels of service
- \$131.4 million to replace existing asset
- \$375.6 million in total

The graph below shows the amounts being spent on each capital expenditure category to meet community expectations, replacement of existing assets and growth over the Long Term Plan. The categorisations have been based on the predominant purpose of the project, however the funding calculation is based on the actual percentage related to each category of each project.



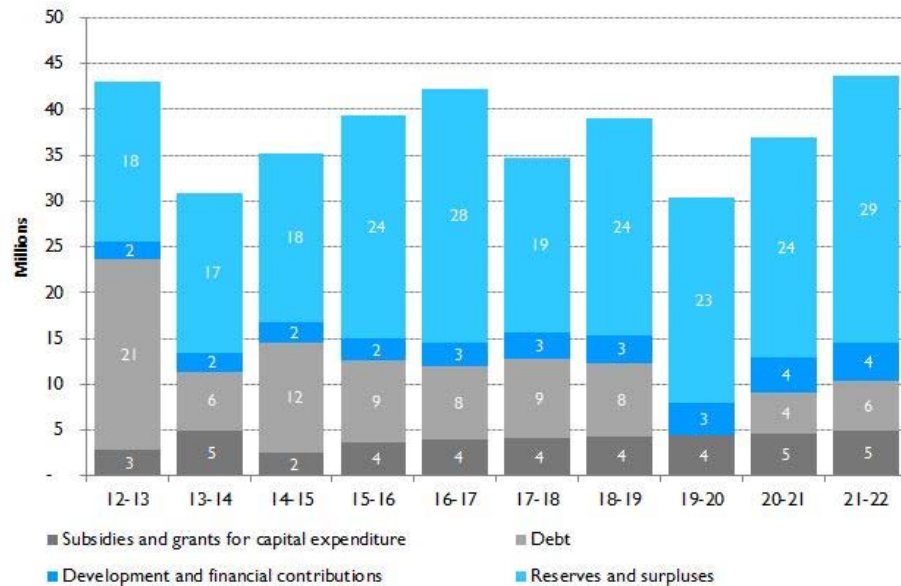
Financial Strategy

Capital Projects

In each Activity section there is a list of major capital projects planned over the 10 years of the Long Term Plan. A number of these projects have been spread out to coincide with growth, need and/or affordability.

Capital Funding Sources

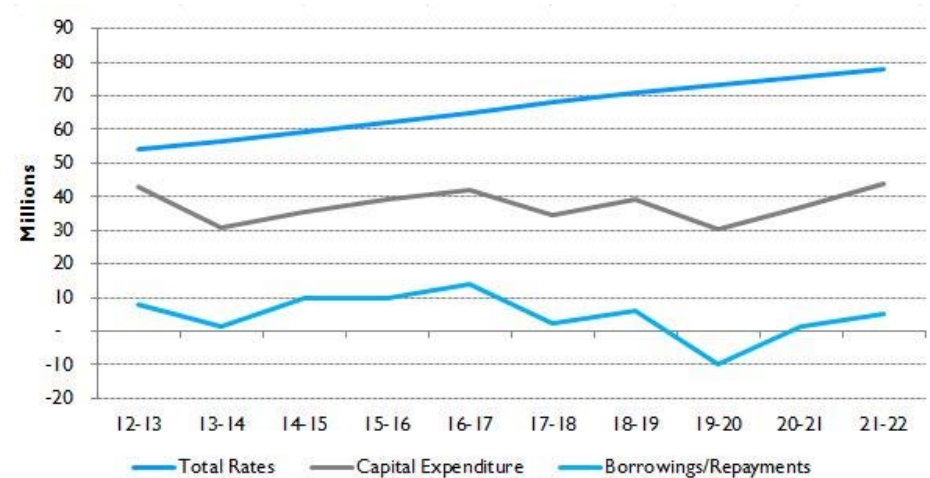
The following graph shows the capital funding sources planned to fund the capital expenditure. Note that a significantly higher proportion of debt is required to fund the capital replacement programme.



External Debt

External debt is only raised after the use of development contributions, reserves, opportunities for internal borrowing and other funding sources have been used. Despite using external debt as a last resort, borrowing is proposed to increase from the \$42.1 million shown in the 2011-12 Annual Plan to \$94.5 million in the 2019-20 year, before decreasing to \$91.2 million in 2021-22 year, to fund a \$375.6 million capital program. Note these values are Gross Debt, as Council plans to continue to hold at least \$10 million of investments as part of its disaster recovery planning. Funding is predominantly on a 20 year table mortgage basis.

The graph below shows the trend over the Long Term Plan for each year's rates, borrowings and capital expenditure. This graph includes an allowance for price movements based on the BERL forecasts. Associated with the Capital expenditure programme is a corresponding movement in loans required to fund this work.



Debt Levels and Interest Costs

The Council Treasury Policy includes the Investment and Liability Management Policies. The Council has determined maximum amounts and limits of debt. The table below shows a comparison of the limits in the policy compared to those proposed within the 10 Year Plan. The policy limits were determined in association with the Council's banker and Treasury Advisor.

Also included are the Local Government Funding Agency's Covenants and how Council compares against each covenant.

Policy Parameters and Covenants		11-12 Est	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
Council Treasury Management Policy Parameters	Earnings before interest and tax has to be at least 2.25 (225%) times net interest	230.2%	490.6%	477.5%	316.6%	255.3%	279.4%	289.4%	288.3%	337.5%	344.0%	374.0%
	Gross interest paid will not exceed 12.5% of total operating revenue	3.0%	2.0%	2.7%	3.3%	3.9%	4.3%	4.5%	4.6%	4.4%	4.1%	4.2%
	Net cash inflow from operating activities exceeds gross annual interest expense by at least two times (200%)	1,465.2%	1,150.3%	926.3%	782.2%	585.7%	590.5%	561.9%	582.6%	613.9%	695.2%	640.8%
Local Government Funding Agency Covenants	Net Debt < 175% of total revenue	40.5%	45.4%	44.3%	60.1%	63.7%	68.8%	67.2%	70.1%	59.7%	59.6%	63.8%
	Net interest < 20% of Total Revenue	0.7%	1.0%	1.7%	2.4%	3.1%	3.6%	3.8%	3.9%	3.7%	3.4%	3.6%
	Net interest < 25% of Rates revenue	1.2%	1.6%	2.9%	3.8%	5.1%	5.9%	6.3%	6.4%	6.0%	5.5%	5.6%
	Liquidity > 110%	125.5%	129.5%	129.8%	123.4%	121.7%	120.8%	121.0%	119.9%	122.2%	122.6%	120.7%

The above table shows that the Council is operating well within the guidelines contained in the Treasury Policy. The Council is proposing to become a shareholder in the Local Government Funding Agency (LGFA). It is indicated access to the LGFA would mean the Council would be able to achieve a lower cost of funding for the Council. The Council also comfortably meets all the covenants the LGFA has set for Councils to borrow from it.

Security on Borrowing

The Council generally does not offer assets, other than a charge over rates or rate revenue as security for general borrowing programmes through its Debenture Trust Deed.

Limit on Borrowing

Borrowing is a means by which those who pay for the cost of providing an asset can be better matched with those who benefit from the use of these assets.

Current ratepayers may form the view that borrowing is the answer to reducing rates increases. However, borrowing is not without cost. The immediate cost is interest. The less obvious costs are:

1. The loss of flexibility Council would face if debt levels rose too high. At the extreme is the current situation in Europe where Sovereign nations are being directed to undertake certain actions by their bankers.
2. Council and as a consequence, ratepayers are impacted upon more severely by increases in interest rates.

As a result Council must also look to keep debt within acceptable levels. The best way of

doing this is to constrain capital expenditure. Council has done this by deferring projects from their originally proposed dates.

There are a number of benchmarks that exist for evaluating if Council's proposed level of debt is too high, ie: the policy parameters contained in Council's Liability Management Policy, the parameters set by the Local Government Funding Agency.

As can be seen from the above table, Council easily meets the tests outlined above. To ensure Council continues to meet these tests it is proposed that net debt remain below \$100 million for the period of the Long Term Plan.

Interest Rate Risk

The Council enters into hedging arrangements to mitigate against interest rate risk. However, as stated above, because of Council's low level of current debt, it is unable to fix the interest rates for large amounts. In the event that interest rates moved resulting in a 1% movement above that provided for in the 10 Year Plan, this would provide the following result:

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
1% interest rate movement (\$000)	506	523	695	776	863	886	945	847	862	912
Average cost per ratepayer (\$)	20	20	27	30	33	33	35	31	32	33

Funding Depreciation

Council intends to continue funding depreciation in accordance with its Revenue and Financing Policy (refer page 227). The costs represented by depreciation will initially be used to repay the debt and then to finance new and replacement assets. Any unused depreciation will be separately accounted for in the appropriate depreciation reserve.

Operating Surpluses

MDC also generates operating surpluses each year. These accounting surpluses are driven primarily by:

- The need to meet the principal repayments relating to increasing levels of internal and external debt that have arisen as a result of Council's significant Capital Expenditure Programme; and
- That GAAP requires vested assets and capital contributions, including development contributions to be treated as operating revenue, as compared to capital funding.

Any remaining surpluses will be used to defer the need for increasing debt. As a result of the significant recent expenditure on new assets, Council is currently in a period of low renewals. However, as these assets age, the need for renewals will increase. As a result, it is important for Council to retain a strong balance sheet and continue to fund depreciation.

Equity Investments and Other Interests

Council holds investments in:

- MDC Holdings Limited and its subsidiaries.
- Marlborough Regional Forestry.
- Investment Bonds.

for a variety of reasons.

MDC Holdings Limited

MDC Holdings Limited was established to:

- Separate Council's commercial trading activities from the other functions it carries out;
- Bring Council's main trading activities into one structure; and
- Obtaining commercial borrowing facilities at the most attractive rates possible.

For the most part MDC Holdings Limited is charged with operating in a completely commercial manner. As such the only significant target is to generate a tax paid return on opening shareholder's funds of 7.0%. This target is reviewed annually when Council considers the Company's Statement of Intent.

In addition to the commercial returns received, Council through MDC Holdings Limited's subsidiaries (Port Marlborough NZ Limited and Marlborough Airport Limited) promotes Regional Economic Development as it provides means for the arrival and departure of visitors and the import and export of goods.

Marlborough Regional Forestry

The Council has an 88.5% ownership interest in Marlborough Regional Forestry (MRF), with Kaikoura District Council owning the remaining 11.5%. MRF, a Joint Operating Committee of both Councils, has approximately 5,000 hectares of commercial forest with 4,321 hectares owned and the balance in predominantly leasehold title. This forest is managed on a rotation period of approximately 30 years with minor variations in this period based on market conditions. The forest had a value of \$18.5 million as at 30 June 2011. As a result of this holding Council is entitled to approximately 180,000 Emission Trading Units almost entirely from pre 1990 forest. The current intention is to replant the forest following harvest. Providing the replanting policy is maintained MRF should not be required to surrender Emission Trading Units to meet the obligations imposed by the Emissions Trading Scheme on harvest. As a result, Council may elect to sell its Units to assist in meeting a future funding need.

Council is expecting to generate average cash proceeds of \$600,000 per annum from its investment in MRF until the 2021 year. Actual returns will vary depending on an internationally determined market price which Council has little control over. In the 2022 financial year no return is expected because if harvesting has gone to plan in earlier years, there will be no mature trees available to harvest.

Council also has significantly smaller holdings of trees in its own right, but these are held predominantly for river protection and not for financial return.

Investment Bonds

Council holds approximately \$10 million of investment bonds as part of its Disaster Recovery Planning. It is expected that the rate of return received should equal or exceed the cost of Council's external debt.

Local Government Funding Agency (LGFA)

The Council is intending to become a shareholder/member of the LGFA. The LGFA is a Council Controlled Trading Organisation ("CCTO") set up by specific legislation. A key objective of the LGFA is to provide a funding vehicle that would enable local authorities to borrow at lower interest margins than would otherwise be available.

The LGFA is 'AA+' rated from Standard and Poor's. This is the same as the New Zealand government's domestic rating.

All local authorities (but not Council Controlled Trading Organisations or Council Owned Organisations) will be able to borrow from the LGFA.

As a shareholder, it is anticipated that Council will receive a return on their investment but this may be less than what is available from alternative investments. The Crown will be a Principal Shareholder in the LGFA and will provide a standby facility through the Debt Management Office of \$500 million initially, with the intention being to raise this to \$1.0 billion if required. It is intended that the LGFA will most likely be able to lend to participating local authorities in 2012. Our Council's intention is to invest as a shareholder.

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. Also presented for each assumption is the “level of uncertainty”, “Risk” and “Financial Impact” for each.

Legislative Assumption

Local Government may be significantly affected by changes in legislation. It is assumed that legislative and Government Policy changes will not significantly impact upon Council’s current responsibilities and activities.

Level of Uncertainty

Medium to high.

Risk

Environmental reporting legislation and Local Government Act reporting requirements may require Council to establish reporting systems and collect data it does not already have. Also the Minister of Local Government has signalled that he will be issuing policies in the next two months on Local Government costs and rate rises.

Financial Impact

Increases in Government requirements will result in increased costs which must be funded either by increased rates or fees and charges. While unlikely, based on recent history should Government reduce legislative requirements or compliance reductions of rates or fees and charges will result. It is too early to assess the financial impact of the Minister’s signalled policy announcements.

Inflation

Assumption

The costs, revenues and asset values reflected in this plan reflect the following “Forecasts of Price Level Change Adjustors to 2022” produced by Business Economic Research Limited (BERL) in September 2011 for the Society of Local Government Managers.

Adjustors: % per annum change									
Year ending June	Road	Property	Water	Energy	Staff	Other	Earth- moving	Pipelines	Private Sector Wages
	% pa change								
2012	4.3	3.9	4.5	5.5	2.6	3.6	5.5	5.7	2.6
2013	3.8	3.0	4.2	4.8	2.5	2.4	4.1	5.2	2.4
2014	3.1	2.9	3.9	4.7	2.4	3.2	3.4	4.4	2.3
2015	3.5	2.9	3.5	4.7	2.4	3.2	2.9	3.7	2.3
2016	3.1	3.0	3.7	5.0	2.6	3.4	3.0	3.8	2.4
2017	3.0	3.1	3.8	5.1	2.6	3.5	3.3	4.2	2.5
2018	3.2	2.8	3.5	4.6	2.4	3.4	3.5	4.5	2.2
2019	3.5	2.8	3.5	4.5	2.3	3.3	3.8	4.8	2.2
2020	3.7	3.0	3.8	5.0	2.6	3.3	4.1	5.2	2.4
2021	3.4	3.3	4.1	5.4	2.7	3.6	4.3	5.5	2.6
2022	3.5	3.3	4.1	5.4	2.7	3.5	4.4	5.7	2.6

BERL also consolidates the above adjustors into a consolidated Local Government Cost Index (LGCI) which is further split between operating and capital expenditure.

Year ending	LGCI (annual average % change)		
	LGCI	OPEX	CAPEX
June 2011	2.3	2.03	2.75
Jun 2012	5.34	5.67	4.92
Jun 2013	3.79	3.39	4.31
Jun 2014	3.46	3.13	3.88
Jun 2015	3.17	3.04	3.34
Jun 2016	3.27	3.17	3.41
Jun 2017	3.42	3.25	3.63
Jun 2018	3.26	2.83	3.80
Jun 2019	3.38	2.86	4.03
Jun 2020	3.69	3.18	4.31
Jun 2021	3.89	3.35	4.54
June 2022	3.90	3.31	4.61

Assumptions, Disclosures and Compliance

Level of Uncertainty

Medium to high.

NB: The forecast increases for Capital Expenditure are generally higher than operating cost increases and it is the Capital Expenditure that will be impacted upon the most by how the market responds to the Canterbury rebuild.

Risk

There is a risk that the local inflation rates may be higher or lower than the national averages forecast by BERL.

Financial Impact

Should local inflation exceed the national average, this could result in either an increase in rates and debt servicing or deferral of capital projects which may impact upon the level of service that can be provided.

Interest Rate on Council Borrowings

Assumption

Council has assumed a long term interest rate on loans of 7% for the entire 10 years covered by the Long Term Plan.

Level of Uncertainty

Medium.

Risk

As a result of the current Global Financial Crisis, Council has adopted a conservative position compared to current market rates to mitigate the risk associated with interest rate movements. Council has adopted this approach as interest rates can increase significantly within short timeframes, as has happened in the past. Council will attempt to mitigate the impact of interest rate rises with a prudent hedging programme that operates in accordance with its Treasury Policy. However, because of Council's current low debt level, its ability to hedge significant amounts of its forecast debt is limited.

Financial Impact

Increases in interest rates above 7% will result in higher debt servicing costs and rates funding requirements. Currently Council's forecast maximum debt is \$94.5 million, however it is anticipated that \$15 million may not be required if capital project completion follows historic trends. As a result a 1% increase in interest rates above the 7% forecast of Council's maximum forecast debt of \$94.5 million would result in increased interest costs of \$795,000.

Population Growth

Assumption

In preparing the Long Term Plan Council has assumed population growth will occur at slightly above the Department of Statistics medium population growth projection. Population growth is further discussed in the Key Issues and Financial Strategy sections of the Long Term Plan

Level of Uncertainty

Low.

Risks

Population growth occurs at rates above or below the level forecast with corresponding impacts on the revenue received from rates and development contributions.

Financial Impact

If population growth occurs at a slower rate than forecast, then the level of development contributions received will be lower than expected. However, there is the opportunity to mitigate the financial impact by slowing the Capital Expenditure programme. It is not expected that levels of service will be impacted upon significantly.

Economic Life

Assumption

Council has made a number of assumptions about the useful lives of its assets. The detail for each asset category is shown in the Statement of Accounting Policies. The useful lives are consistent with Council's experience with respect to its ongoing replacement programme.

Level of Uncertainty

Low.

Risk

Assets wear out and need to be replaced earlier than anticipated.

Financial Impact

Depreciation and borrowing costs would increase if replacement Capital Expenditure was required earlier than anticipated. However, these impacts could be mitigated in part by reprioritising the Capital Expenditure programme. There may also be an increase in maintenance costs to keep the asset operational until it is decided to proceed with replacement.

Subsidy Rates

Assumption

Currently Council has retained the subsidy rate of 46% for road maintenance and 56% for construction works from the New Zealand Transport Agency (NZTA). It is assumed that this subsidy rate will be maintained.

Level of Uncertainty

Low.

Risk

NZTA will either reduce the subsidy rate and/or toughen the criteria for the inclusion of works in the qualifying programme.

Financial Impact

If the subsidy rate is reduced, either a reduction in the level of service or an increase in rates would be required. Council is already receiving very good pricing for road maintenance compared to other Local Authorities, through its collaboration with NZTA in the form of Marlborough Roads.

Natural Disasters

Assumption

Should a major natural disaster occur the District could be faced with significant repair and reconstruction costs. Council has estimated the maximum probable loss (MPL)/cost as a result of a major earthquake, flood or tsunami at just under \$50 million. It is assumed that this forecast is accurate. It is also assumed that:

- The forecast contributions from the Local Authority Protection Programme (LAPP), insurance, Government and the NZTA will be received.
- Through a combination of Council's reserves, investment realisation, credit facilities and rescheduling capital and other works, Council can meet the remaining costs associated with a major disaster.

The LAPP fund is a mutual pool set up to assist Councils cover their share of damage to below ground and river protection assets resulting from a significant natural event. At the time the fund was formed commercial insurance alternatives for these assets was not available. There was also a clear requirement from Central Government that any assistance given to rebuild infrastructure following a disaster will only be made available if Council has made adequate financial provisions to cover its own repair obligations.

Above ground assets are insured through commercial insurance. These costs are in addition to LAPP contributions and have more than doubled during the 2022-12 year, following a

number of years where rates have been decreasing at around 20% per annum. The recent increases are a direct result of national and international disasters and has led Council to consider self financing an agreed level of risk in exchange for premium savings. This process involves balancing savings against risk, together with an acknowledgement that not all current assets would be replaced immediately, or at all, following a significant disaster. Accrued savings would be retained in reserve to assist in meeting future damage repairs. The insurance industry is forecasting that high level premium costs are likely to remain for the next three to five years at minimum.

Level of Uncertainty

Low.

Risks

The actual costs of recovery from a major natural disaster are higher than the forecast MPL of just under \$50 million.

Financial Impact

Should Council's current estimate of MPL and existing arrangements prove inadequate, either an increase in debt and corresponding increase in rates or a slowing in the rebuild would need to occur.

Taxation Framework

Assumption

Council has assumed that existing taxation framework for the Marlborough District Council group will continue for the period of the Long Term Plan.

Level of Uncertainty

Low.

Risk

That the Inland Revenue Department (IRD) takes a view that Council's Holding Company structure is inconsistent with taxation legislation resulting in an increase in associated tax costs.

Financial Impact

Council has mitigated the potential for this to happen by obtaining independent legal advice and a "Binding Ruling" from the IRD on the establishment of MDC Holdings Ltd. Council has not deviated from the principles determined at establishment, so the risk and financial impacts should be low.

Asset Ownership and Valuation

In the preparation of the Long Term Plan it has been assumed that Council will retain:

- Ownership of MDC Holdings Limited and its subsidiaries:
- Its ownership share (88.5%) in Marlborough Regional Forestry, with Kaikoura District Council owning the remaining 11.5%.
- Ownership of all substantial assets currently owned.

It has also been assumed that Council will revalue its major assets annually.

Level of Uncertainty

Low.

Risk

The asset values shown in the Long Term Plan have been adjusted based on the BERL indices. The risk is that the results of actual revaluations may be higher or lower than those disclosed in the Long Term Plan.

Financial Impact

If asset revaluations are higher than forecast, this will increase the resulting depreciation cost and rates as Council moves to provide for asset replacement.

Sources of Funds for Capital Expenditure

Page 146 of the Financial Strategy identifies the expected sources of funds for Council's Capital Expenditure programme. It has been assumed that the funds identified for each of these sources will be received.

Level of Uncertainty

Low.

Risk

That the forecast funding will not be received as forecast.

Financial Impact

As it is proposed to fund Capital Expenditure from a range of sources it should be possible to compensate a funding shortfall from one source with funding from another ie: borrowing. If it is decided to increase borrowing a debt servicing cost will arise. The alternative is to slow Capital Expenditure especially if the project is growth related and the funding shortfall relates to Development Contributions.

Climate Change

Council has assumed that the climate changes in relation to rainfall, temperature and sea level will occur as predicted. It has been further assumed that climate change will have minimal impact over the period of the Long Term Plan.

Level of Uncertainty

Low.

Risk

That asset and hazard planning has not adequately assessed climate change.

Financial Impact

For the period of the Long Term Plan, the financial impact is assessed as low as climate change on the whole is occurring very slowly, providing extended lead times for mitigation measures if required.

Emissions Trading Scheme (ETS)

Any direct impacts of the ETS through potential price increases are assumed to be covered by Council's inflation assumptions and thus factored into the forecasts.

Specific ETS costs relating to waste and landfill have been incorporated into those estimates, together with the increased revenue that will be received.

Pre 1990 forestry has been registered. Any costs associated with ETS will be minimal given Council's rotation and replanting policy.

Level of Uncertainty

Low.

Risk

The impact and scope of the ETS may be more than assumed.

Financial Impact

The Council will face increased compliance and operating costs, which if significant enough, may require higher fees and charges or increased rating requirements to fund them. However, Council had already taken steps to reduce the landfill liability and fix the price of the Emission Trading Units that will be required to be surrendered for the first 18 months of the Scheme's operation.

Resource Consents

Council has assumed that it will continue to hold and comply with appropriate resource

consents to enable it to continue its activities, especially in relation to sewerage and stormwater.

Level of Uncertainty

Low.

Risk

Appropriate consents are either not renewed or require improvements in level of service before being granted.

Financial Impact

The main financial impact could occur if levels of service require improvement before a resource consent renewal is granted. The resulting increase in costs will require an increase in borrowing which in turn will impact on rates.

Income Statement

Income Statement

for the year ending 30 June:												
	note:	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Income:												
Rates revenue	2	51,695	53,972	56,443	59,275	62,118	64,944	68,226	70,847	73,163	75,632	77,921
Finance income	3	491	877	872	880	888	760	760	760	760	760	760
Development and financial contributions		1,966	1,959	2,067	2,233	2,422	2,643	2,888	3,160	3,462	3,805	4,176
Other revenue	4	34,749	32,223	35,830	33,815	36,486	38,239	38,562	40,612	40,166	40,326	37,171
Gains	4	1,000	722	1,032	-	1,101	-	1,177	-	1,258	-	1,348
Total income	1	89,901	89,753	96,244	96,203	103,015	106,586	111,613	115,379	118,809	120,523	121,376
Expenditure by function:												
Roads and footpaths		16,150	16,462	17,190	18,150	19,368	19,529	20,168	20,807	21,172	22,269	21,945
Sewerage		8,031	9,167	10,530	11,560	12,734	13,318	13,638	14,296	14,768	15,132	15,563
Water Supply		7,786	8,162	8,470	9,002	9,486	10,456	12,000	12,765	13,006	13,353	14,273
Community Facilities		9,224	7,718	7,883	8,078	8,320	8,533	8,763	8,958	9,225	9,456	9,731
Solid Waste Management		7,387	6,429	7,629	7,775	7,862	7,799	7,839	7,941	8,063	8,184	8,314
Flood protection and control works		4,361	4,384	4,511	4,639	4,795	4,934	5,085	5,233	5,402	5,584	5,762
Regional Development		4,738	4,641	4,705	4,736	6,769	4,891	4,953	5,002	5,041	5,081	5,102
Environmental Science and Monitoring		2,462	2,713	2,899	3,112	3,159	3,251	3,340	3,411	3,534	3,601	3,697
Democratic Process		2,542	2,634	2,881	2,942	2,882	3,135	3,195	3,124	3,376	3,449	3,380
Building Control		2,487	2,484	2,564	2,632	2,695	2,775	2,761	2,820	2,890	2,972	3,045
Resource Consents		2,590	2,243	2,314	2,376	2,434	2,507	2,574	2,632	2,700	2,779	2,851
Stormwater drainage		1,606	1,719	1,769	1,826	1,882	1,948	2,023	2,107	2,205	2,306	2,415
Library Services		1,532	1,559	1,596	1,646	1,680	1,783	1,837	1,995	2,190	2,307	2,380
Environmental Policy		1,374	1,429	1,384	1,418	1,453	1,495	1,534	1,562	1,601	1,645	1,686
Community Housing		1,161	1,254	1,380	1,414	1,244	1,508	1,548	1,615	1,546	1,521	1,555
Biosecurity (Pest Management)		1,253	1,212	1,273	1,366	1,346	1,336	1,372	1,405	1,477	1,521	1,525
Community Support		1,135	1,229	1,235	1,261	1,301	1,319	1,342	1,379	1,393	1,416	1,456
Environmental Protection		1,023	1,076	1,111	1,140	1,167	1,201	1,233	1,260	1,292	1,329	1,363
Culture and Heritage		3,580	4,084	686	788	789	791	795	798	800	802	803
Harbours		970	944	987	1,024	1,063	1,104	1,125	1,137	1,168	1,214	1,265

Income Statement

for the year ending 30 June:

	note:	2012 (AP) \$000's	2013 \$000's	2014 \$000's	2015 \$000's	2016 \$000's	2017 \$000's	2018 \$000's	2019 \$000's	2020 \$000's	2021 \$000's	2022 \$000's
Emergency Management		729	802	787	806	837	846	871	894	915	939	963
Animal Control		619	567	597	611	626	642	658	672	689	708	726
Community Safety		292	419	434	449	438	453	469	486	504	523	532
Environmental Health		411	412	425	435	445	458	470	477	489	503	515
		83,443	83,743	85,240	89,186	94,775	96,012	99,593	102,776	105,446	108,594	110,847
less internal interest eliminated	3	3,278	5,118	5,300	5,529	5,415	5,131	5,100	5,329	5,549	5,799	5,832
Total expenditure by function		80,165	78,625	79,940	83,657	89,360	90,881	94,493	97,447	99,897	102,795	105,015
Non-activity expenditure												
Other expenditure	5	2,679	2,729	3,126	3,036	3,019	3,149	3,211	3,288	3,237	3,177	3,245
Marlborough Regional Forestry	5	4,173	5,012	5,229	5,282	5,696	5,739	5,845	6,073	5,221	4,517	1,223
Total non-activity expenditure		6,852	7,741	8,355	8,318	8,715	8,888	9,056	9,361	8,458	7,694	4,468
Total expenditure	5	87,017	86,366	88,295	91,975	98,075	99,769	103,549	106,808	108,355	110,489	109,483
Surplus / (deficit)		2,884	3,387	7,949	4,228	4,940	6,817	8,064	8,571	10,454	10,034	11,893

Statement of Comprehensive Income and Statement of Changes in Equity

Statement of Comprehensive Income

for the year ending 30 June:												
	note:	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Surplus/(deficit) for the year		2,884	3,387	7,949	4,228	4,940	6,817	8,064	8,571	10,454	10,034	11,893
Other comprehensive income:												
Gain on property revaluations	8	29,746	41,693	38,060	40,453	40,649	42,909	46,209	51,067	56,793	60,301	64,347
Total other comprehensive income		29,746	41,693	38,060	40,453	40,649	42,909	46,209	51,067	56,793	60,301	64,347
Total comprehensive income		32,630	45,080	46,009	44,681	45,589	49,726	54,273	59,638	67,247	70,335	76,240

Statement of Changes in Equity

for the year ending 30 June:												
	note:	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July		1,222,272	1,263,435	1,308,515	1,354,524	1,399,205	1,444,794	1,494,520	1,548,793	1,608,431	1,675,678	1,746,013
Total comprehensive income for the year		32,630	45,080	46,009	44,681	45,589	49,726	54,273	59,638	67,247	70,335	76,240
Balance at 30 June		1,254,902	1,308,515	1,354,524	1,399,205	1,444,794	1,494,520	1,548,793	1,608,431	1,675,678	1,746,013	1,822,253

Note that the closing equity as per the 2011-12 Annual Plan differs from the opening equity for the 2012-13 year due to the different timings and opening positions used in preparing this information.

Statement of Financial Position

as at 30 June:												
	note:	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Assets:												
Current assets:												
Cash and cash equivalents		5,762	9,787	10,169	10,913	10,898	11,897	13,105	12,902	12,956	13,601	12,961
Debtors and other receivables	6	6,912	8,456	8,718	8,958	9,206	9,480	9,731	10,021	10,230	10,442	10,162
Other financial assets	7	4,551	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330
Inventory		262	332	342	352	362	373	384	395	407	420	420
Total current assets		17,487	21,905	22,559	23,553	23,796	25,080	26,550	26,648	26,923	27,793	26,873
Non-current assets:												
Other financial assets	7	13,868	13,543	13,941	13,950	13,950	13,950	13,949	13,950	13,949	13,950	14,600
Intangible assets		549	538	557	578	601	626	648	675	698	727	759
Biological assets		8,673	9,015	8,614	8,069	7,503	7,398	6,676	6,175	5,344	4,748	4,401
Property, plant and equipment	8	1,271,935	1,335,280	1,382,688	1,437,412	1,493,891	1,556,933	1,613,469	1,680,020	1,738,593	1,810,781	1,892,403
Total non-current assets		1,295,025	1,358,376	1,405,800	1,460,009	1,515,945	1,578,907	1,634,742	1,700,820	1,758,584	1,830,206	1,912,163
Total assets		1,312,512	1,380,281	1,428,359	1,483,562	1,539,741	1,603,987	1,661,292	1,727,468	1,785,507	1,857,999	1,939,036
Liabilities:												
Current liabilities:												
Creditors and other payables	9	12,824	16,699	17,415	17,890	18,393	18,896	19,402	19,933	20,422	20,938	20,724
Employee entitlements		1,251	1,475	1,520	1,565	1,611	1,660	1,709	1,759	1,812	1,867	1,867
Total current liabilities		14,075	18,174	18,935	19,455	20,004	20,556	21,111	21,692	22,234	22,805	22,591
Non-current liabilities:												
Borrowings	10	42,149	50,994	52,260	62,217	72,212	86,131	88,557	94,460	84,654	86,180	91,158
Landfill provision		590	1,817	1,836	1,856	1,878	1,901	1,926	1,954	1,982	2,013	2,046
Employee entitlements		796	781	804	829	853	879	905	931	959	988	988
Total non-current liabilities		43,535	53,592	54,900	64,902	74,943	88,911	91,388	97,345	87,595	89,181	94,192
Total liabilities		57,610	71,766	73,835	84,357	94,947	109,467	112,499	119,037	109,829	111,986	116,783
Net assets		1,254,902	1,308,515	1,354,524	1,399,205	1,444,794	1,494,520	1,548,793	1,608,431	1,675,678	1,746,013	1,822,253
Equity:												
Accumulated funds	11	562,081	555,948	559,864	563,135	571,306	583,973	586,037	594,269	600,749	609,817	623,286
Other reserves	11	692,821	752,567	794,660	836,070	873,488	910,547	962,756	1,014,162	1,074,929	1,136,196	1,198,967
Total equity		1,254,902	1,308,515	1,354,524	1,399,205	1,444,794	1,494,520	1,548,793	1,608,431	1,675,678	1,746,013	1,822,253

Statement of Cashflows

Statement of Cashflows

For year ending 30 June:											
note:	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Cash flows from operating activities:											
Receipts from rates revenue	51,695	53,972	56,443	59,275	62,118	64,944	68,226	70,847	73,163	75,632	77,921
Interest received	491	877	872	880	888	760	760	760	760	760	760
User charges and other revenues	34,541	33,180	36,322	35,193	37,210	39,453	40,048	42,714	42,205	42,990	39,569
Payments to suppliers and employees	(67,646)	(66,216)	(65,928)	(68,327)	(72,813)	(73,522)	(75,822)	(78,094)	(79,252)	(80,603)	(80,437)
Interest paid	(2,706)	(1,755)	(2,510)	(2,903)	(3,601)	(4,438)	(5,010)	(5,302)	(5,165)	(4,875)	(5,103)
Net cash flows from operating activities	16,375	20,058	25,199	24,118	23,802	27,197	28,202	30,925	31,711	33,904	32,710
Cash flows from investing activities:											
Sale of assets	1,026	2,004	2,836	364	3,365	(66)	3,268	308	6,570	610	3,262
Movements in investments	(1,720)	5,601	(398)	(9)	-	-	1	(1)	1	(1)	(650)
Purchase of fixed assets	(27,197)	(42,045)	(28,521)	(33,685)	(37,177)	(40,051)	(32,689)	(37,338)	(28,422)	(35,395)	(40,939)
Net cash flows from investing activities	(27,891)	(34,440)	(26,083)	(33,330)	(33,812)	(40,117)	(29,420)	(37,031)	(21,851)	(34,786)	(38,327)
Cash flows from financing activities:											
Movement in borrowings (external)	6,227	19,488	1,266	9,957	9,995	13,919	2,426	5,903	(9,806)	1,526	4,978
Net increase/(decrease) in cash	(5,289)	5,106	382	745	(15)	999	1,208	(203)	54	644	(639)
Cash and cash equivalents:											
at the beginning of the year	11,051	4,681	9,787	10,169	10,913	10,898	11,897	13,105	12,902	12,956	13,601
at the end of the year	5,762	9,787	10,169	10,913	10,898	11,897	13,105	12,902	12,956	13,601	12,961

Note that the closing cash and cash equivalents as per the 2011-12 Annual Plan differs from the opening cash and cash equivalents for the 2012-13 year due to the different timings and opening positions used in preparing this information.

Statement of Accounting Policies

These forecast financial statements of MDC are for the 10 years commencing 1 July 2012 and ending on 30 June 2022.

These forecast financial statements were authorised for issue by Council on 5 April 2012.

These forecast financial statements are prepared to meet the requirements of the Local Government Act 2002 and the information provided may not be appropriate for other purposes.

1.1 Reporting Entity

Marlborough District Council is a unitary authority located in New Zealand that is governed by the Local Government Act 2002.

MDC is not presenting group forecast financial statements as the Council believes that parent statements are more relevant to users. The main purpose of these statements is to provide users with information about the core services that the Council intends to provide to ratepayers, the expected cost of those services and the consequent requirement for rate funding. The level of rate funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from, or further invests in, those subsidiaries and such effects are included in these parent forecast financial statements.

These forecast financial statements therefore reflect the activities and position of MDC plus the Council's 88.5% share in the joint committee Marlborough Regional Forestry, which is also domiciled in New Zealand.

The primary objective of MDC is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself and the group as public benefit entities (PBE) for the purposes of New Zealand equivalents to Internal Financial Reporting Standards (NZIFRS).

1.2 Basis of Preparation

(i) Statement of Compliance

The forecast financial statements of MDC have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice. They comply with NZIFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities, in particular these financial statements comply with FRS42.

(ii) Measurement Base

The forecast financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets.

(iii) Functional and Presentational Currency

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

(iv) Changes in Accounting Policies

The accounting policies set out below have been applied consistently to the forecast financial statements in MDC's 2011-12 Annual Plan; to the financial statements for the year ended 30 June 2011; and to these forecast financial statements.

In September 2011, the External Reporting Board issued a position paper and consultation papers proposing a new external reporting framework for public benefit entities (PBEs). The papers proposed that accounting standards for PBEs would be based on International Public Sector Accounting Standards, modified as necessary. The proposals in these papers do not provide certainty about any specific requirements of future accounting standards. Therefore, the accounting policies on which the forecast information for 2012-22 has been prepared are based on the current New Zealand equivalents to International Financial Reporting Standards.

There are no standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to MDC.

(v) Critical Accounting Estimates and Assumptions and Critical Judgments in Applying Accounting Policies

In preparing these forecast financial statements MDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumption are continually evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The actual results achieved for the 10 years are likely to vary from the information presented and the variations may be material.

Statement of Accounting Policies

1.3 Significant Accounting Policies

(i) **Investments in subsidiaries**

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

(ii) **Interests in Joint Committees**

There is a contractual arrangement whereby Council and Kaikoura District Council (KDC) undertake an activity that is subject to joint control.

The Council's share of jointly controlled assets and any liabilities incurred jointly with KDC are recognised in the Council's financial statements on a proportionate basis 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 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 Council transacts with the joint committee, unrealised profits and losses are eliminated to the extent of Council's share in the joint venture, except to the extent that unrealised losses provide evidence of impairment of the asset.

(iii) **Revenue**

Rates are set annually by a resolution of Council and relate to a financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Revenue is measured at the fair value of consideration received or receivable.

Rates Revenue

Rates revenue is recognised by Council as being income on the due date of each instalment. Water Billing is recognised on an accrual basis.

Government Grants

NZTA roading subsidies (received in respect of maintaining the roading infrastructure) and other government grants/subsidies are recognised as revenue upon entitlement ie; when conditions pertaining to eligible expenditure have been fulfilled. This revenue is reflected in the financial statements as subsidy income. Other Government assistance received includes contributions towards the upkeep of Returned Servicemen Association cemetery plots, community housing, community safety and environmental control.

Provision of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at reporting date.

Vested Assets

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

Sales of Goods

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

Interest and Dividends

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.

Financial/Development Contributions

Financial/Development contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise Financial/Development contributions received are recognised as liabilities until such time the Council provides, or is able to provide, the service. Development contributions are classified as part of "Other revenue".

(iv) **Borrowing Costs**

MDC has elected to defer the adoption of NZ IAS 23 Borrowing Cost (revised 2007) in accordance with its transitional provisions that are applicable to Public Benefit Entities. All borrowing costs are recognised as an expense in the period in which they are incurred and are calculated using effective interest method.

(v) **Grant Expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

(vi) **Income Tax**

Income tax expense comprises both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit of

the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted as at balance date.

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

Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset when MDC has a legal enforceable right to set off the recognised amounts and intends to settle on a net basis.

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 discount on acquisition) 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 MDC 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 calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realised.

Deferred tax is charged or credited in the Income Statement, except when it relates to transactions recognised in other comprehensive income or items charged or credited directly to equity, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Marlborough District Council intends to settle its current tax assets and liabilities on a net basis.

(vii) 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.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. All operating lease contracts contain review clauses in the event that MDC exercises its option to renew. The lessee does not have an option to purchase the property at expiry of the lease period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

(viii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(ix) Trade and other Receivables

Trade receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement where there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(x) Derivative Financial Instruments and Hedge Accounting

MDC enters into interest rate swaps to manage interest rate risk and, from time to time, foreign currency forward contracts to manage foreign currency rate fluctuation risk. The Group does not use derivative financial instruments for speculative purposes.

Statement of Accounting Policies

Derivative financial instruments fall into the “fair value through surplus or deficit” category.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. Derivative instruments entered into by MDC do not qualify for hedge accounting. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised in the surplus or deficit.

(xi) **Other Financial Assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which MDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and MDC has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive income.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and those designated at fair value through surplus or deficit at initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities where there is a positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date. The Council and group includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

(xii) Impairment of Financial Assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables, and held-to-maturity investments

Impairment is established when there is objective evidence that MDC will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive income

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

(xiii) 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 cost method.

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

Provision has been made for obsolescence for inventories held for maintenance purposes, where applicable.

(xiv) Non-current Assets Held for Sale

Non-current assets (or disposal groups) classified as held for sale are 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 Alexander Hayward Limited and 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 increase 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 Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

Statement of Accounting Policies

(xv) Property, Plant and Equipment

MDC has the following classes of property, plant and equipment:

- Land and buildings.
- Improvements on land.
- Library books and parking meters.
- Infrastructural assets.
- Other.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and any impairment losses.

Revaluation

Land and buildings and infrastructural assets are revalued with sufficient regularity that the carrying amount does not differ materially from that which would be determined using fair values at balance date, generally every year.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve this balance is expensed in the Income Statement. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Income Statement will be recognised first in the Income Statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

Additions between valuations are recorded at cost, except for vested assets. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use. Certain infrastructural assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation which is their deemed cost. Vested infrastructural assets are initially valued based on the actual quantities of infrastructural components vested and the current “in the ground” cost of providing identical services and this is their deemed cost.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation of these assets commences when the assets are ready for their

intended use.

Depreciation on revalued assets is charged to 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 and pavement formation	Not depreciated	
- Pavement layers	80 - 100 years	1 - 1.25%
- Pavement surface	13 years	7.69%
- Unsealed roads	10 years	10%
- 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	2.50%
- Street furniture	25 years	4%
- Paved and cobbled areas	30 years	3.33%
- Council wharves	40 years	2.50%
- Port Marlborough wharves and marinas	10 - 50 years	2 - 10%
Carparks		
- Parking meters	10 years	10%
- Land and formation	Not depreciated	
- Basecourse	80 years	1.25%
- Surfacing	20 years	5%
- Markings	3 years	33.33%

Asset	Life	Rate
Buildings (excluding properties intended for sale)	100 years	1%
Council Computers	4 - 5 years	20 - 25%
Plant and equipment (excl. 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	0.67%
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%

Disposals

On the subsequent sale or retirement of a revalued asset, the attributable revaluation profit remaining, net of any related deferred taxes, in the revaluation reserve is transferred directly to accumulated funds.

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.

(xvi) Intangible Assets - Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by MDC are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overhead costs.

The computer software has a finite life of four to five years. Amortisation is included in the Income Statement.

(xvii) Impairment of Property, Plant and Equipment and Intangible Assets

At each balance sheet date MDC reviews the carrying amounts of its tangible and intangible assets 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). Where it is not possible to estimate the recoverable amount of an individual asset MDC estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of market value less costs to sell and value in use.

For assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

Statement of Accounting Policies

The value in use for cash-generating assets is the present value of expected future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

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 (or 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 (or 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 loss had been previously charged to equity.

(xviii) Forestry Assets

Forestry assets are owned and managed by Marlborough Regional Forestry. They 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 all trees is based on estate based Net Present Value (NPV) method, using the present value of future cash flows discounted at a pre-tax market determined rate.

Marlborough District Council own and manage some trees for soil conservation purposes. These are revalued as per Council's policy on property, plant and equipment.

(xix) 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 is measured initially at its cost, including transaction costs. Investment property is then restated to fair value at balance date, based on an independent valuation.

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

(xx) Trade and Other Payables

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

(xxi) Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest rate method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs, and any discount or premium on drawdown.

Bank loans are classified as current liabilities (either advances or current portion of term debt) unless MDC has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(xxii) Employee Entitlements

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

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

Liabilities for accumulating short-term compensated absences (eg; annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance sheet date. Sick leave, annual leave, vested long service leave and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

(xxiii) Superannuation Schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit plan accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

(xxiv) Provisions

Provisions are recognised when MDC has a present obligation as a result of a past event, a reliable estimate can be made for the amount of the obligation and it is probable that MDC will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date and are discounted to present value where the effect is material.

Council 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 it is estimated will be incurred following the closure of the landfill.

A financial guarantee contract is a contract that requires MDC to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council or group will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation.

However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

(xxv) Equity

Equity is the community's interest in MDC and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the special uses that MDC intends to make of its accumulated profits. These components of equity are:

- Accumulated Funds.
- Ordinary revenues.
- Property Revaluation reserves.
- Restricted 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 the Courts or a third party. Transfer from these reserves can be made by certain specified purposes or when certain specified conditions are met.

Statement of Accounting Policies

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

Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

(xxvi) Goods and Services Tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are presented on a GST-inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

(xxvii) Cost Allocation

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

(xxviii) 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 the surplus or deficit for the period.

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

(xxix) Annual Plan Figures

The 2011-12 figures are those approved by the Council in its 2011-2012 Annual

Plan. They have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

(xxx) Emissions Trading Scheme (ETS)

Marlborough Regional Forestry (MRF) is a participant in the ETS with regard to both its significant holdings of "pre 1990" forests and currently minor holding of "post 1989" forests.

Pre 1990 emission units (NZU's) received are recognised at cost (\$nil) and subsequently measured at cost subject to impairment. It is not anticipated that MRF will have any future liabilities or obligations with regard to its pre 1990 forests.

Post 1989 NZU's received are recognised at cost (\$nil) and subsequently measured at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required. If operations proceed as planned there will always be post 1989 units on hand equal to any liability.

Any future cash flows associated with units receivable/payable will be taken into consideration in determining the valuation of the forest estate.

Council's regional landfill will enter the ETS from 1 January 2012.

Notes to Financial Statements

	year ending 30 June:										
I. Summary cost of services	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Income:											
People	7,742	8,163	8,609	8,990	9,067	9,526	9,768	9,996	10,564	10,858	10,980
Community Facilities	7,645	8,273	8,498	8,792	9,194	9,579	10,002	10,423	10,938	11,446	12,031
Roads and footpaths	16,450	16,780	16,684	17,433	20,225	20,842	21,666	22,720	23,267	24,319	24,656
Flood protection and control works	7,230	6,358	6,522	6,481	6,650	6,546	6,830	7,000	7,186	7,443	7,675
Sewerage	8,716	9,041	9,906	10,744	11,706	12,241	12,614	13,332	13,884	14,332	14,903
Stormwater drainage	2,001	2,124	2,195	2,267	2,345	2,435	2,535	2,647	2,773	2,908	3,038
Water Supply	8,525	8,987	9,076	9,454	9,933	10,941	12,629	13,348	13,617	14,012	14,960
Solid Waste Management	8,042	6,864	9,780	7,469	7,738	8,033	8,259	8,485	8,725	8,976	9,364
Environmental Management	7,375	7,359	7,608	7,945	8,110	8,348	8,573	8,755	9,014	9,238	9,479
Regulatory	5,945	5,690	5,907	6,133	6,245	6,392	6,470	6,603	6,814	7,027	7,196
Regional Development	4,561	4,501	4,677	4,800	4,967	5,088	5,195	5,303	5,416	5,541	5,661
Total activity income	84,232	84,140	89,462	90,508	96,180	99,971	104,541	108,612	112,198	116,100	119,943
Plus other income (including forestry)	12,202	12,666	14,778	14,318	16,148	16,492	17,500	17,726	17,665	15,450	12,732
Less internal income	(6,533)	(7,053)	(7,996)	(8,623)	(9,313)	(9,877)	(10,428)	(10,959)	(11,054)	(11,027)	(11,299)
Total income	89,901	89,753	96,244	96,203	103,015	106,586	111,613	115,379	118,809	120,523	121,376
Expenditure:											
People	10,971	11,982	8,999	9,306	9,171	9,835	10,057	10,291	10,724	10,956	11,069
Community Facilities	9,224	7,718	7,883	8,078	8,320	8,533	8,763	8,958	9,225	9,456	9,731
Roads and footpaths	16,149	16,460	17,189	18,151	19,369	19,531	20,168	20,807	21,172	22,271	21,943
Flood protection and control works	4,361	4,384	4,511	4,639	4,795	4,934	5,085	5,233	5,402	5,584	5,762
Sewerage	8,031	9,167	10,530	11,560	12,734	13,318	13,638	14,296	14,768	15,132	15,563
Stormwater drainage	1,606	1,719	1,769	1,826	1,882	1,948	2,023	2,107	2,205	2,306	2,415
Water Supply	7,786	8,162	8,470	9,002	9,486	10,456	12,000	12,765	13,006	13,353	14,273
Solid Waste Management	7,387	6,429	7,629	7,775	7,862	7,799	7,839	7,941	8,063	8,184	8,314
Environmental Management	7,449	7,460	7,708	8,047	8,214	8,454	8,681	8,865	9,127	9,354	9,598
Regulatory	5,740	5,619	5,846	6,067	6,174	6,315	6,386	6,510	6,713	6,917	7,078
Regional Development	4,738	4,641	4,705	4,736	6,769	4,891	4,953	5,002	5,041	5,081	5,102
Total activity expenditure	83,442	83,741	85,239	89,187	94,776	96,014	99,593	102,775	105,446	108,594	110,848
Plus other expenditure (including forestry)	10,108	9,678	11,052	11,411	12,612	13,632	14,384	14,992	13,963	12,922	9,934
Less internal expenditure	(6,533)	(7,053)	(7,996)	(8,623)	(9,313)	(9,877)	(10,428)	(10,959)	(11,054)	(11,027)	(11,299)
Total operating expenditure	87,017	86,366	88,295	91,975	98,075	99,769	103,549	106,808	108,355	110,489	109,483

Notes to Financial Statements

2. Rates revenue	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
People	5,518	5,764	6,096	6,431	6,463	6,808	7,031	7,186	7,623	7,900	7,941
Community Facilities	5,751	6,301	6,464	6,686	6,936	7,139	7,354	7,545	7,801	8,018	8,259
Roads and footpaths	8,532	8,512	9,132	9,738	10,474	10,735	11,186	11,687	11,959	12,589	12,519
Flood protection and control works	3,537	3,517	3,673	3,794	3,933	4,058	4,195	4,331	4,490	4,660	4,825
Sewerage	6,510	7,001	7,741	8,473	9,356	9,807	10,095	10,726	11,189	11,554	12,039
Stormwater drainage	1,430	1,539	1,591	1,649	1,706	1,771	1,843	1,925	2,020	2,120	2,222
Water Supply	7,923	8,385	8,455	8,760	9,216	10,199	11,862	12,554	12,797	13,163	14,081
Solid Waste Management	2,390	2,435	2,541	2,614	2,722	2,845	2,902	2,954	3,017	3,073	3,248
Environmental Management	5,121	5,416	5,487	5,754	5,875	6,058	6,225	6,353	6,553	6,717	6,884
Regulatory	2,387	2,403	2,496	2,592	2,604	2,639	2,610	2,626	2,713	2,792	2,821
Regional Development	2,585	2,698	2,766	2,783	2,832	2,884	2,922	2,959	3,000	3,045	3,081
Total activity rates	51,684	53,971	56,442	59,274	62,117	64,943	68,225	70,846	73,162	75,631	77,920
Non-activity rates	11	1	1	1	1	1	1	1	1	1	1
Total gross rates revenue	51,695	53,972	56,443	59,275	62,118	64,944	68,226	70,847	73,163	75,632	77,921
Rates remissions	425	482	497	512	528	546	562	580	585	618	639
Rates revenue net of remissions	51,270	53,490	55,946	58,763	61,590	64,398	67,664	70,267	72,578	75,014	77,282

3. Finance income and finance costs	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Finance income - interest income											
Term deposits	491	772	760	760	760	760	760	760	760	760	760
Community loans	-	105	112	120	128	-	-	-	-	-	-
Total finance income	491	877	872	880	888	760	760	760	760	760	760
Finance costs - interest expense											
Total internal interest expense	5,984	7,053	7,996	8,623	9,313	9,877	10,428	10,959	11,054	11,027	11,299
Bank charges on borrowings	90	180	186	192	297	307	318	329	340	352	364
less internal interest eliminated	(3,278)	(5,118)	(5,300)	(5,529)	(5,415)	(5,131)	(5,100)	(5,329)	(5,549)	(5,799)	(5,832)
Total finance costs	2,796	2,115	2,882	3,286	4,195	5,053	5,646	5,959	5,845	5,580	5,831
Net finance costs	2,305	1,238	2,010	2,406	3,307	4,293	4,886	5,199	5,085	4,820	5,071

Notes to Financial Statements

To enable each activity to bear its true cost, where funds are “borrowed” by one activity of Council from another interest is charged on that borrowing at the rate applicable to external borrowing. This interest is recorded as an expense in the activity and group of activity funding impact statements. This internal interest has been eliminated from the income statement as above.

4. Other revenue including gains	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
NZTA Rooding Subsidy	6,014	5,910	5,609	5,702	7,686	7,998	8,308	8,803	9,030	9,373	9,771
Fees and Charges	7,776	5,988	6,581	6,861	7,149	7,408	7,659	7,917	8,181	8,470	8,772
Marlborough Regional Forestry	5,685	5,351	5,716	5,627	5,624	6,599	5,852	6,688	5,229	4,256	(232)
Regulatory revenues	4,560	3,981	4,291	4,482	4,632	4,791	4,954	5,121	5,291	5,478	5,672
Rental revenues	4,506	3,842	4,335	4,196	4,246	4,020	4,173	4,225	4,275	4,377	4,465
Contributions	1,447	2,079	1,651	1,698	1,761	1,833	1,908	1,987	2,071	2,164	2,240
Trade Waste - Operating Charges	1,008	1,112	1,202	1,276	1,319	1,365	1,411	1,458	1,507	1,560	1,616
Infringements and fines	572	663	643	663	685	708	732	757	782	809	837
Dividends received	696	695	700	700	700	700	700	700	700	700	700
Subsidies & Grants	392	688	3,074	561	572	590	609	628	647	670	692
Petroleum Tax	400	390	403	415	429	444	459	475	490	508	526
Penalties - Rates	280	300	310	320	330	342	353	365	377	391	404
Trade Waste - Capital Charges	465	265	278	289	300	314	327	341	355	355	355
Licence revenue	206	206	213	219	227	235	243	251	259	268	278
Rental income from investment properties	148	156	156	156	156	156	156	156	156	156	156
Other income	594	597	668	650	670	736	718	740	816	791	919
Gain on Sale of Fixed Assets	1,000	722	1,032	-	1,101	-	1,177	-	1,258	-	1,348
Total Other revenue and Gains	35,749	32,945	36,862	33,815	37,587	38,239	39,739	40,612	41,424	40,326	38,519

Notes to Financial Statements

5. Expenditure	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Other non-activity expenditure											
Non-activity expenditure in the Income Statement is made up of Marlborough Regional Forestry and:											
Insurance	1,020	1,043	1,076	1,111	1,148	1,188	1,228	1,269	1,132	1,042	1,078
Property costs	531	789	1,081	1,180	1,184	1,187	1,198	1,226	1,253	1,226	1,259
Rate remissions	425	482	497	512	528	546	562	580	585	618	639
Digitisation project	728	462	408	101	-	-	-	-	-	-	-
Other	(25)	(47)	64	132	159	228	223	213	267	291	269
Total other expenditure	2,679	2,729	3,126	3,036	3,019	3,149	3,211	3,288	3,237	3,177	3,245
Expenditure disclosures											
Total expenditure in the Income Statement includes the following amounts which are required to be disclosed separately:											
Depreciation and amortisation expense	16,667	17,737	19,686	20,813	21,704	21,848	22,684	23,353	23,918	24,962	24,706
Personnel costs	16,217	16,903	17,314	17,711	18,101	18,594	19,006	19,452	19,962	20,484	21,041
Finance costs as note 3	2,796	2,115	2,882	3,286	4,195	5,053	5,646	5,959	5,845	5,580	5,831
Grants	6,759	4,776	1,369	1,481	3,465	1,446	1,448	1,457	1,452	1,454	1,464
Insurance premiums	2,273	2,114	2,190	2,260	2,339	2,416	2,498	2,585	2,488	2,446	2,536
Councillors remuneration	606	720	738	756	776	797	817	837	859	883	908
Payments under operating leases	372	364	376	388	401	415	429	443	458	474	491
Fees to principal auditor:											
audit fees for financial statement audit	112	117	120	122	125	128	131	134	138	141	145
audit fees for LTP	-	-	-	97	-	-	104	-	-	112	-
Property plant and equipment loss on disposal	(263)	108	216	200	-	216	216	216	108	-	-
Other operating expenses	37,305	36,400	38,175	39,579	41,273	43,117	44,725	46,299	47,906	49,436	51,138
Marlborough Regional Forestry	4,173	5,012	5,229	5,282	5,696	5,739	5,845	6,073	5,221	4,517	1,223
Total expenditure	87,017	86,366	88,295	91,975	98,075	99,769	103,549	106,808	108,355	110,489	109,483

Notes to Financial Statements

6. Debtors	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Rates receivables	813	755	778	802	825	850	875	901	928	956	956
Other receivables											
Goods and services tax (net)	418	958	981	1,011	1,051	1,074	1,110	1,136	1,176	1,223	1,251
Prepayments	405	612	630	649	668	688	709	729	751	774	774
Other	5,310	6,175	6,375	6,543	6,710	6,918	7,088	7,308	7,429	7,545	7,237
Gross debtors and other receivables	6,946	8,500	8,764	9,005	9,254	9,530	9,782	10,074	10,284	10,498	10,218
Less provision for impairment	(34)	(44)	(46)	(47)	(48)	(50)	(51)	(53)	(54)	(56)	(56)
Total debtors and other receivables	6,912	8,456	8,718	8,958	9,206	9,480	9,731	10,021	10,230	10,442	10,162

Notes to Financial Statements

7. Other financial assets	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Current portion:											
Term deposits and bonds with maturities of 4-12 months	4,551	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330
Total current portion	4,551	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330
Non-current portion:											
Term deposits and bonds with maturities 12 months plus	6,001	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260
Community loans	1,584	-	-	-	-	-	-	-	-	-	75
Loan to joint venture MRF	208	208	606	615	615	615	615	615	615	615	1,190
Unlisted shares in subsidiaries	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Shares: NZ Local Govt. Insurance Corp	74	74	74	74	74	74	74	74	74	74	74
Shares other	1	1	1	1	1	1	1	1	1	1	1
Total non-current portion	13,868	13,543	13,941	13,950	13,950	13,950	13,950	13,950	13,950	13,950	14,600
Total other financial assets	18,419	16,873	17,271	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,930

Council is required to disclose its investments in council-controlled organisations:

Marlborough Regional Forestry (eliminated in these accounts)

Venture share	5,348	5,348	5,348	5,348	5,348	5,348	5,348	5,348	5,348	5,348	5,348
Loan	910	460	10								

Marlborough District Council Holdings Limited

Shares	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
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Marlborough Housing for the Elderly Trust

nil											
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Notes to Financial Statements

8. Property, plant and equipment	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Opening value	1,229,204	1,270,086	1,335,280	1,382,688	1,437,412	1,493,891	1,556,933	1,613,469	1,680,020	1,738,593	1,810,781
Capital additions by activity											
Democratic Process	-	-	41	-	-	46	-	-	50	-	-
Culture and Heritage	-	-	10	53	-	-	58	-	12	-	-
Community Housing	170	429	599	352	351	656	642	660	331	-	-
Community Safety	50	50	52	53	55	57	59	61	63	65	67
Community Support	-	12	12	13	-	-	-	-	-	-	-
Library Services	251	245	254	275	410	326	329	5,105	5,451	1,656	415
Emergency Management	31	28	29	34	31	32	37	34	35	41	38
People	502	764	997	780	847	1,117	1,125	5,860	5,942	1,762	520
Community Facilities	2,433	1,231	1,232	1,434	1,591	1,510	1,567	2,219	2,533	2,623	2,878
Roads and footpaths	8,031	7,534	7,228	7,404	10,210	10,502	12,594	11,978	13,061	12,780	13,394
Flood protection and control works	1,050	1,040	951	992	1,023	946	1,094	1,011	1,175	1,091	1,273
Sewerage	9,270	20,893	5,555	13,127	11,130	4,289	3,916	10,072	2,299	5,451	1,175
Stormwater drainage	1,196	446	448	1,545	479	1,667	516	1,818	559	583	609
Water Supply	3,553	1,609	4,219	8,426	10,580	16,157	10,426	4,595	2,185	10,583	14,589
Solid Waste Management	222	3,708	3,287	21	254	3,826	-	-	7	354	6,200
Environmental Science and Monitoring	109	99	71	52	54	56	117	60	62	64	66
Resource Consents	3	3	3	3	3	3	4	4	4	4	4
Environmental Management	112	102	74	55	57	59	121	64	66	68	70
Building Control	1	1	1	1	1	1	1	1	2	2	2
Environmental Health	4	4	4	4	4	4	4	4	4	5	5
Harbours	375	132	133	138	385	118	235	173	78	465	40
Regulatory	380	137	138	143	390	123	240	178	84	472	47
Regional Development	744	190	106	97	381	407	407	268	142	131	136
Forest Park Development	1,273	-	1,312	-	1,394	-	1,484	-	1,578	-	1,687
Information Services	573	1,040	719	636	657	1,249	703	459	474	491	620
Commercial Property	-	4,000	2,000	-	-	-	-	-	-	-	-
Plant Operations	253	182	682	447	236	167	384	317	151	442	312
Office Services	60	220	294	149	154	159	164	169	174	180	186
Asset Services Management	-	-	1,564	-	-	-	-	-	-	-	-
Total capital expenditure	29,652	43,096	30,806	35,256	39,383	42,178	34,741	39,008	30,430	37,011	43,696
Disposals		(1,858)	(1,772)	(172)	(1,849)	(197)	(1,730)	(171)	(4,732)	(162)	(1,715)
Depreciation	(16,667)	(17,737)	(19,686)	(20,813)	(21,704)	(21,848)	(22,684)	(23,353)	(23,918)	(24,962)	(24,706)
Revaluation	29,746	41,693	38,060	40,453	40,649	42,909	46,209	51,067	56,793	60,301	64,347
Closing value	1,271,935	1,335,280	1,382,688	1,437,412	1,493,891	1,556,933	1,613,469	1,680,020	1,738,593	1,810,781	1,892,403

Notes to Financial Statements

9. Creditors and other payables	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Trade payables	4,154	6,133	6,310	6,479	6,677	6,855	7,038	7,235	7,372	7,525	7,311
Accrued expenses	4,986	7,004	7,208	7,426	7,643	7,875	8,106	8,344	8,595	8,854	8,854
Income in advance	876	990	1,020	1,051	1,082	1,115	1,147	1,181	1,217	1,253	1,253
Deposits	1,449	1,235	1,530	1,576	1,622	1,671	1,720	1,771	1,824	1,879	1,879
Agency account	116	93	96	99	102	105	108	111	114	118	118
Trust funds	243	244	251	259	267	275	283	291	300	309	309
Amounts due to related parties	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total creditors and other payables	12,824	16,699	17,415	17,890	18,393	18,896	19,402	19,933	20,422	20,938	20,724

10. Borrowings	2012 (AP)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Culture and Heritage	12	-	10	10	10	9	66	64	75	72	70
Community Housing	-	134	488	591	684	1,063	1,416	1,777	1,720	1,659	1,593
Library Services	-	-	-	-	-	-	-	2,293	2,235	2,525	2,450
PEOPLE	12	134	498	601	694	1,072	1,482	4,134	4,030	4,256	4,113
Community Facilities	4,494	8,310	8,363	8,509	8,553	8,479	8,215	8,335	7,948	7,490	7,002
Roads and footpaths	4,518	6,099	6,819	7,554	8,417	9,265	11,496	12,892	14,975	16,532	18,157
Flood protection and control works	2,336	831	919	1,037	1,196	1,359	1,698	1,960	2,349	2,622	3,017
Sewerage	23,979	39,064	40,811	49,700	56,196	55,434	54,046	58,483	55,710	55,023	51,712
Stormwater drainage	2,048	1,759	1,541	1,335	1,149	986	871	797	723	643	558
Water Supply	23,688	22,421	23,018	26,209	28,155	36,890	44,754	44,749	42,801	47,452	55,558
Solid Waste Management	7,271	6,740	6,962	6,432	5,951	5,536	5,063	4,601	4,117	3,599	3,122
Regional Development	18,884	20,430	19,672	18,842	18,223	17,604	16,958	16,055	14,989	13,838	12,606
Infra Upgrades Funding Unit	8,553	-	-	-	-	-	-	-	-	-	-
Works Depot	-	-	1,546	1,507	1,465	1,420	1,372	1,321	1,266	1,207	1,144
Rental Housing	38	28	17	6	-	-	-	-	-	-	-
Commercial Property	-	3,953	5,829	5,673	5,505	5,325	5,133	4,927	4,706	4,469	4,216
Marlborough Regional Forestry	407	407	9	-	-	-	-	-	-	-	-
Total Loans	96,228	110,176	116,004	127,405	135,504	143,370	151,088	158,254	153,614	157,131	161,205
Less internal loans	54,079	59,182	63,744	65,188	63,292	57,239	62,531	63,794	68,960	70,951	70,047
Borrowings (external loans)	42,149	50,994	52,260	62,217	72,212	86,131	88,557	94,460	84,654	86,180	91,158

Total budgeted borrowings/loan requirements are outlined below, the amount which Marlborough District Council expects to be able to fund internally is identified, the remainder has been budgeted as external loans.

11. Reserve Funds

Changes to the Local Government Act 2002 now require Councils to provide a summary of the Reserve funds that it holds. These changes placed more focus on the accounting for, and disclosure, of reserves. The Act defines reserve funds as "money set aside by a local authority for a specific purpose". Reserves are part of equity which may or may not be physically backed by cash/investments. Reserves are often used to separate a funding surplus of an activity. The Act requires Council to specify the amount expected to be deposited in the fund and the amount expected to be withdrawn from the fund over the 10 year period that the Long Term Plan covers.

Notes to Financial Statements

11.1 Reserve funds - Council wide	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

Emergency Events reserves

Purpose: Council's Emergency events reserve, which is part of Council's risk management strategy, exists to: - protect Council's infrastructural assets; - make a provision for restoration of Council's roading network in the event of extraordinary flood damage; - provide for the restoration of Council's Wairau floodplain river protection assets .

Activities to which it relates: Infrastructural Assets including the roading network and rivers.

Opening balance	5,622	6,030	6,459	6,908	7,382	7,881	8,408	8,963	9,549	10,167
Transfer to reserve	658	686	717	749	783	819	858	899	943	989
Transfer from reserve	(250)	(258)	(267)	(275)	(283)	(293)	(303)	(314)	(325)	(336)
Closing balance	6,030	6,459	6,908	7,382	7,881	8,408	8,963	9,549	10,167	10,820

Forest Park reserve

Purpose: This reserve was set up to receive surpluses from the Solar Heights and Forest Hills Land Development Accounts, and for the proceeds to fund projects as determined by Council. Traditionally this reserve funded Community Infrastructure, (as opposed to Core Infrastructure such as Water and Sewerage etc which are funded from other reserves).

Activities to which it relates: Various.

Opening balance	4,703	2,971	4,165	4,070	3,276	3,171	4,315	2,099	1,020	191
Transfer to reserve	1,768	1,194	-	1,170	-	1,144	-	1,120	-	1,090
Transfer from reserve	(3,500)	-	(94)	(1,964)	(105)	-	(116)	-	(128)	-
Capex transfer from reserve	-	-	-	-	-	-	(2,100)	(2,200)	(700)	-
Closing balance	2,971	4,165	4,070	3,276	3,171	4,315	2,099	1,020	191	1,281

*assumes AHC meet requirements for forgiveness of loan

Forestry and Asset Sales reserve

Purpose: Receives revenue from Marlborough Regional Forestry and from the sale of non-activity assets for funding any projects approved by Council.

Activities to which it relates: Any Activity approved by Council.

Opening balance	4	404	823	1,640	(1,898)	(3,013)	(2,191)	(1,011)	(118)	353
Transfer to reserve	620	639	1,037	682	1,008	1,042	1,400	1,113	691	
Transfer from reserve	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(220)
Capex transfer from reserve	-	-	-	(4,000)	(1,903)	-	-	-	-	-
Closing balance	404	823	1,640	(1,898)	(3,013)	(2,191)	(1,011)	(118)	353	133

Infrastructure Upgrade reserve

Purpose: To be used for essential infrastructure; to assist funding of new assets (up to a maximum of 50%), and to assist the funding of significant capital upgrades which will increase the targeted level of service supplied to the community.

Activities to which it relates: Infrastructure such as Water and Sewerage etc, and Other Activities as determined by Council from time to time.

11.1 Reserve funds - Council wide (\$000's)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Infrastructure Upgrade reserve continued										
Opening balance	3,911	4,714	5,221	5,319	5,064	4,403	3,856	3,310	2,764	2,271
Transfer to reserve	2,186	2,263	2,087	2,087	1,832	1,947	1,947	1,947	1,999	2,029
Transfer from reserve	(80)	(60)	(40)	(20)	-	-	-	-	-	-
Capex transfer from reserve	(1,303)	(1,696)	(1,949)	(2,321)	(2,493)	(2,493)	(2,493)	(2,493)	(2,493)	(2,493)
Closing balance	4,714	5,221	5,319	5,064	4,403	3,856	3,310	2,764	2,271	1,807

Land Subdivision reserve

Purpose: To provide for Development Contributions and their utilisation in accordance with the provisions of the Local Government Act 2002.

Activities to which it relates: Community facilities including: Reserves, Halls, Swimming Pools.

Opening balance	(2,639)	(2,307)	(1,920)	(1,519)	(1,100)	(662)	(198)	291	172	210
Transfer to reserve	1,102	1,172	1,245	1,390	1,567	1,766	1,990	2,242	2,529	2,855
Capex transfer from reserve	(770)	(785)	(844)	(971)	(1,129)	(1,303)	(1,501)	(2,361)	(2,491)	(2,800)
Closing balance	(2,307)	(1,920)	(1,519)	(1,100)	(662)	(198)	291	172	210	266

Port Marlborough NZ Ltd Special Dividend reserve

Purpose: Defined amounts to be available to the Blenheim Vicinity, Picton Vicinity and General Rural geographic rating areas, or the interest on any unspent balance to be used to subsidise General rates in those areas.

Activities to which it relates: Various.

Opening balance	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313
Transfer to reserve	302	302	302	302	302	302	302	302	302	302
Transfer from reserve	(302)	(302)	(302)	(302)	(302)	(302)	(302)	(302)	(302)	(302)
Closing balance	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313

Wairau Rivers reserve

Purpose: Accumulates each year-end surplus or deficit from the Wairau Valley River Works rates.

Activities to which it relates: Rivers and Land Drainage on the Wairau Plain.

Opening balance	2,724	2,300	1,947	1,576	1,218	953	731	548	353	146
Transfer to reserve	528	467	447	435	420	416	415	415	418	424
Transfer from reserve	(294)	(296)	(297)	(298)	(299)	(300)	(300)	(302)	(306)	(309)
Capex transfer from reserve	(658)	(525)	(522)	(495)	(386)	(337)	(299)	(308)	(319)	(330)
Closing balance	2,300	1,947	1,576	1,218	953	731	548	353	146	(69)

Notes to Financial Statements

11.2 Accumulated funds	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

Purpose: technical accounting reserve to accumulate Council surplus's, amounts transferred to/from other reserves are deducted-from/added-to this balance.

Activities to which it relates: All.

Opening balance	552,242	555,948	559,864	563,134	571,306	583,974	586,037	594,269	600,749	609,817
Surplus (Deficit) from Operations	3,387	7,949	4,228	4,940	6,817	8,064	8,571	10,454	10,034	11,894
Transfer from (to) General Reserves	106	(1,451)	343	(820)	4,641	(3,814)	(1,059)	(4,437)	(1,365)	2,474
Transfer from (to) Corporate Reserves	214	(2,582)	(1,301)	4,052	1,209	(2,187)	720	462	400	(898)
Closing balance	555,948	559,864	563,134	571,306	583,974	586,037	594,269	600,749	609,817	623,286

11.3 Reserve funds - Activity specific	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

These reserves are "owned" by a specific activity or individual scheme etc and exist for the following purposes:

General reserve: to accumulate targeted rates or other revenue for use in subsequent years.

Depreciation reserve: to accumulate rates levied to fund depreciation expense, may be used to fund capital expenditure or repayment of debt raised to fund capital expenditure

Landfill aftercare reserve: to accumulate "dump fees" charged from the operation of the landfill (or of a stage) required to fund its closure and management once it is fully utilis

Development contribution reserve: to accumulate development and financial contributions to fund qualifying capital expenditure.

Total of low balance reserves not separately disclosed

Opening balance	294	289	228	138	91	81	37	(68)	(148)	(197)
Transfer to reserve	223	191	211	205	223	234	245	266	277	397
Transfer from reserve	(111)	(122)	(130)	(131)	(145)	(164)	(174)	(190)	(204)	(219)
Capex transfer from reserve	(117)	(129)	(172)	(121)	(86)	(114)	(176)	(156)	(122)	(67)
Closing balance	289	228	138	91	81	37	(68)	(148)	(197)	(86)

Community Housing General and Depreciation reserves

Opening balance	103	(35)	(84)	(113)	(137)	(180)	(215)	(285)	(435)	(296)
Transfer to reserve	227	239	250	261	273	285	299	312	322	331
Transfer from reserve	(72)	(50)	(45)	(44)	(64)	(68)	(118)	(130)	(183)	(190)
Capex transfer from reserve	(294)	(237)	(235)	(241)	(251)	(252)	(251)	(331)	-	-
Closing balance	(35)	(84)	(113)	(137)	(180)	(215)	(285)	(435)	(296)	(154)

Energy Efficiency General reserve

Opening balance	(322)	(454)	(572)	(672)	(755)	(819)	(862)	(884)	(882)	(882)
Transfer to reserve	23	39	55	73	92	113	134	158	156	156
Transfer from reserve	(156)	(156)	(156)	(156)	(156)	(156)	(156)	(156)	(156)	(156)
Closing balance	(454)	(572)	(672)	(755)	(819)	(862)	(884)	(882)	(882)	(882)

Notes to Financial Statements

11.3 Reserve funds - Activity specific \$000's	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Library Services Depreciation reserve										
Opening balance	271	338	392	430	338	333	339	-	144	(9)
Transfer to reserve	312	308	314	317	322	335	372	452	513	532
Transfer from reserve	-	-	-	-	-	-	(26)	(58)	(66)	(75)
Capex transfer from reserve	(245)	(254)	(275)	(410)	(326)	(329)	(685)	(251)	(600)	(415)
Closing balance	338	392	430	338	333	339		143	(9)	33
Emergency Management General and Depreciation reserves										
Opening balance	188	184	173	183	195	205	212	223	233	239
Transfer to reserve	42	48	44	43	42	44	45	46	48	50
Transfer from reserve	(18)	(31)	-	-	-	-	-	-	-	-
Capex transfer from reserve	(28)	(29)	(34)	(31)	(32)	(37)	(34)	(35)	(41)	(38)
Closing balance	184	173	183	195	205	212	223	233	239	251
Swimming Pools General and Depreciation reserves										
Opening balance	344	565	815	1,090	1,370	1,668	1,983	2,338	2,737	3,154
Transfer to reserve	274	306	337	348	361	374	389	405	424	443
Transfer from reserve	(53)	(57)	(61)	(68)	(63)	(59)	(34)	(6)	(6)	(7)
Closing balance	565	815	1,090	1,370	1,668	1,983	2,338	2,737	3,154	3,590
Roading General and Depreciation reserves										
Opening balance	2,877	3,587	4,394	5,217	5,146	4,823	4,136	3,641	2,812	2,160
Transfer to reserve	3,818	3,911	4,091	4,200	3,938	3,981	3,926	3,834	4,032	3,591
Capex transfer from reserve	(3,108)	(3,104)	(3,268)	(4,271)	(4,262)	(4,667)	(4,421)	(4,663)	(4,684)	(4,945)
Closing balance	3,587	4,394	5,217	5,146	4,823	4,136	3,641	2,812	2,160	806
Roading Development Contributions reserve (Northwest Periphery)										
Opening balance	(967)	(817)	(662)	(501)	(335)	(163)	16	201	397	605
Transfer to reserve	160	165	170	176	182	188	195	201	208	216
Transfer from reserve	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(5)		
Closing balance	(817)	(662)	(501)	(335)	(163)	16	201	397	605	821
Wairau Floodplain Rivers and Drainage Depreciation reserves										
Opening balance	81	143	193	252	315	362	414	466	524	597
Transfer to reserve	122	124	134	148	148	162	178	195	211	226
Transfer from reserve	()	(1)	(2)	(4)	(7)	(12)	(19)	(26)	(35)	(44)
Capex transfer from reserve	(59)	(73)	(74)	(80)	(95)	(97)	(107)	(111)	(103)	(122)
Closing balance	143	193	252	315	362	414	466	524	597	658

Notes to Financial Statements

11.3 Reserve funds - Activity specific \$000's	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Combined Sewerage General and Depreciation reserves										
Opening balance	(132)	6	19	28	47	76	106	133	1,071	1,284
Transfer to reserve	2,395	2,618	2,893	3,229	3,438	3,632	3,894	4,142	4,351	4,559
Transfer from reserve	(837)	(1,005)	(1,143)	(1,311)	(1,428)	(1,511)	(1,687)	(1,895)	(2,031)	(2,069)
Capex transfer from reserve	(1,420)	(1,600)	(1,740)	(1,900)	(1,980)	(2,090)	(2,180)	(1,309)	(2,106)	(272)
Closing balance	6	19	28	47	76	106	133	1,071	1,284	3,503
Riverlands Industrial Wastewater: General and Depreciation reserves										
Opening balance	(275)	(585)	(1,166)	(1,842)	(2,526)	(3,212)	(3,895)	(4,574)	(5,257)	(5,961)
Transfer from reserve	(310)	(581)	(676)	(684)	(686)	(684)	(679)	(683)	(704)	(726)
Closing balance	(585)	(1,166)	(1,842)	(2,526)	(3,212)	(3,895)	(4,574)	(5,257)	(5,961)	(6,687)
Council is about to consult on a new fee regime for this scheme and an additional participant is expected to join. When these two issues are clarified this deficit is expected to reduce significantly.										
St Andrews Sewerage (new scheme): General reserve										
Opening balance	(62)	(62)	(62)	(85)	-	-	-	-	-	-
Transfer to reserve	-	-	-	85	-	-	-	-	-	-
Capex transfer from reserve	-	-	(22)	-	-	-	-	-	-	-
Closing balance	(62)	(62)	(85)	-	-	-	-	-	-	-
Tuamarina Sewerage (new scheme): General and Depreciation reserves										
Opening balance								-	(5)	
Transfer to reserve								1	30	
Transfer from reserve								(6)	(25)	
Closing balance								(5)	-	
Blenheim Stormwater: Depreciation reserve										
Opening balance	979	1,576	2,218	2,039	2,787	2,524	3,430	3,274	4,340	5,463
Transfer to reserve	801	839	879	921	967	1,019	1,076	1,140	1,202	1,271
Transfer from reserve	(153)	(144)	(131)	(115)	(96)	(48)	(4)	-	-	-
Capex transfer from reserve	(50)	(53)	(927)	(58)	(1,135)	(64)	(1,228)	(74)	(79)	(86)
Closing balance	1,576	2,218	2,039	2,787	2,524	3,430	3,274	4,340	5,463	6,648
Blenheim Stormwater: Development contribution reserve										
Opening balance	-	62	134	-	85	85	193	193	331	486
Transfer to reserve	62	72	-	85	-	108	-	137	155	160
Capex transfer from reserve	-	-	(134)	-	-	-	-	-	-	-
Closing balance	62	134	-	85	85	193	193	331	486	646

Notes to Financial Statements

11.3 Reserve funds - Activity specific \$000's	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Stormwater: Depreciation reserve										
Opening balance	556	770	1,012	1,264	1,534	1,822	2,126	2,445	2,780	3,131
Transfer to reserve	342	357	370	385	401	419	440	462	488	516
Transfer from reserve	(75)	(75)	(75)	(71)	(67)	(67)	(69)	(74)	(80)	(85)
Capex transfer from reserve	(53)	(41)	(42)	(44)	(46)	(48)	(51)	(54)	(57)	(61)
Closing balance	770	1,012	1,264	1,534	1,822	2,126	2,445	2,780	3,131	3,500
Awatere Water: Depreciation reserve										
Opening balance	326	340	240	172	111	(715)	(307)	(191)	130	25
Transfer to reserve	315	335	356	359	420	505	541	563	434	357
Transfer from reserve	(16)	(17)	(18)	(19)	(46)	(97)	(126)	(135)	(144)	(155)
Capex transfer from reserve	(286)	(418)	(406)	(400)	(1,200)	-	(299)	(108)	(394)	(259)
Closing balance	340	240	172	111	(715)	(307)	(191)	130	25	(32)
Blenheim Water: General and Depreciation reserves										
Opening balance	232	845	872	315	308	(53)	894	910	939	(46)
Transfer to reserve	1,499	1,557	1,617	1,686	1,760	1,797	1,849	1,889	1,995	2,195
Transfer from reserve	(790)	(844)	(899)	(958)	(924)	(811)	(740)	(737)	(867)	(1,075)
Capex transfer from reserve	(95)	(687)	(1,276)	(735)	(1,197)	(39)	(1,092)	(1,123)	(2,113)	(1,120)
Closing balance	845	872	315	308	(53)	894	910	939	(46)	(46)
Havelock Water: General and Depreciation reserves										
Opening balance	(9)	16	33	47	3	11	32	17	24	16
Transfer to reserve	67	51	55	58	87	113	119	125	131	174
Transfer from reserve	(38)	(34)	(37)	(33)	(56)	(88)	(99)	(112)	(123)	(178)
Capex transfer from reserve	(4)	-	(3)	(70)	(24)	(4)	(34)	(7)	(16)	-
Closing balance	16	33	47	3	11	32	17	24	16	11
Picton Water: General and Depreciation reserves										
Opening balance	(96)	535	430	(7)	(27)	(33)	340	726	1,077	1,182
Transfer to reserve	859	684	566	639	628	652	676	704	736	808
Transfer from reserve	(99)	(109)	(175)	(213)	(193)	(195)	(205)	(219)	(235)	(269)
Capex transfer from reserve	(129)	(680)	(828)	(445)	(442)	(84)	(86)	(134)	(396)	(1,720)
Closing balance	535	430	(7)	(27)	(33)	340	726	1,077	1,182	1
Rarangi Water: General and Depreciation reserves										
Opening balance				-	(107)	(293)	7	(19)	(52)	(96)
Transfer to reserve				1	4	350	102	103	103	103

Notes to Financial Statements

11.3 Reserve funds - Activity specific \$000's	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Rarangi Water: General and Depreciation reserves continued										
Transfer from reserve				(1)	(2)	(51)	(127)	(136)	(146)	(157)
Capex transfer from reserve				(107)	(188)	-				
Closing balance				(107)	(293)	7	(19)	(52)	(96)	(149)
Renwick Water: General and Depreciation reserves										
Opening balance	657	735	820	352	(208)	(198)	(43)	(339)	(212)	(98)
Transfer to reserve	97	133	169	169	285	367	387	407	412	418
Transfer from reserve	(10)	(6)	(7)	(46)	(145)	(212)	(243)	(279)	(299)	(320)
Capex transfer from reserve	(9)	(42)	(630)	(684)	(130)	-	(440)	-	-	-
Closing balance	735	820	352	(208)	(198)	(43)	(339)	(212)	(98)	(1)
Renwick Water: Development contribution reserve										
Opening balance	-	20	41	-	-	-	-	-	-	-
Transfer to reserve	20	21								
Capex transfer from reserve	-	-	(41)	-	-	-	-	-	-	-
Closing balance	20	41	-	-	-	-	-	-	-	-
Riverlands Water: General and Depreciation reserves										
Opening balance	(208)	(114)	(5)	58	104	148	43	91	140	189
Transfer to reserve	182	164	143	102	104	110	117	122	128	134
Transfer from reserve	(39)	(48)	(51)	(55)	(59)	(63)	(67)	(72)	(77)	(83)
Capex transfer from reserve	(48)	(7)	(29)	(1)	(1)	(153)	(1)	(2)	(2)	(2)
Closing balance	(114)	(5)	58	104	148	43	91	140	189	239
Wairau Valley Water: General and Depreciation reserves										
Opening balance	(20)	(13)	(7)	(1)	(2)	(3)	(2)	(1)	0	1
Transfer to reserve	17	17	17	11	12	42	68	69	70	71
Transfer from reserve	(11)	(11)	(11)	(12)	(13)	(41)	(67)	(68)	(69)	(70)
Closing balance	(13)	(7)	(1)	(2)	(3)	(2)	(1)	0	1	2
Landfill aftercare reserve										
Opening balance	721	756	775	795	817	841	866	892	921	952
Transfer to reserve	35	19	20	22	23	25	27	29	31	33
Closing balance	756	775	795	817	841	866	892	921	952	985
Landfills: General and Depreciation reserves										
Opening balance	90	(2,738)	(2,485)	(2,154)	(1,843)	(4,854)	(3,974)	(2,953)	(1,835)	(960)
Transfer to reserve	309	663	769	742	807	880	1,021	1,126	1,229	1,419

Notes to Financial Statements

11.3 Reserve funds - Activity specific \$000's	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Landfills: General and Depreciation reserves continued										
Transfer from reserve	(200)	(410)	(439)	(205)	(48)	-	-	-	-	-
Capex transfer from reserve	(2,938)	-	-	(227)	(3,769)	-	-	(7)	(354)	(6,200)
Closing balance	(2,738)	(2,485)	(2,154)	(1,843)	(4,854)	(3,974)	(2,953)	(1,835)	(960)	(5,741)
Refuse Collections: General and Depreciation reserves										
Opening balance	458	507	558	612	667	726	787	851	919	976
Transfer to reserve	49	51	53	56	58	61	64	67	58	57
Closing balance	507	558	612	667	726	787	851	919	976	1,033
Environmental Science and Monitoring: General and Depreciation reserve										
Opening balance	72	46	54	85	113	138	105	122	133	143
Transfer to reserve	73	79	83	82	81	84	76	73	73	71
Capex transfer from reserve	(99)	(71)	(52)	(54)	(56)	(117)	(60)	(62)	(64)	(66)
Closing balance	46	54	85	113	138	105	122	133	143	147
Animal Control: General and Depreciation reserves										
Opening balance	25	61	85	115	151	193	242	299	363	434
Transfer to reserve	35	25	30	36	42	49	57	64	71	80
Closing balance	61	85	115	151	193	242	299	363	434	514
Harbours: General and Depreciation reserves										
Opening balance	19	27	51	83	(117)	(35)	(75)	(66)	43	(220)
Transfer to reserve	140	157	171	186	200	196	183	186	202	225
Transfer from reserve	-	-	-	(229)	-	(47)	(49)	-	(112)	-
Capex transfer from reserve	(132)	(133)	(138)	(156)	(118)	(189)	(124)	(78)	(353)	(40)
Closing balance	27	51	83	(117)	(35)	(75)	(66)	43	(220)	(36)
Irrigation (SVIS): Depreciation reserve										
Opening balance	743	727	760	775	775	775	775	775	775	775
Transfer to reserve	309	323	335	348	362	378	397	416	439	464
Transfer from reserve	(258)	(290)	(320)	(348)	(362)	(378)	(396)	(416)	(439)	(464)
Capex transfer from reserve	(67)	-	-	-	-	-	-	-	-	-
Closing balance	727	760	775	775	775	775	775	775	775	775
Parking - Blenheim: General reserve										
Opening balance	(570)	(863)	(1,127)	(1,361)	(1,553)	(1,718)	(1,851)	(1,995)	(2,141)	(2,259)
Transfer from reserve	(293)	(264)	(233)	(193)	(165)	(133)	(144)	(146)	(118)	(111)
Closing balance	(863)	(1,127)	(1,361)	(1,553)	(1,718)	(1,851)	(1,995)	(2,141)	(2,259)	(2,370)

Notes to Financial Statements

11.3 Reserve funds - Activity specific \$000's	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Parking - Picton: General reserve										
Opening balance	84	90	97	103	111	118	127	98	105	112
Transfer to reserve	6	6	7	7	8	8	(29)	7	7	8
Closing balance	90	97	103	111	118	127	98	105	112	120
Plant general reserves										
Opening balance	714	1,009	840	873	1,236	1,485	1,513	1,606	1,843	1,785
Transfer to reserve	467	477	462	465	393	390	389	387	408	371
Transfer from reserve	(3)	-	-	-	-	-	-	(6)	(38)	(12)
Capex transfer from reserve	(169)	(646)	(430)	(101)	(144)	(362)	(296)	(144)	(430)	(308)
Closing balance	1,009	840	873	1,236	1,485	1,513	1,606	1,843	1,785	1,835
Commercial property and development depreciation reserves										
Opening balance	874	927	938	931	911	891	864	828	783	729
Transfer to reserve	110	145	161	154	160	165	170	176	182	189
Transfer from reserve	(57)	(134)	(168)	(174)	(180)	(192)	(206)	(221)	(237)	(253)
Closing balance	927	938	931	911	891	864	828	783	729	664
Information services General and Depreciation reserves										
Opening balance	470	(96)	(153)	144	439	232	574	1,107	1,588	2,019
Transfer to reserve	936	1,070	1,034	953	1,042	1,045	992	955	922	845
Transfer from reserve	(462)	(408)	(101)	-	-	-	-	-	-	-
Capex transfer from reserve	(1,040)	(719)	(636)	(657)	(1,249)	(703)	(459)	(474)	(491)	(620)
Closing balance	(96)	(153)	144	439	232	574	1,107	1,588	2,019	2,243
Office and customer services depreciation reserves										
Opening balance	605	650	636	776	916	1,057	1,197	1,329	1,447	1,562
Transfer to reserve	265	279	287	292	298	303	300	291	295	300
Capex transfer from reserve	(219)	(293)	(148)	(153)	(158)	(163)	(168)	(173)	(179)	(185)
Closing balance	650	636	776	916	1,057	1,197	1,329	1,447	1,562	1,677
Plus Revaluation reserves closing balance	725,109	763,169	803,622	844,271	887,180	933,389	984,456	1,041,249	1,101,550	1,165,897
Total Equity closing balance	1,308,515	1,354,524	1,399,205	1,444,794	1,494,520	1,548,793	1,608,431	1,675,678	1,746,013	1,822,253



Photo: Waikawa Marina, Waikawa

Part 4: Funding Impact Statement And Rates

- Funding Impact Statement
- Rates Movements 2012-22

Funding Impact Statement

Funding Impact Statement

The Funding Impact Statement provides the following information:

- A Funding Impact Statement for 2012-13 to 2021-22.
- 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.

The GST inclusive (incl) amounts shown in this Statement have been calculated using GST at 15%.

Funding Impact Statement (excluding GST) for 2012-22											
Marlborough District Council	2011-12 AP	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	31,032	32,600	34,061	35,693	37,023	38,221	39,348	40,444	41,824	43,354	44,027
Targeted rates (other than a targeted rate for water supply)	19,040	19,614	20,624	22,024	23,909	24,836	26,281	27,546	28,454	29,422	31,049
Subsidies and grants for operating purposes	3,889	3,734	3,702	3,803	4,579	4,699	4,864	5,180	5,245	5,430	5,629
Fees, charges, and targeted rates for water supply	14,238	12,639	13,530	13,830	13,926	15,078	16,236	16,954	17,453	17,938	18,462
Interest and dividends from investments	1,933	1,572	1,572	1,580	1,588	1,460	1,460	1,460	1,460	1,460	1,460
Other receipts including fuel tax, fines and infringement fees	14,110	13,471	14,366	13,195	14,458	14,281	14,952	14,802	14,845	12,809	9,986
Total operating funding	84,242	83,630	87,855	90,125	95,483	98,575	103,141	106,386	109,281	110,413	110,613
Applications of operating funding											
Payments to staff and suppliers	55,647	55,335	57,310	59,297	61,582	64,027	66,293	68,324	70,393	72,538	74,808
Finance costs	2,706	1,755	2,510	2,903	3,601	4,438	5,010	5,302	5,165	4,875	5,103
Other operating funding applications	12,260	11,431	8,572	8,761	11,188	9,240	9,346	9,613	8,772	8,115	4,865
Total applications of operating funding	70,613	68,521	68,392	70,961	76,371	77,705	80,649	83,239	84,330	85,528	84,776
Surplus (deficit) of operating funding	13,629	15,109	19,463	19,164	19,112	20,870	22,492	23,147	24,951	24,885	25,837
Sources of capital funding											
Subsidies and grants for capital expenditure	2,516	2,864	4,980	2,459	3,678	3,889	4,054	4,251	4,432	4,613	4,834
Development and financial contributions	1,966	1,959	2,067	2,233	2,422	2,643	2,888	3,160	3,462	3,805	4,176
Increase (decrease) in debt	6,227	19,488	1,266	9,957	9,995	13,919	2,426	5,903	(9,806)	1,526	4,978
Gross proceeds from sale of assets	1,610	1,142	1,619	19	1,698	44	1,584	23	4,590	13	1,567
Total sources of capital funding	12,319	25,453	9,932	14,668	17,793	20,495	10,952	13,337	2,678	9,957	15,555

Funding Impact Statement (excluding GST) for 2012-22

Marlborough District Council	2011-12 AP \$000's	2012-13 \$000's	2013-14 \$000's	2014-15 \$000's	2015-16 \$000's	2016-17 \$000's	2017-18 \$000's	2018-19 \$000's	2019-20 \$000's	2020-21 \$000's	2021-22 \$000's
Applications of capital funding											
Capital expenditure to meet additional demand	15,464	10,371	8,628	7,308	9,550	7,108	8,004	12,920	10,203	12,647	17,048
Capital expenditure to improve the level of service	5,069	19,989	10,960	12,812	14,488	20,018	12,178	8,667	5,805	8,991	11,425
Capital expenditure to replace existing assets	7,942	11,436	9,877	13,751	13,915	13,571	13,028	15,839	12,787	13,678	13,469
Increase (decrease) in reserves	(1,480)	(16)	5,043	2,105	(2,189)	(5,237)	6,559	1,105	5,105	2,469	1
Increase (decrease) of investments	(1,047)	(1,218)	(5,113)	(2,144)	1,141	5,905	(6,325)	(2,047)	(6,271)	(2,943)	(551)
Total applications of capital funding	25,948	40,562	29,395	33,832	36,905	41,365	33,444	36,484	27,629	34,842	41,392
Surplus (deficit) of capital funding	(13,629)	(15,109)	(19,463)	(19,164)	(19,112)	(20,870)	(22,492)	(23,147)	(24,951)	(24,885)	(25,837)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total operating funding	84,242	83,630	87,855	90,125	95,483	98,575	103,141	106,386	109,281	110,413	110,613
plus - Subsidies and grants for capital expenditure	2,516	2,864	4,980	2,459	3,678	3,889	4,054	4,251	4,432	4,613	4,834
plus - Development and financial contributions	1,966	1,959	2,067	2,233	2,422	2,643	2,888	3,160	3,462	3,805	4,176
plus - Contributions Vested Assets	1,177	1,300	1,342	1,386	1,432	1,479	1,530	1,582	1,634	1,692	1,753
Total income as per Income Statement	89,901	89,753	96,244	96,203	103,015	106,586	111,613	115,379	118,809	120,523	121,376
Total applications of operating funding	70,613	68,521	68,392	70,961	76,371	77,705	80,649	83,239	84,330	85,528	84,776
plus - Depreciation and amortisation	16,667	17,737	19,686	20,813	21,704	21,848	22,684	23,353	23,918	24,962	24,706
plus - Loss on sale of fixed assets	(263)	108	217	201	-	216	216	216	107	-	1
Expenditure as per Income Statement	87,017	86,366	88,295	91,975	98,075	99,769	103,549	106,808	108,355	110,489	109,483
Surplus (deficit) of operating funding	13,629	15,109	19,463	19,164	19,112	20,870	22,492	23,147	24,951	24,885	25,837
less - Depreciation and amortisation	16,667	17,737	19,686	20,813	21,704	21,848	22,684	23,353	23,918	24,962	24,706
less - Loss on sale of fixed assets	(263)	108	217	201	-	216	216	216	107	-	1
plus - Subsidies and grants for capital expenditure	2,516	2,864	4,980	2,459	3,678	3,889	4,054	4,251	4,432	4,613	4,834
plus - Development and financial contributions	1,966	1,959	2,067	2,233	2,422	2,643	2,888	3,160	3,462	3,805	4,176
plus - Contributions Vested Assets	1,177	1,300	1,342	1,386	1,432	1,479	1,530	1,582	1,634	1,692	1,753
Surplus/(deficit) as per Income Statement	2,884	3,387	7,949	4,228	4,940	6,817	8,064	8,571	10,454	10,034	11,893

Funding Impact Statement

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 set differentially for the six geographic areas as a fixed amount on every separately used or inhabited part of a rating unit).
- Separate Targeted Rates and Charges are rates or charges that are targeted to a particular area of benefit, eg: Water, Sewerage. (Separate targeted rates are based on the land value of each property other than Wairau Valley River Works rates and the Kenepuru Road rate, which are levied on capital value, the Southern Valleys' Irrigation Loan rate which is based on irrigable hectares; or the Energy Efficiency rates which are based on the service amount).
- LTP refers to Council's Long Term Plan.
- Council has the following policies to determine what constitutes a "separately used or inhabited part of a rating unit":
 - That in situations where a rating unit contains both a commercial or industrial type use, and a residential or rural type use, they will be treated as two separate uses and be assessed two sets of charges, except for those predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.
 - For those predominantly residential rating units where the owner of the rating unit resides and operates a business or businesses (including a homestay or farmstay activity) from the same rating unit, they will be assessed only one uniform targeted charge for geographic area general-type works.
 - Where services such as water, sewerage and refuse and kerbside recycling collection are supplied, separate charges will be assessed on the separately used or inhabited portions, except for those predominantly residential properties where the owner of the commercial/industrial operation or a homestay or farmstay activity resides on the same rating unit.
 - Where a number of different businesses are located on one rating unit, each separate business will be assessed uniform charges. An exception is made for

motels, hotels and dwellings used for commercial rental – they are treated as one business use even if each accommodation unit may be capable of separate habitation.

- Where rating units contain separate residential habitable dwellings that are capable of independent habitation (*i.e. they have all the facilities such as bathroom, toilets, kitchens, separate entrance ways etc*), uniform charges will be assessed on each dwelling.
- If a rating unit contains a dwelling and a flat (*as shown as a "nature of improvements" on the Council valuation roll*) and the flat contains a kitchen; uniform charges will be assessed on the dwelling and flat.
- GST inclusive (incl) amounts are used to indicate the Levy Totals and the Benchmark Property Levy Amounts affecting Ratepayers. The GST rate used in these calculations is 15%.
- GST exclusive (excl) amounts are used to indicate Rate Revenue Movements affecting the Council.

The Council has adopted the following differential rating categories for general-type rates:

Residential or Rural

All land used for a private residence and all land used for rural purposes. "Private residence" excludes rest homes and residential establishments that provide residential care. It also excludes all forms of commercial accommodation.

"Rural purposes" means any agricultural, horticultural or pastoral purpose and includes the keeping of bees, poultry or livestock. This group will include all rating units not otherwise categorised within a specified differential category.

Forestry is included in this category for the purposes of the General Works and Services Rate.

Commercial or Industrial

All land used for a commercial or industrial purpose. "Commercial purposes" includes but is not limited to, any trade or service or activity undertaken or provision of facilities, by any person with a view to making a profit or charging any fee or deriving any other consideration in relation to the trade or service or activity or provision. "Industrial" includes a business, manufacturer, undertaking, or service associated with the production of any type of goods. For the purposes of the General Works and Services Rate, this differential category includes residential rest homes and residential establishments that provide residential care and all forms of commercial accommodation as well as rating units otherwise assessed as "utilities".

Commercial accommodation includes but is not limited to the provision of accommodation for a fee or other consideration with the exemption of:

- Properties where the principal purpose is the provision of longstay accommodation ie:

28 days or more.

- Properties that provide accommodation for five or less people.
- Properties that were originally constructed as residential properties that provide accommodation for six or more, which are included in the homestay or farmstay category.

Homestay or Farmstay

Includes all rating units that are used for a homestay or farmstay activity on land predominantly used for residential or rural purposes, where a Building Act or Resource Consent was required for such a use.

Utilities

Land used for an essential service such as water, electricity, gas, telecommunications or sewerage.

Multiple Land Uses

The Council will partition a rating unit where there are two or more land uses that fit into different differential rating categories except for predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.

Targeted General Type Rates and Charges

\$32,300,129 GST excl
(\$37,145,148 GST incl)

Although general-type rates and charges have increased overall by 4.32% (\$1,338,552 GST excl), 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 revaluation movements in the differential areas.

Geographic Area General Works and Services Rates

\$20,430,918 GST excl
(\$23,495,556 GST incl)

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:

- Residential or rural.
- Commercial or industrial.
- Homestay or farmstay.

For these rates Utilities will be treated as falling within the commercial or industrial differential category.

These rates (*which are funded on a land value basis*) fund the Geographic Area's share of the Net Cost of Operations, Capital Expenditure and Debt Servicing Cost charges, after making provision for other targeted rates and charges, general revenue and utilisation of various reserves.

Overall, these rates will increase by \$365,634 (1.82%) GST excl; however there are varying impacts on the geographic areas and their differential rates.

General Works and Services rate amounts (GST incl) set in each geographic area are as follows:

Geographic Area	Differential Rating Categories	Levy (GST excl)	Levy (GST incl)	Cents in \$ (GST incl)
Blenheim	Res/Rural	5,076,269	5,837,709	0.395509
	Com/Ind	2,897,406	3,332,017	1.118126
	Hsty/Fsty	-	-	0.576163
Blenheim Vicinity	Res/Rural	4,479,858	5,151,837	0.291956
	Com/Ind	184,577	212,264	0.425531
	Hsty/Fsty	1,037	1,192	0.325350
Picton	Res/Rural	1,312,146	1,508,968	0.469802
	Com/Ind	614,587	706,775	0.945252
	Hsty/Fsty	1,993	2,292	0.588665
Picton Vicinity	Res/Rural	294,405	338,566	0.138550
	Com/Ind	13,613	15,655	0.307385
	Hsty/Fsty	-	-	0.180759
General Rural	Res/Rural	5,015,082	5,767,344	0.251793
	Com/Ind	110,895	127,529	0.351079
	Hsty/Fsty	1,080	1,242	0.276615
Admin Rural	Res/Rural	411,239	472,925	0.111559
	Com/Ind	16,731	19,241	0.190933
	Hsty/Fsty	-	-	0.131403

Funding Impact Statement

Geographic Area General Works and Services Charges

\$11,869,211 GST excl
(\$13,649,592 GST incl)

A targeted Geographic General Area Works and Services rate on the basis of a fixed amount on every 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 Cost costs, after making provision for targeted rates and charges, general revenue 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 \$972,918 (8.93%) GST excl, 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:

Geographic Area	Levy (GST excl)	Levy (GST incl)	Unit Charge (GST incl)
Blenheim	6,131,123	7,050,790	591
Blenheim Vicinity	1,836,508	2,111,984	530
Picton	1,491,906	1,715,692	607
Picton Vicinity	166,198	191,128	524
General Rural	1,828,530	2,102,810	398
Admin Rural	404,240	464,876	336
Utilities	10,706	12,312	498

Debt Servicing Rates and Charges

\$1,235,309 GST excl
(\$1,420,605 GST incl)

Grovetown Sewerage Loan Rate

\$91,806 GST excl
(\$105,577 GST incl)

The Grovetown Sewerage Loan Rate is calculated on the land value of every rating unit in the Grovetown Sewerage Special Rating Area in respect of which no contribution to the lump sum scheme was chosen to fund debt servicing costs on an interest only basis for the first year and progressively moving to a table mortgage basis over the ensuing nine years by increasing the rate payable by CPI each year. The loan rate will continue until 30 June 2039.

A 3% CPI increase has been applied to move towards the amount required to service the future table mortgage requirements.

On a rating unit whose land value decreases from \$175,000 to \$160,000 the sewerage loan rate will increase from \$953.33 to \$978.29 GST excl The new cents in the dollar rate is 0.611434 cents GST incl.

Picton Sewerage Treatment Loan Rate

\$60,692 GST excl
(\$69,796 GST incl)

The Picton Sewerage Treatment Loan Rate is calculated on the land value of every rating unit in the Picton Sewerage Special Rating Area in respect of which no contribution to the lump sum scheme was chosen to fund debt servicing costs. The loan rate will continue until 30 June 2018.

The new loan rate is 0.049561 cents in the dollar GST incl.

A decrease of \$210 (0.34%) GST excl in the rate levy will occur as a result of subdivisional growth.

On a rating unit whose land value decreases from \$130,000 to \$105,000, the Picton Sewerage Treatment Loan rate will decrease from \$53.44 to \$52.04 GST incl.

Renwick Sewerage Loan Rate

\$32,118 GST excl
(\$36,936 GST incl)

The Renwick Sewerage Loan Rate is calculated on the land value of every rating unit in the Renwick Sewerage Special Rating Area in respect of which no contribution to the lump sum scheme was chosen to fund debt servicing costs. The loan rate will continue until 30 June 2026.

No increase has occurred.

On a rating unit whose land value decreases from \$150,000 to \$128,000, the loan rate will decrease from \$87.01 to \$86.68 with a new rate in the dollar of 0.067718 cents GST incl.

Miscellaneous Loan Rates/Charges

\$1,144 GST excl
(\$1,315 GST incl)

These rates and charges are applied to debt servicing costs on sewerage and water loans in separate rating areas where lump sum payments were not made.

Havelock Sewerage Loan Rate \$239 0.014179 cents in the \$ GST incl
(Calculated on the basis of the land value of every rating unit in the Havelock Sewerage Separate Rating Area in respect of which no contribution to the lump sum scheme was chosen). The loan rate will continue until 30 June 2013. A decrease has occurred due to the final repayment this year.

Spring Creek Sewerage Loan Rate \$154 0.044927 cents in the \$ GST incl
(Calculated on the basis of the land value of every rating unit in the Spring Creek Sewerage Separate Rating Area in respect of which no contribution to the lump sum scheme was chosen). The loan rate will continue until 30 June 2013. A decrease has occurred due to the final repayment this year.

Wairau Valley Water Loan Charge \$922 \$230.52 uniform charge GST incl
(This charge is calculated as a fixed amount on every rating unit in the Wairau Valley Water Separate Rating Area in respect of which no contribution to the lump sum scheme was chosen). The loan rate will continue until 30 June 2014. No increase has occurred.

Southern Valleys' Irrigation Loan Rate **\$1,049,549 GST excl**
(\$1,206,981 GST incl)

This rate is assessed on the basis of a fixed amount per hectare on all irrigable land on every rating unit in the Southern Valleys' Special Rating Area to fund debt servicing costs on capital expenditure. The loan rate will continue until 30 June 2027.

The targeted loan rate remains at \$324.75 GST incl.

Roading Rates and Charges **\$62,654 GST excl**
(\$72,052 GST incl)

French Pass Road Charge **\$27,156 GST excl**
(\$31,229 GST incl)

This charge is calculated on every rating unit in the French Pass Rating Area, to be applied towards the cost of sealing between Matapehe Hill and French Pass and the charge will continue until 30 June 2015.

The charge remains at \$99.00 GST incl on each rating unit.

Kenepuru Road Rate **\$35,498 GST excl**
(\$40,823 GST incl)

This rate is calculated on the capital value of every rating unit in the former Kenepuru Riding to be applied towards roading improvements in the targeted area.

No increase in the rate levy has occurred and the rate in the dollar based on capital value is 0.012618 cents GST incl.

Wairau Valley River Works Rates

\$3,245,708 GST excl
(\$3,732,564 GST incl)

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

The funding requirements from each area are as follows:

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

A 1.06% decrease (\$34,918 GST excl) in the overall rates levy has occurred.

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

Rating Areas	Levy (GST excl)	Levy (GST incl)	Cents in the \$ (GST incl)	Levy Amount*
Rural A Rating Units	439,606	505,547	0.081936	(8.19)
Rural B Rating Units	811,700	933,455	0.076200	(7.62)
Rural C Rating Units	137,654	158,302	0.049162	(4.92)
Rural D Rating Units	155,025	178,279	0.009013	(0.90)
Blenheim Urban 1 Rating Units	991,426	1,140,139	0.059445	(5.94)
Blenheim Urban 2 Rating Units	461,706	530,962	0.041611	(4.16)
Blenheim Urban 3 Rating Units	56,064	64,474	0.028401	(2.84)
Blenheim Urban 4 Rating Units	43,548	50,080	0.022457	(2.24)
Other Urban 1 Rating Units in Wairau Catchment	77,768	89,433	0.051996	(5.20)
Other Urban 2 Rating Units in Wairau Catchment	71,211	81,893	0.033425	(3.34)

* Levy amount for each \$10,000 of Capital Value.

Funding Impact Statement

Combined Sewerage Scheme Rates and Charges

\$6,816,458 GST excl
(\$7,838,927 GST incl)

An overall increase of \$453,589 (GST excl) will occur (7.13%).

Combined Sewerage Scheme Capital Works Rate

\$1,894,620 GST excl
(\$2,178,813 GST incl)

This rate is assessed on the land value of every rating unit in the Combined Sewerage Rating Area on a differential basis and funds the Capital Expenditure and Debt Servicing costs of the combined sewerage scheme. New loans fund the commencement of the new sewage outfall into Picton harbour and wetland development that is a continuation of the Blenheim Sewerage Scheme upgrade to meet resource consent requirements for improved treatment.

There is a 1.8% (\$34,757 GST excl) decrease in this rate.

On a Blenheim rating unit in the Blenheim Group area whose land value decreases from \$190,000 to \$160,000 the rate will decrease from \$143.76 to \$139.46 - a rate in the dollar of 0.087124 cents GST incl.

On a Havelock rating unit whose land value decreases from \$225,000 to \$170,000 the rate will decrease from \$151.22 to \$132.04 - a rate in the dollar of 0.077669 cents GST incl.

On a Picton rating unit whose land value decreases from \$190,000 to \$160,000 the rate will decrease from \$169.67 to \$164.47 - a rate in the dollar of 0.102796 cents GST incl.

On a Seddon rating unit whose land value decreases from \$95,000 to \$86,000 the rate will increase from \$120.94 to \$126.00 - a rate in the dollar of 0.146513 cents GST incl.

Combined Sewerage Scheme Charge

\$4,921,838 GST excl
(\$5,660,114 GST incl)

This uniform charge funds operating costs of the combined sewerage scheme including treatment, reticulation, depreciation and other costs associated with the combined sewerage scheme improvements. Blenheim and Picton rating units with sewerage discharges where the quantity or the strength of the effluent is greater than the average domestic rating unit, will be levied an additional trade waste charge.

There is a 11.01% (\$488,345 GST excl) increase in this charge for increased depreciation, insurance and other operating costs.

The charge will increase from \$314 to \$352 GST incl on every separately used or inhabited part of

every serviced rating unit connected to the combined sewerage scheme; and from \$157 to \$176 GST incl on every separately used or inhabited part of every serviceable rating unit.

Water Supply Rates and Charges

\$8,876,926 GST excl
(\$10,208,464 GST incl)
\$669,609 GST excl
(\$770,050 GST incl)

Awatere Water Supply

An increase of \$76,325 (GST excl) is required to meet increased costs, including the cost of MIOX treatment (12.86%).

The following charges fund the net cost of operations, Capital Expenditure and Debt Servicing costs.

Awatere Water Charge

\$224,205 GST excl
(\$257,836 GST incl)

The uniform charge will increase from \$373 to \$427 GST incl on every separately used or inhabited part of a rating unit within the Awatere Water Supply Area and any new lots created by subdivision of such rating units whether connected or not.

Awatere Metered Water Charge

\$445,404 GST excl
(\$512,214 GST incl)

This charge is assessed on the basis of the volume of water supplied to metered rating units where consumption exceeds 275 cubic metres per annum.

The metered charge will increase from \$1.53 to \$1.76 GST incl for all usage in excess of 275 cubic metres, for all consumers on the Awatere Water Supply.

Blenheim Water Supply

\$4,818,262 GST excl
(\$5,541,001 GST incl)

An overall increase of \$193,614 (GST excl) will occur (4.19%).

Blenheim Water Capital Works Rate

\$2,015,750 GST excl
(\$2,318,113 GST incl)

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

A 11.51% decrease of \$262,306 (GST excl) is required to fund Debt Servicing costs for the recently completed Blenheim capacity and treatment upgrades.

The rate levy for a property whose land value decreases from \$190,000 to \$160,000 will decrease from \$243.78 to \$212.03 and the new rate in the dollar will be 0.132517 cents GST incl.

The following charges fund the balance of expenditure other than Capital and Debt Servicing costs.

Metered and Uniform Charges **\$2,802,512 GST excl**
(\$3,222,888 GST incl)

An increase of \$455,920 (GST excl) will occur (19.43%) to meet increased operating costs.

• **Blenheim Metered Water Charge** **\$364,087 GST excl**
(\$418,700 GST incl)

This charge is assessed on the basis of the volume of water supplied to metered rating units (excluding the Burleigh Extension), subject to a minimum quarterly charge.

Metered water charges are as follows:

The minimum charge will increase from \$52.50 to \$62.75 GST incl and it will now provide for the volume of water supplied between 0 m³ and 79.43 m³ instead of the volume of water supplied between 0 m³ and 78.36 m³.

The metered charge for the volume of water supplied in excess of the minimum charge volume will increase from \$0.67 to \$0.79 GST incl per cubic metre.

• **Blenheim Water Charges** **\$2,431,769 GST excl**
(\$2,796,534 GST incl)

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

The charges will increase from \$210 to \$251 on every part of a serviced rating unit and increase from \$105 to \$125.50 on every part of a serviceable rating unit GST incl.

• **Burleigh Extension Metered Water Charge** **\$6,656 GST excl**
(\$7,654 GST incl)

This charge is assessed on the basis of the volume of water supplied to metered rating units (excluding residential connections) in the Burleigh Extension, subject to a minimum quarterly charge.

Metered water charges are as follows:

The minimum charge will increase from \$52.50 to \$62.75 GST incl and it will now provide for the volume of water supplied between 0 m³ and 79.43 m³ instead of the volume of water supplied between 0 m³ and 78.36 m³.

The metered charge for the volume of water supplied in excess of the minimum charge volume will increase from \$0.67 to \$0.79 GST incl per cubic metre.

Havelock Water Supply **\$276,413 GST excl**
(\$317,875 GST incl)

An overall rates increase of \$30,882 (GST excl) will occur (12.58%).

Havelock Water Capital Works Rate **\$95,397 GST excl**
(\$109,707 GST incl)

This targeted rate is calculated on the land value of every rating unit in the Havelock Water Supply Area and funds Capital Expenditure and Debt Servicing costs. No increase has occurred.

For a rating unit whose land value decreases from \$225,000 to \$170,000 the rate will decrease from \$290.62 to \$285.52. The new rate in the dollar will be 0.167951 cents GST incl.

The following charges fund the balance of expenditure other than Capital and Debt Servicing costs.

Metered and Uniform Charges **\$181,016 GST excl**
(\$208,168 GST incl)

An increase of \$30,883 GST excl (20.57%) will occur to meet increased operating costs.

• **Havelock Metered Water Charge** **\$65,757 GST excl**
(\$75,621 GST incl)

This charge is assessed on the basis of the volume of water supplied to metered rating units, subject to a minimum quarterly charge.

Metered water charges are as follows:

The minimum charge will increase from \$90.25 to \$110 GST incl and it will now provide for the volume of water supplied between 0 m³ and 55.28 m³ instead of the volume of water supplied between 0 m³ and 51.28 m³.

The metered charge for the volume of water supplied in excess of the minimum charge volume will increase from \$1.76 to \$1.99 GST incl per cubic metre.

• **Havelock Water Charges** **\$115,259 GST excl**
(\$132,547 GST incl)

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

These charges fund the balance of expenditure not met from meter charges and will increase

Funding Impact Statement

from \$361 to \$440 on every part of a serviced rating unit and increase from \$180.50 to \$220 on every part of a serviceable rating unit GST incl.

Picton Water Supply

\$1,816,821 GST excl
(\$2,089,344 GST incl)

An overall increase of \$71,782 (GST excl) will occur (4.11%).

Picton Water Capital Works Rates

\$548,127 GST excl
(\$630,346 GST incl)

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

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

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

A decrease in the Capital Works Rate of \$1,831 (GST excl) will occur (0.33%).

For a rating unit whose land value decreases from \$190,000 to \$160,000 the rate will increase from \$250.95 to \$251.10. The new rate in the dollar for rating units subject to the special pipeline agreement will be 0.125549 cents in the dollar and the new rate for all other rating units will be 0.156936 cents in the dollar GST incl.

The following charges fund the balance of expenditure other than Capital and Debt Servicing costs.

Metered and Uniform Charges

\$1,268,694 GST excl
(\$1,458,998 GST incl)

An increase of \$73,613 (GST excl) will occur (6.16%) to meet increased operating costs.

• Picton Metered Water Charges

\$268,313 GST excl
(\$308,560 GST incl)

Ordinary Charge

A Picton Metered Water Ordinary Charge is assessed on the basis of the volume of water supplied to metered rating units, subject to a minimum quarterly charge.

The minimum charge will increase from \$107 to \$114.25 GST incl and it will now provide for the volume of water supplied between 0 m³ and 70.22 m³ instead of the volume of water supplied between 0 m³ and 70.54 m³.

The metered charge for the volume of water supplied in excess of the minimum charge volume will increase from \$1.5169 to \$1.6271 GST incl per cubic metre.

Koromiko Charge

A Picton Metered Water Koromiko Charge is assessed on the basis of the volume of water supplied to metered rating units.

Water for Koromiko Special Agreement consumers will increase from \$1.2136 to \$1.3018 GST incl per cubic metre.

Onsold Charge

A Picton Metered Water Onsold Charge is assessed on the basis of the volume of water supplied to metered rating units that is subsequently onsold, subject to a minimum quarterly charge.

Metered water charges for consumers onselling are as follows:

The minimum charge will increase from \$107 to \$114.25 GST incl and it will now provide for the volume of water supplied between 0 m³ and 63.29 m³ instead of the volume of water supplied between 0 m³ and 63.58 m³.

The metered charge for the volume of water supplied in excess of the minimum charge volume will increase from \$1.6828 to \$1.8051 GST incl per cubic metre.

• Picton Water Charge

\$1,000,381 GST excl
(\$1,150,438 GST incl)

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

These charges fund the balance of expenditure not met from meter charges and will increase from \$428 to \$457 on every part of a serviced rating unit and increase from \$214 to \$228.50 on every part of a serviceable rating unit GST incl.

Renwick Water Supply

\$338,367 GST excl
(\$389,122 GST incl)

An overall increase of \$6,075 (GST excl) will occur (1.83%).

Renwick Water Capital Works Rate

\$81,064 GST excl
(\$93,224 GST incl)

This rate is calculated on the land value of every rating unit in the Renwick Water Supply Area and funds Capital Expenditure and Debt Servicing costs. No increase will occur.

For a rating unit whose land value decreases from \$155,000 to \$133,000 the rate levy will decrease from \$95.10 to \$95.94. The new rate in the dollar is 0.072136 cents GST incl.

Metered and Uniform Charges

\$257,303 GST excl
(\$295,898 GST incl)

An increase of \$6,075 (GST excl) will occur to meet increased operating costs (2.42%).

• Renwick Metered Water Charges

\$28,401 GST excl
(\$32,661 GST incl)

This charge is assessed on the basis of the volume of water supplied to metered rating units, subject to a minimum quarterly charge.

Metered water charges are as follows:

The minimum charge will increase from \$73.25 to \$75.25 GST incl and it will now provide for the volume of water supplied between 0 m³ and 66.01 m³ instead of the volume of water supplied between 0 m³ and 66.59 m³.

The metered charge for the volume of water supplied in excess of the minimum charge volume will increase from \$1.10 to \$1.14 GST incl per cubic metre.

• Renwick Water Charge

\$228,902 GST excl
(\$263,237 GST incl)

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

These charges fund the balance of expenditure and will increase from \$293 to \$301 on every part of a serviced rating unit and from \$146.50 to \$150.50 on every part of a serviceable rating unit GST incl.

Riverlands Water Supply

\$426,523 GST excl
(\$490,501 GST incl)

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

Increased operations costs of \$11,163 GST excl (2.69%) will increase the metered water charges as follows:

The minimum charge will remain unchanged at \$41 GST incl and it will now provide for the volume of water supplied between 0 m³ and 41.41 m³ instead of the volume of water supplied between 0 m³ and 42.71 m³.

The metered charge for the volume of water supplied in excess of the minimum charge volume will increase from \$0.96 to \$0.99 GST incl per cubic metre.

Southern Valleys' Irrigation Scheme

\$492,832 GST excl
(\$566,757 GST incl)

Operations and maintenance costs have increased by \$723 GST excl (0.15%).

A metered charge is assessed on the basis of the volume of water supplied to metered connections. This charge funds the net operating costs of the Southern Valleys' Irrigation Scheme.

The metered charge will increase from \$0.25492 to \$0.25530 GST incl per cubic metre.

Wairau Valley Water Supply

\$38,099 GST excl
(\$43,813 GST incl)

An increase of \$3,778 (GST excl) is required to meet increased costs (11.01%).

The following charges fund the net cost of operations, Capital Expenditure and Debt Servicing costs.

Wairau Valley Water Charge

\$14,233 GST excl
(\$16,368 GST incl)

The uniform charge will increase from \$263 to \$292 GST incl for each water meter connected to a rating unit within the Wairau Valley Water Supply Area.

Wairau Valley Metered Water Charge

\$23,866 GST excl
(\$27,446 GST incl)

This charge is assessed on the basis of the volume of water supplied to each water meter connected to a rating unit within the Wairau Valley Water Supply Area where consumption exceeds 350 cubic metres per annum. Reduced water usage has resulted in reduced revenue and accordingly annual volume has been reduced from 450 to 350 cubic metres.

The metered charge will increase from \$1.24 to \$2.64 GST incl for all usage in excess of 350 cubic metres for all consumers on the Wairau Valley water supply.

Refuse and Recycling Charges \$1,191,335 GST excl

(\$1,370,035 GST incl)

Blenheim/Picton (Residential) Refuse and

Kerbside Recycling Collection Charge **\$1,118,318 GST excl**
(\$1,286,065 GST incl)

This charge relates to both a refuse and kerbside recycling collection service for residential properties in Blenheim and Picton.

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

Funding Impact Statement

The kerbside recycling collection charge will decrease from \$59 to \$46 per service and the refuse collection charge will decrease from \$63 to \$56 per service - total charge decreasing from \$122 to \$102 GST incl.

Blenheim/Picton (Residential) Refuse Collection Charge

**\$6,839 GST excl
(\$7,865 GST incl)**

This charge relates to a refuse collection service only for residential properties in Blenheim and Picton.

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

The collection charge will decrease from \$63 to \$56 GST incl per service.

Blenheim/Picton (Commercial/Industrial) Refuse Collection Charge

**\$66,178 GST excl
(\$76,105 GST incl)**

This charge relates to a refuse collection service for Blenheim and Picton "Commercial or Industrial" properties.

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

The collection charge will decrease from \$63 to \$56 GST incl per service.

Landscape Charges

**\$Nil GST Excl
(\$Nil GST Incl)**

A targeted landscape charge on new subdivisions (and existing subdivisions following consultation) is levied where higher landscaping standards result in additional maintenance costs and is calculated as a fixed amount on every separately used or inhabited part of a rating unit set differentially on the following basis:

Properties with Urban level 1 landscaping standards -	\$35 GST incl
Properties with Urban level 2 landscaping standards -	\$46 GST incl
Properties with Rural level 1 landscaping standards -	\$50 GST incl
Properties with Rural level 2 landscaping standards -	\$103 GST incl

Energy Efficiency Rates

**\$50,685 GST excl
(\$58,288 GST incl)**

These targeted rates are calculated on the extent of energy efficiency services provided to rating units and are calculated as a percentage of the service amount (inclusive of associated costs), until the service amount is recovered.

The energy efficiency rate covers both interest and principal and is calculated as a percentage of the service provided as follows:

	% GST incl	First Rating Year	Final Rating Year
Energy Efficiency Rate 1	17.330531	2011-12	2019-20
Energy Efficiency Rate 2	17.330531	2012-13	2020-21

Tourism Charges

**\$185,947 GST excl
(\$213,839 GST incl)**

A targeted tourism rate is calculated on the basis of a fixed amount on every separately used or inhabited part of a rating unit set differentially for the following land uses to enable Destination Marlborough to market Marlborough. A CPI adjustment of 3% has been applied to the previous charges.

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 - \$191 GST incl.

Properties used for commercial rental accommodation where 30 or more people can be accommodated - \$295 GST incl.

Properties used for tourism activities (excluding the two groups above) - \$215 GST incl.

Picton Forum Charge

**\$5,000 GST excl
(\$5,750 GST incl)**

A targeted Picton Forum rate is calculated on the basis of a fixed amount of \$1.24 GST incl on every separately used or inhabited part of any rating unit in the former Picton Electoral Ward. The rate will be used to fund a grant to the Picton Forum.

The charge will remain at \$1.24.

Agency Rates and Charges

**\$1,494 GST excl
(\$1,718 GST incl)**

Tuamarina/Waikakaho Hall Charge

**\$1,494 GST excl
(\$1,718 GST incl)**

This charge is calculated as a fixed amount of \$12.30 GST incl on every rating unit in the Tuamarina/Waikakaho Special Rating Area, such charge to be applied to the Tuamarina/Waikakaho Hall.

No increase has occurred.

Residential Rates Postponement Scheme

To cover costs for this scheme, the following fees and charges are set for the 2012-13 rating year. All fees and charges will be added as either a one-off or annual charge as the case may be, to the approved applicant's rate account.

Initial Charges – One off	Charging Unit	Fees and Charges (GST Inclusive)
Application fee	One-off	\$50.00
Contribution to the decision facilitation process	One-off	\$300.00
Annual Interest Charges		
Interest calculated at Council's borrowing rate on all amounts outstanding		
Annual Charges – One-off		
Annual fee	Annual	\$50.00
Management fee	Annual	1.00%
Reserve fund fee	Annual	0.25%

Property insurance: a ratepayer must submit a current certificate annually.

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 (\$8,624,889)

The \$8,624,889 total amount is comprised of Internal Loans Interest (\$7,053,370), Interest on General Funds (\$11,659), Interest on External Loans to The New Zealand Aviation Museum Trust – Omaka Heritage Centre (\$104,860), Interest on Investments (\$760,000) and Dividends (\$695,000).

- Funded to specified Reserves for particular purposes or events (eg: Emergency Events Reserve).
- Used to subsidise general type rates and charges by way of general revenue allocation.
- Used to fund interest and funding costs on external borrowings.

Petroleum Tax (\$390,000)

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

Asset Sale Proceeds (not budgeted)

In general, 25% of all asset proceeds are used to build up the emergency events reserve in case of a major emergency eg: earthquake.

The remaining 75% of all asset sales proceeds are used to fund the forestry and asset sales reserve.

Contributions Received from Development and Subdivision (\$1,262,100)

Are applied towards the cost of infrastructure related to the development and community facilities.

Forestry Income (\$619,500)

Currently used to fund the forestry and asset sales reserve which is used to fund infrastructural development.

The Following is for Information only and Does Not Form Part of the Funding Impact Statement General Information

All estimated rates and charges are shown inclusive of goods and services tax unless otherwise stated.

For the purposes of the foregoing:

- "Residential use" excludes rest homes and residential establishments that provide residential care.
- Where commercial accommodation is the predominant purpose of a property, it will be included on the same basis as a motel or hotel in the "commercial or industrial land use" category.
- Subject to the right of objection set out in section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of the Council to determine the use or predominant use of any property in the District.

The geographic areas can generally be described as follows:

Funding Impact Statement

Blenheim Area (BM)

All of that area encompassed by the former Blenheim Borough Council together with those properties within a 1.5 km radius of that area which have a zoning of Residential or Industrial in the Wairau/Awatere Resource Management Plan (eg: includes, Burleigh, Hammerichs Road, Riverlands and Waipuna Street); as well as any properties that are connected to (or are able to be connected to) either the Blenheim Water or Blenheim Group Sewerage Schemes, but excluding properties in the Renwick, Spring Creek and Grovetown Sewerage Rating Areas and residential/rural properties and properties in the Riverlands Industrial Estate and Cloudy Bay Business Park that have an area of greater than one hectare.

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

Growth pockets and other growth areas rezoned Residential following notification of the new Marlborough Resource Management Plan will be excluded from the Blenheim Area until consent for subdivision is granted.

Blenheim Vicinity Area (BV)

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

From just north of the Rarangi Settlement following around the foothills in a south-westerly direction; taking in the Tuamarina Settlement; to the south bank of the Wairau River and then up the Wairau south bank to the Waihopai River; up the east bank of the Waihopai River to just north of Omaka Downs; and then generally following the base of the foothills; around to include the Taylors Pass in a south easterly direction as far as the Branch River; following the boundaries of properties on the south east side of the Taylor River; then around the base of the foothills to include land between SH 1 and both sides of Redwood Pass Road to and including 393 Redwood Pass Road; then to the coast on the south of the Vernon Lagoons.

Picton Area (PN)

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

Schedule

Pt Lot 1 DP 6881, Pt DP 467 Waitohi Valley Blk XI Linkwater SD, Lot 1 DP 303616 Lot 1 DP 8240, Pt Sec 41 District of Waitohi, Lot 2 DP 3716, Lot 1 DP 3716, Lot 1 DP 9175, Lot 2 DP 9175, Lot 1 DP 10989, Lot 2 DP 10989, Lots 1 2 DP 1353 Lot 1 DP 1148 Pt Sec 37 Waitohi Reg Dist, Lots 2 5 DP 3183, Pt Sec 103 Waitohi Valley District Blk XV Linkwater SD, Lot 1 DP 402932 Lot 1 DP 5595 Lot 2 DP 5660 Sec 38 Pt Sec 37 Waitohi Dist, Lot 1 DP 9268, Pt Lot 1 DP 7160, Lot 1 DP 12294, Lot 2 DP 10225 Lot 1 DP 10476, Lot 1 DP 10882, Lot 2 DP 434941 Pt DP 747 Pt Sec 25 Wairau Dist Pt Lots 1-3 DP 693 Pt Sec 12 Pt Sec 13 Blk XV

Linkwater SD, Secs 105 106 Pts Sec 36 104 Waitohi Valley Dist, Lot 1 DP 6397, Lots 1 2 DP 303945, Lots 3 4 DP 303945 Sec 129 Pt 159 Picton Subn Sec 18 Blk XV Linkwater SD, Lot 1 DP 302741, Lot 1 DP 10871, Lot 1 DP 6129, Lot 1 DP 759 Lot 2 Pt Lot 1 DP 1594, Pt Sec 63-65 Picton Subn. Lots 1-9 12 DP 1086, Sec 1 SO 429571 Lot 10 DP 1086, Lot 11 DP 1086, Lot 13 DP 1086, Lot 14 DP 1086, Lot 2 DP 3080, Sec 1 SO 416848 Lot 1 DP 3080, Sec 2 SO 416848 Lot 16 DP 1086, Lot 18 DP 1086, Pt Waikawa 2C2, Lot 4 DP 11736, Lot 1 DP 335692, Lot 2 DP 344933, Lot 3 DP 11736, Lot 1 DP 11736, Lot 1 DP 344933, Lot 2 DP 404985, Lot 1 DP 424360, Lot 2 DP 424360, Lot 3 DP 424360, Lot 4 DP 424360, Lot 5 DP 424360, Waikawa 3B Blk XII Linkwater SD Blk XI Arapawa SD, Lot 1 DP 9994, Lot 1 DP 10354, Waikawa Sec A2 Waikawa West Blk XII Linkwater SD Blk XI Arapawa SD, Waikawa Sec 4B2 Waikawa West Blk XII Linkwater SD Blk XI Arapawa SD, Lot 2 DP 7961 Pts Sec 10 & Pt Sec 11 Waitohi Dist Pts Sec 100 Waitohi Dist, lot 3 DP 8884.

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

Picton Vicinity Area (PV)

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

General Rural Area (GR)

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

Administrative Rural Area (AR)

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

The above rates and charges are for the period 1 July 2012 to 30 June 2013 and will become due and payable by four instalments as follows:

	Last Date for Payment Before Penalty is Added
Instalment One	11 September 2012
Instalment Two	11 December 2012
Instalment Three	11 March 2013
Instalment Four	11 June 2013

Each instalment is one quarter of the annual rates for the current year.

Penalty Provisions (Additional Charges on Unpaid Rates)

A penalty, equivalent in amount to 10% of the instalment amount remaining unpaid at the close of day on the "Last Date for Payment", shall on the next day be added to that amount of unpaid rates.

Pursuant to sections 57/58 of the Local Government (Rating) Act 2002, a further penalty of 10% will be added to all rates and charges that remain unpaid on 30 June 2013. Payments are applied to the oldest debt first.

Penalty Provisions (Unpaid Metered Water)

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

Triennial Revaluation Movements

The Marlborough District was revalued by Quotable Value Limited on 1 July 2011. The new values apply from the 2012-13 rating year.

With the exception of the Wairau Valley River Rates and the Kenepuru Road Rate, all other rates levied on the property values are based on Land Value (LV).

Land value percentage (decrease) increase movements for the six geographic rating areas, the District at large and their differential rating groups for the triennial revaluation on 1 July 2011 were: *(The previous revaluation movements as at 1 July 2008 and 1 July 2005 are shown alongside).*

Geographic Rating Areas	1.07.11	1.07.08	1.07.05
Blenheim – Residential/Rural	(14.24%)	34.44%	150.82%
Blenheim – Commercial/Industrial	(8.51%)	55.98%	94.93%
Blenheim - Total	(13.33%)	37.45%	141.16%
Blenheim Vicinity – Residential/Rural	(33.53%)	37.64%	81.88%
Blenheim Vicinity – Commercial/Industrial	(16.31%)	42.17%	120.49%
Blenheim Vicinity - Total	(33.15%)	37.74%	82.55%
Picton – Residential/Rural	(16.31%)	21.19%	159.12%
Picton – Commercial/Industrial	(11.53%)	31.44%	148.97%
Picton - Total	(15.44%)	22.91%	157.35%
Picton Vicinity – Residential/Rural	(12.95%)	19.71%	184.66%
Picton Vicinity – Commercial/Industrial	(21.70%)	166.67%	187.84%
Picton Vicinity - Total	(13.24%)	21.97%	184.71%
General Rural – Residential/Rural	(18.08%)	38.87%	123.66%
General Rural – Commercial/Industrial	(21.12%)	46.67%	166.96%

Geographic Rating Areas	1.07.11	1.07.08	1.07.05
General Rural – Total	(18.13%)	38.99%	124.21%
Administrative Rural – Residential/Rural	(21.97%)	25.64%	213.95%
Administrative Rural/Commercial/Industrial	(23.55%)	33.48%	270.78%
Administrative Rural - Total	(22.01%)	25.82%	214.85%
District-wide – Residential/Rural	(22.30%)	35.20%	119.64%
District-wide – Commercial/Rural	(11.49%)	49.14%	114.38%
District-wide - Total	(21.64%)	35.97%	119.35%

The following is a summary of the valuation movements for each of Council's geographic and differential rating areas:

Rating Area	Average LV Mvt	LV Mvt Range	Average CV Mvt	CV MVT Range
Blenheim R/R	(14.24%)	34.62% - (55.06%)	(10.59%)	200.00% - (55.11%)
Blenheim C/I	(8.51%)	77.42% - (45.83%)	(7.45%)	63.08% - (39.39%)
Blenheim Vic R/R	(33.53%)	58.49% - (61.96%)	(31.61%)	176.47% - (77.78%)
Blenheim Vic C/I	(16.31%)	47.50% - (74.70%)	(7.95%)	101.93% - (44.07%)
Picton R/R	(16.31%)	18.42% - (42.19%)	(9.01%)	68.75% - (79.33%)
Picton C/I	(11.53%)	(5.78%) – (26.76%)	(3.58%)	9.09% - (17.50%)
Picton Vic R/R	(12.95%)	25.00% - (50.00%)	(8.04%)	300.00% - (50.00%)
Picton Vic C/I	(21.70%)	(1.32%) – (22.84%)	(7.80%)	4.23% – (14.29%)
General Rural R/R	(18.08%)	118.18% - (55.63%)	(16.71%)	272.22% - (58.15%)
General Rural C/I	(21.12%)	11.11% - (55.88%)	(7.52%)	61.02% - (75.33%)
Admin Rural R/R	(21.97%)	140.74% - (72.50%)	(16.47%)	98.02% - (72.50%)
Admin Rural C/I	(23.55%)	(9.09%) – (32.08%)	(20.45%)	(6.56%) – (24.62%)

C/I Relates to Commercial and Industrial Properties

R/R relates to Residential and Rural Properties

The Capital Value (CV) for the District at large decreased by 18.26% as a result of the triennial revaluation on 1 July 2011. *(The previous revaluation increase movement as at 1 July 2008 was 28.59% and 75.34% as at 1 July 2005).* The following is a summary of the Capital Value percentage (decrease) increase movements for each of the Wairau Valley River and Kenepuru Road rating areas:

Funding Impact Statement

Rating Areas	1.07.11	1.07.08	1.07.05
Wairau Valley River Class A Rate	(27.41%)	34.56%	79.23%
Wairau Valley River Class B Rate	(34.86%)	27.73%	45.55%
Wairau Valley River Class C Rate	(28.57%)	29.05%	58.22%
Wairau Valley River Class D Rate	(22.69%)	32.10%	71.46%
Wairau Valley River Rural Urban 1 Rate	(7.27%)	31.36%	66.66%
Wairau Valley River Rural Urban 2 Rate	(10.80%)	30.33%	79.62%
Wairau Valley River Blenheim Urban 1 Rate	(9.47%)	26.50%	72.34%
Wairau Valley River Blenheim Urban 2 Rate	(10.70%)	21.77%	84.70%
Wairau Valley River Blenheim Urban 3 Rate	(11.33%)	17.94%	79.26%
Wairau Valley River Blenheim Urban 4 Rate	(11.77%)	16.69%	83.01%
Kenepuru Road Rate	(9.07%)	6.16%	125.74%

The next revaluation of the District will be released in September 2014. Valuation changes prior to 2014 will only relate to property subdivisions, new improvements, and any alterations up to the 1.07.11 revaluation which are approved by Quotable Value Limited or the Land Valuation Tribunal (*as a result of revaluation objections lodged prior to 27 October 2011*).

With a District-wide revaluation there is no direct relationship between valuation movements and rates movements.

A revaluation of the District does not increase Council's rating income, but it does redistribute the incidence of valuation based rates between individual ratepayers. This means that even if Council were to levy the same amount in total for the year following a revaluation, some ratepayers will have rate increases, while others will have rate decreases.

Rates levied on a uniform charge basis (eg: refuse and recycling charges) are unaffected by a District-wide revaluation.

The only factors responsible for increasing rates on an individual property are:

- If an individual's property values alter by more than the average movement for a particular rating area. Note: The revaluation movements are mainly reductions, so if a property has a value decrease less than the average decrease for its geographic rating area it will have a rate increase as a result of the revaluation.
- If an individual's property values alter as a result of new improvements being added (only affects rates levied on a capital value basis).
- If the property changes its eligibility for separate service rates/charges (eg: it now

qualifies for sewerage, refuse and recycling charges etc).

- If Council amends its Revenue and Financing Policy.
- If Council increases its rating income requirement through the Annual Plan process.

Rate Movements 2012-22

Total Rates and Charges for 2012-13 are estimated at \$53,971,645 (GST exclusive). This represents an increase of \$1,859,912 (3.57%) 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 Sewerage and Water etc) affecting only properties in those areas.

Significant contributors to the overall rates increase are as follows:		
Street Berms, Trees and Plots	\$463,274	A new activity now included in Community Facilities which was previously included in Rooding. The new legislation requires an activity for roads and footpaths which excludes street berms, trees and plots. Street berms, trees and plots costs have reduced by \$64,527 from last year predominantly in berms contracts.
Combined Sewerage Targeted Rates and Charges	\$453,589	Increased depreciation, treatment and insurance costs.
Reserves	\$296,093	Increased contracts, repairs and maintenance and interest costs.
Solid Waste Management	\$271,636	Reduction in dump fees (due to a decrease in refuse volumes) offset by reduced contract costs.
Swimming Pools	\$266,119	Increased depreciation and other costs for the upgraded Aquatic facilities.
Environmental	\$259,134	Increased laboratory charges for Sounds water quality, increased monitoring and staff costs following the implementation of the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010 offset by reduced costs as Resource Management Plans are budgeted to be completed before 2012/13.
Blenheim Water Targeted Rates and Charges	\$193,614	Increased depreciation and operating costs.
Regional Development	\$108,958	Includes reinstating the full Research Centre grant (following 50% reduction last year) and the \$60,000 allocation towards the establishment of an Event

Significant contributors to the overall rates increase are as follows:		
		Co-ordinator role to develop and manage a Regional Event Strategy for Marlborough.
Stormwater	\$104,963	Increased depreciation costs.
Agency	(\$8,201)	Rarangi Works and Service Charge discontinued.
Refuse and Recycling Targeted Charges	(\$253,726)	Reduced new contract costs.
Roads and Footpaths	(\$686,265)	Reduced general roading (\$70,768), reduced Blenheim CBD works (\$244,168). Reduction due to costs now included in new Street berms, trees and plots activity above (\$463,274) and reduction due to other transport services (total mobility and passenger transport) costs now included in Community Support (\$121,602) offset by increased roading related works (\$247,144) principally interest payments on undergrounding projects (Wairau Road - Picton and Middle Renwick Road -Blenheim) .

Additional information in support of the summarised rate movements is included in the Rates Movement section and Funding Impact Statement of this Long Term Plan.

2013-14 (Inflation adjusted using BERL indices)		2014-15 (Inflation adjusted using BERL indices)	
Total rates and charges are estimated at \$56,442,726 (GST exclusive). Principal changes include:		Total rates and charges are estimated at \$59,275,432 (GST exclusive). Principal changes include:	
General-type activities	\$1,451,274	General-type activities	\$1,622,167
Combined Sewerage Scheme	\$737,473	Combined Sewerage Scheme	\$729,136
Awatere Water	\$30,594	Awatere Water	\$31,088
Blenheim Water	\$119,034	Blenheim Water	\$82,738
Havelock Water	\$3,864	Havelock Water	\$11,228
Picton Water	(\$136,719)	Picton Water	\$143,767
Renwick Water	\$52,915	Renwick Water	\$52,286
Riverlands Water	\$6	Riverlands Water	(\$16,634)
Southern Valleys' Irrigation	\$0	Southern Valleys' Irrigation	\$0

Rate Movements 2012-22

2013-14 (Inflation adjusted using BERL indices)		2014-15 (Inflation adjusted using BERL indices)	
Wairau Valley Water	\$557	Wairau Valley Water	\$673
Wairau Valley River Works	\$148,208	Wairau Valley River Works	\$113,887
Bln/Ptn Refuse and Recycling Collection	\$32,133	Bln/Ptn Refuse Collection	\$30,221
Energy Efficiency Rate	\$24,339	Energy Efficiency Rate	\$24,338

The following rates and charges are estimated for 2015-2022 (Inflation adjusted using BERL indices):

2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
62,118,237	64,943,766	68,226,010	70,846,850	73,163,265	75,632,168	77,921,201

Indicative Impact on Benchmark Properties

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

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

Indicative Rating Impact on Benchmark Properties

Benchmark Properties	Land Value	Capital Value	Reval. LV% Mvt.	Reval. CV% Mvt.	11/12	11/12	12/13	12/13	12/13
					Actual Rate Levy	Reval. Rate Mvt.	Budget Rate Mvt.	Final Plan Rate Levy	Total % Rate Mvt.
Blenheim Residential	160,000	305,000	-15.79%	-11.59%	2,266	(25)	108	2,349	3.65%
Blenheim Residential	147,000	280,000	-13.53%	-11.11%	2,208	1	107	2,317	4.91%
Blenheim Residential	175,000	400,000	-14.63%	-11.11%	2,367	(13)	109	2,462	4.03%
Blenheim Vacant Section	150,000	150,000	-16.67%	-16.67%	1,827	(37)	87	1,878	2.75%
Blenheim Commercial	103,000	420,000	-4.63%	-11.58%	2,705	103	69	2,878	6.39%
Blenheim Commercial	365,000	990,000	-5.19%	-2.56%	8,371	404	280	9,055	8.18%
Picton Residential * 1	105,000	340,000	-19.23%	-8.11%	2,286	(42)	93	2,337	2.24%
Picton Residential * 2	160,000	320,000	-15.79%	-8.57%	2,607	(12)	91	2,686	3.06%
Picton Vacant Section * 1	104,000	104,000	-14.05%	-14.05%	1,733	10	80	1,823	5.17%
Picton Commercial * 1	285,000	430,000	-9.52%	-2.27%	4,946	151	166	5,264	6.42%
Picton Motels (19 units) * 2	385,000	1,050,000	-14.44%	-14.29%	8,785	(64)	335	9,056	3.08%
Blenheim Vicinity	850,000	1,625,000	-46.03%	-41.96%	5,347	(830)	262	4,780	-10.61%
Blenheim Vicinity	550,000	1,125,000	-35.29%	-30.98%	3,072	(77)	62	3,058	-0.46%
Blenheim Vicinity	3,575,000	6,050,000	-45.83%	-43.98%	18,320	(3,521)	779	15,578	-14.97%
Blenheim Vicinity	2,325,000	3,275,000	-45.93%	-44.49%	11,658	(2,201)	477	9,934	-14.79%
Blenheim Vicinity	1,950,000	3,150,000	-45.83%	-43.75%	10,554	(1,882)	473	9,145	-13.35%
Renwick Residential * 3	133,000	315,000	-14.19%	-10.00%	1,710	73	106	1,888	10.42%
Renwick Residential * 4	128,000	245,000	-14.67%	-9.26%	1,756	69	103	1,929	9.83%
Spring Creek Residential	122,000	290,000	-9.63%	-9.38%	1,325	84	86	1,495	12.83%
Grovetown Residential * 5	160,000	330,000	-8.57%	-9.59%	2,407	136	95	2,638	9.60%
Grovetown Residential * 5	126,000	200,000	-10.00%	-9.09%	2,050	92	92	2,234	8.97%
Rarangi Residential	220,000	225,000	-27.87%	-27.42%	1,120	40	32	1,193	6.48%
Picton Vicinity	2,075,000	2,225,000	-20.19%	-19.09%	3,970	(106)	110	3,973	0.09%
Ngakuta Bay - bach	180,000	395,000	0.00%	0.00%	679	35	61	775	14.12%
General Rural - French Pass	3,200,000	4,000,000	-15.79%	-13.04%	8,955	244	158	9,358	4.50%
General Rural - Manaroa	4,300,000	5,200,000	0.00%	0.00%	10,261	2,026	183	12,470	21.53%
General Rural - Opouri Valley	2,330,000	2,840,000	-15.27%	-12.62%	5,960	211	94	6,265	5.12%
General Rural - on Awatere Water	1,350,000	1,750,000	0.00%	0.00%	4,092	617	190	4,899	19.74%
Havelock Residential	170,000	295,000	-24.44%	-18.06%	1,942	(52)	146	2,036	4.80%
Seddon Residential	86,000	230,000	-9.47%	-20.69%	1,369	19	131	1,520	10.99%
Admin Rural - farm	7,665,000	8,457,000	-23.03%	-21.33%	9,172	(152)	393	9,414	2.64%
Admin Rural - bach	195,000	355,000	-22.00%	-13.41%	518	(1)	37	555	7.01%
Admin Rural - bach	320,000	500,000	-22.89%	-16.67%	657	(6)	44	694	5.64%

GST has been calculated on the basis of 15% for the year.

Reval LV % Mvt is the percentage movement in the property's land value as a result of the 2011 revaluation.

Reval CV % Mvt is the percentage movement in the property's capital value as a result of the 2011 revaluation.

Reval Equiv Rate Levy is what the 2011-12 rates would have been if levies were based on the 2011 revaluation.

Reval Rate Mvt is the difference between the 2011-12 Actual Rates and the Revaluation Equivalent Rate Levy.

*1 These properties pay the Sewer Treatment Loan Rate because they did not make a Lump Sum payment.

*2 These properties opted to make Sewer Treatment Lump Sum payments.

*3 This property opted to make Sewer Lump Sum payments.

*4 This property opted to make Sewer loan repayments over a 20 year term, in lieu of Lump Sum payments.

*5 These properties pay the Sewerage Loan Rate because they did not make a Lump Sum payment.

There were wide-ranging valuation movements in the 2011 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 Funding Impact Statement.

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

If a property has a valuation decrease more than the average decrease 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.

Rate Movements 2012-22

Rates and Charges – by Rate type

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).

Rate Types / Rating Areas	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Gen. Type Rates / Charges										
Blenheim Res/Rural rates	5,076	5,289	5,542	5,797	5,942	6,098	6,266	6,437	6,707	6,768
Blenheim Ind/Com rates	2,897	3,054	3,224	3,399	3,568	3,759	4,028	4,204	4,420	4,534
Blenheim UAC	6,142	6,408	6,665	6,818	7,115	7,311	7,474	7,808	8,063	8,259
	14,116	14,751	15,430	16,014	16,625	17,169	17,768	18,449	19,190	19,562
Blenheim Vicinity Res/Rural rates	4,481	4,706	4,954	5,208	5,309	5,447	5,576	5,707	5,931	5,946
Blenheim Vicinity Ind/Com rates	185	197	204	214	219	224	229	233	241	242
Blenheim Vicinity UAC	1,837	1,924	2,002	2,047	2,139	2,197	2,246	2,349	2,426	2,483
	6,502	6,827	7,161	7,468	7,667	7,869	8,050	8,290	8,598	8,672
Picton Res/Rural rates	1,451	1,507	1,571	1,642	1,681	1,724	1,768	1,815	1,887	1,910
Picton Ind/Com rates	615	644	673	705	731	751	777	769	774	789
Picton UAC	1,492	1,561	1,616	1,655	1,721	1,770	1,803	1,885	1,940	1,980
	3,557	3,711	3,861	4,001	4,133	4,244	4,349	4,469	4,601	4,679
Picton Vicinity Res/Rural rates	158	163	171	176	181	185	189	195	200	205
Picton Vicinity Ind/Com rates	14	14	15	15	16	16	16	17	17	17
Picton Vicinity UAC	166	174	181	185	193	198	202	212	218	223
	338	351	367	376	389	399	407	423	436	445
General Rural Res/Rural rates	5,016	5,196	5,511	5,715	5,811	5,972	6,110	6,280	6,497	6,547
General Rural Ind/Com rates	111	117	122	127	129	132	135	138	142	143
General Rural UAC	1,829	1,925	2,008	2,052	2,152	2,212	2,247	2,349	2,420	2,473
	6,956	7,238	7,641	7,894	8,092	8,316	8,492	8,767	9,060	9,164
Admin Rural Res/Rural rates	411	428	450	464	475	487	496	510	525	535
Admin Rural Ind/Com rates	17	18	18	19	19	20	20	21	21	21
Administration Rural UAC	404	427	447	456	478	491	497	518	533	544
	832	873	915	938	973	998	1,012	1,049	1,079	1,100
	32,300	33,751	35,374	36,693	37,879	38,995	40,079	41,447	42,963	43,622
Targeted Rooding Rates / Charges										
Targeted charge: French Pass Road	27	27	27	0	0	0	0	0	0	0
Targeted rate: Kenepuru Road	35	35	35	35	35	35	35	35	35	35
	63	63	63	35	35	35	35	35	35	35
River Protection/Drainage Rate										
Wairau Valley Rivers Works rate	3,246	3,394	3,508	3,640	3,757	3,887	4,015	4,166	4,327	4,484

Rate Movements 2012-22

Rate Types / Rating Areas	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Sewerage Rates/Charges										
Combined Sewerage Scheme	6,816	7,554	8,283	9,124	9,535	9,852	10,508	10,965	11,201	11,576
Grovetown Sewerage*	92	94	97	99	101	103	105	110	110	110
Renwick Sewerage*	32	32	32	32	32	32	32	32	32	32
Spring Creek Sewerage*	0	0	0	0	0	0	0	0	0	0
St Andrews Sewerage*	0	0	0	41	82	82	82	82	82	82
Tuamarina Sewerage*	0	0	0	0	0	0	0	(0)	129	239
Havelock Sewerage*	0	0	0	0	0	0	0	0	0	0
Picton Sewerage*	61	61	61	61	57	27	0	0	0	0
	7,001	7,741	8,473	9,356	9,807	10,095	10,726	11,189	11,554	12,039
Targeted Water Rates/Charges										
Awatere Water	670	700	731	743	940	1,410	1,516	1,545	1,438	1,354
Blenheim Water	4,818	4,937	5,020	5,091	5,177	5,228	5,294	5,370	5,749	6,406
Havelock Water	276	280	292	308	426	559	581	602	620	800
Picton Water	1,817	1,680	1,824	2,102	2,115	2,161	2,204	2,256	2,317	2,465
Rarangi Water	0	0	0	0	2	384	555	550	545	539
Renwick Water	338	391	444	565	1,122	1,550	1,682	1,751	1,759	1,773
Riverlands Water	427	427	410	371	376	385	393	401	410	418
Southern Valleys' Irrigation	1,542	1,542	1,542	1,558	1,580	1,600	1,620	1,644	1,670	1,697
Wairau Valley Water	39	39	39	35	41	184	329	322	324	327
	9,927	9,997	10,302	10,774	11,778	13,462	14,175	14,441	14,834	15,778
Refuse/Recycling Collection Charges										
Blenheim / Picton refuse/recycling charges	1,191	1,223	1,254	1,287	1,322	1,356	1,389	1,426	1,454	1,490
Misc Targeted Charges										
Targeted charge: Tourism	186	192	197	203	209	216	222	229	236	243
Targeted charge:Energy Efficiency rate	51	75	99	124	148	172	197	221	219	219
Targeted charge:Urban Landscaping charge	0	0	0	1	1	1	2	2	4	5
Targeted charge: Picton Forum	5	5	5	5	5	5	5	5	5	5
Targeted charge: Tuamarina Hall	1	1	1	1	1	1	1	1	1	1
	243	273	303	334	364	396	427	459	465	473
Total Rates & Charges	53,972	56,443	59,275	62,118	64,944	68,226	70,847	73,163	75,632	77,921

* Loan Rate where no Lump Sum paid.

Rate Movements 2012-22

Rates and Charges – By Activity

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).

Groups	Activities/Sub-activities	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
People	Democratic Process	2,386	2,584	2,688	2,641	2,839	2,943	2,883	3,077	3,199	3,139
	Arts	207	299	392	394	395	397	398	399	401	405
	Heritage	319	322	325	327	328	332	336	338	340	341
	Community Safety	102	107	112	92	96	100	104	110	115	110
	Grants & Donations	421	413	417	420	424	427	430	433	437	440
	Events Management	157	161	166	170	175	179	184	189	194	199
	Energy Efficiency	51	75	99	124	148	172	197	221	219	219
	Recreation	66	68	70	72	74	76	78	80	82	85
	Passenger Transport	109	110	114	116	118	122	129	130	135	143
	Library Services	1,283	1,318	1,365	1,395	1,488	1,536	1,681	1,860	1,968	2,032
	Emergency Management	661	638	684	713	722	745	766	785	808	829
Community Facilities	Cemeteries	300	294	318	354	371	376	400	424	433	441
	Memorials	81	86	88	94	100	105	111	118	121	125
	Street Trees, Plots and Berms	415	426	445	462	475	489	502	518	536	552
	Halls	180	151	156	161	166	172	177	182	189	194
	Public Conveniences	689	720	753	783	814	842	868	894	916	933
	Reserves	3,478	3,577	3,666	3,786	3,879	4,003	4,083	4,217	4,326	4,468
	Swimming Pools	1,160	1,212	1,263	1,297	1,335	1,370	1,405	1,449	1,499	1,547
Roads and Footpaths		8,512	9,133	9,739	10,473	10,736	11,186	11,687	11,959	12,589	12,520
Flood Protection	Rivers outside the Wairau Floodplain	271	279	286	293	301	308	315	323	333	341
	Wairau Floodplain Drainage	774	804	843	909	943	999	1,059	1,126	1,196	1,266
	Wairau Floodplain Rivers & Tributaries	2,472	2,590	2,665	2,731	2,814	2,888	2,956	3,040	3,131	3,218
Combined Sewerage		7,001	7,741	8,473	9,356	9,807	10,095	10,726	11,189	11,554	12,039
Stormwater	Blenheim	1,014	1,050	1,093	1,135	1,183	1,236	1,298	1,369	1,442	1,517
	Picton	309	319	328	338	349	362	376	392	410	428
	Other	216	222	227	233	239	245	252	260	268	277
Water Supply	Awatere	670	700	731	743	940	1,410	1,516	1,545	1,438	1,354
	Blenheim	4,818	4,937	5,020	5,091	5,177	5,228	5,294	5,370	5,749	6,406
	Havelock	276	280	292	308	426	559	581	602	620	800
	Picton	1,817	1,680	1,824	2,102	2,115	2,161	2,204	2,256	2,317	2,465
	Rarangi	-	-	0	0	2	384	555	550	545	539
	Renwick	338	391	444	565	1,122	1,550	1,682	1,751	1,759	1,773
	Riverlands	427	427	410	371	376	385	393	401	410	418
	Wairau Valley	39	39	39	35	41	184	329	322	324	327

Rate Movements 2012-22

Groups	Activities/Sub-activities	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Waste	Solid Waste Management	1,244	1,318	1,360	1,435	1,524	1,546	1,565	1,591	1,619	1,758
	Refuse and Recycling Collections	1,191	1,223	1,254	1,287	1,322	1,356	1,389	1,426	1,454	1,490
Environmental Management	Environmental Policy	1,282	1,247	1,284	1,320	1,362	1,401	1,430	1,470	1,515	1,555
	Environmental Science and Monitoring	2,339	2,517	2,719	2,768	2,857	2,943	3,013	3,132	3,200	3,289
	Resource Consents	891	785	784	794	814	828	832	844	861	868
	Environmental Protection	904	937	967	992	1,024	1,053	1,078	1,108	1,142	1,172
Regulatory	Biosecurity (Pest Management)	1,067	1,126	1,214	1,200	1,194	1,229	1,261	1,331	1,373	1,378
	Building Control	384	373	346	335	336	251	228	214	204	182
	Environmental Health	181	187	190	193	198	202	201	207	214	217
	Animal Control	39	40	41	42	43	44	45	46	48	49
	Harbours	732	769	801	835	867	884	890	915	952	993
Regional Development	Marketing and Tourism	791	854	865	894	869	880	891	901	913	924
	Regional Development Projects	96	99	103	107	162	168	174	181	188	194
	Research Centre	121	122	123	123	124	124	125	125	126	126
	Southern Valleys' Irrigation Scheme	1,542	1,542	1,542	1,558	1,580	1,600	1,620	1,644	1,670	1,697
	Parking - Blenheim and Picton	148	148	149	149	149	149	149	149	149	140
Total Rates Movement		53,972	56,443	59,275	62,118	64,944	68,226	70,847	73,163	75,632	77,921



Photo: A Blenheim vineyard

Part 5: Policies

- **Revenue and Financing Policy**
- **Rates Remission and Postponement Policies**
- **Policy on Significance**
- **Financial/Development Contributions Policies**
- **Development Contributions Policy**
- **Treasury Management Policies**
- **Maori Capacity Development Policy**
- **Council Controlled Organisations**

Revenue and Financing Policy

- 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 prior to the initiation of the 2012-22 Long Term Plan (LTP), and changes adopted are detailed in paragraph 12.
- Sources of funds available to Council are as follows:
 - General rates.
 - Targeted rates.
 - Lump sum contributions.
 - 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.
- Council’s Revenue and Expenditure Policy deals with the revenue and financing mechanisms at a “Sub-Activity” level. Sub-Activities are a sub-set of “Activities”, which in turn are a sub-set of “Activity Groups” using two examples:
 1. *One of Council’s Activity Groups is “People”.*
One of People’s Activities is “Community Support”.
One of Community Support’s Sub-Activities is “Recreation”.
 2. *One of Council’s Activity Groups is “Environmental Management”.*
One of Environmental Management’s Activities is “Environmental Science and Monitoring”.
One of Environmental Science and Monitoring’s Sub-Activities is “Monitoring Groundwater Quantity and Quality”.
- In determining which funding 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.
- 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 of the benefits assessed for each targeted geographic area.

Separate differential categories are utilised for general-type rates and charges, and these are specified in each year’s Funding Impact Statement. Council currently has six geographic areas and three categories of land use for each of these areas.

Separate Targeted Rates

Targeted rates are levied to meet the full cost of separate water schemes, refuse and recycling 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.

Council has adopted differential land value rates to fund the debt servicing requirement of all sewerage schemes, which takes account of the median land values for each scheme; and of funding operating costs by way of a common uniform annual charge. The most significant benefits derived from this combined single sewerage funding scheme are a smoothing of rating spikes in smaller schemes and better cash flow management through the timing of capital works.

Note:

The combined sewerage rates and charges do not include the initial debt servicing requirements for any new schemes not paid by lump sum contributions.

- 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 set differentially for the six geographic areas as a fixed amount on every separately used or inhabited part of a rating unit).
 - 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 Valley River Works Rates and the Kenepuru Road Rate which are levied on capital value, or the Southern Valleys' Irrigation Loan Rate which is based on irrigable hectares) or the Energy Efficiency rates which are based on the service amount.
 - Separate targeted Charges are charges that are targeted to a particular area of benefit e.g. 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).
- Council has the following policies to determine what constitutes a “separately used or inhabited part of a rating unit”:
 - That in situations where a rating unit contains both a commercial or industrial type use, and a residential or rural type use, they will be treated as two separate uses and be assessed two sets of charges, except for those predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.
 - For those predominantly residential rating units where the owner of the rating unit resides and operates a business or businesses from the same rating unit, they will be assessed only one uniform targeted charge for geographic area general-type works.
 - Where services such as water, sewerage and refuse and kerbside recycling collection are supplied, separate charges will be assessed on the separately used or inhabited portions, except for those predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.
 - Where a number of different businesses are located on one rating unit, each separate business will be assessed uniform charges. An exception is made for motels, hotels and dwellings used for commercial rental – they are treated as one business use even if each accommodation unit may be capable of separate habitation.
 - Where rating units contain separate residential habitable dwellings that are capable of independent habitation (i.e. they have all the facilities such as bathroom, toilets, kitchens, separate entrance ways etc), uniform charges will be assessed on each dwelling.
 - If a rating unit contains a dwelling and a flat (as shown as a “nature of improvements” on the Council valuation roll) and the flat contains a kitchen; uniform charges will be assessed on the dwelling and flat.
- The Council has adopted the following differential rating categories for general-type rates:

Residential or Rural

All land used for a private residence and all land used for rural purposes. "Private residence" excludes rest homes and residential establishments that provide residential care. It also excludes all forms of commercial accommodation.

"Rural purposes" means any agricultural, horticultural or pastoral purpose and includes the keeping of bees, poultry or livestock. This group will include all rating units not otherwise categorised within a specified differential category.

Forestry is included in this category for the purposes of the General Works and Services Rate.

Commercial or Industrial

All land used for a commercial or industrial purpose. "Commercial purposes" includes but is not limited to, any trade or service or activity undertaken or provision of facilities, by any person with a view to making a profit or charging any fee or deriving any other consideration in relation to the trade or service or activity or provision. "Industrial" includes a business, manufacturer, undertaking, or service associated with the production of any type of goods. For the purposes of the General Works and Services Rate, this differential category includes residential rest homes and residential establishments that provide residential care, as well as rating units otherwise assessed as "utilities".

Commercial accommodation includes but is not limited to the provision of accommodation for a fee or other consideration with the exemption of:

- Properties where the principal purpose is the provision of longstay accommodation ie: 28 days or more.
- Properties that provide accommodation for five or less people.
- Properties that were originally constructed as residential properties that provide accommodation for six or more, which are included in the homestay or farmstay category.

Homestay or Farmstay

Includes all rating units that are used for a homestay or farmstay activity on land predominantly used for residential or rural purposes, where a Building Act or Resource Consent was required for such a use.

Utilities

Land used for an essential service such as water, electricity, gas, telecommunications or sewerage.

Multiple Land Uses

The Council will partition a rating unit where there are two or more land uses that fit into different differential rating categories except for predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.

Property Valuation System

Independent property valuations are provided to Council, under contract, by Quotable Value Ltd. The Marlborough District was last revalued on 1 July 2011 and the new values apply from the 2012-13 rating year.

Compliance with Financial Management Requirements

The "Activities" that comprise the eleven "Activity Groups" of People, Community Facilities, Roads and Footpaths, Flood Protection and Control, Sewerage, Stormwater Drainage, Water Supply, Solid Waste Management, Environmental Management, Regulatory and Regional Development, are listed in the following tables together with a summary of Council's consideration outcomes:

Revenue and Financing Policy

8.1 Operating Expenses Funding Policy

The following table summarises Council's Operating Expenses Funding Policy at an Activity level:

Group	Activities	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	No	No	No	No	No
	Culture and Heritage	Yes	No	Yes	No	No	No	Yes	Yes
	Community Housing	No	Yes	No	No	No	No	Yes	No
	Community Safety	Yes	No	Yes	No	No	No	Yes	Yes
	Community Support	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	No	No	No	Yes	Yes
	Emergency Management	Yes	No	Yes	No	No	No	Yes	Yes
Community Facilities	Yes	Yes	Yes	No	No	No	Yes	No	
Roads and Footpaths	Yes	Yes	Yes	No	No	No	Yes	No	
Flood Protection and Control	Yes	Yes	Yes	No	No	No	Yes	No	
Sewerage	Yes	Yes	No	No	No	No	Yes	Yes	
Stormwater Drainage	Yes	Yes	Yes	No	No	No	Yes	No	
Water Supply	Yes	Yes	No	No	No	No	Yes	No	
Solid Waste Management	Yes	Yes	Yes	No	No	No	Yes	No	
Environment Management	Environmental Policy	Yes	No	Yes	No	No	No	No	No
	Environmental Science and Monitoring	Yes	No	Yes	No	No	No	Yes	No
	Resource Consents	Yes	Yes	Yes	No	No	No	No	No
	Environmental Protection	Yes	Yes	Yes	No	No	No	No	No
Regulatory	Biosecurity (Pest Management)	Yes	Yes	Yes	No	No	No	Yes	No
	Building Control	Yes	Yes	Yes	No	No	No	No	No
	Environmental Health	Yes	Yes	Yes	No	No	No	No	No
	Animal Control	Yes	Yes	Yes	No	No	No	No	No
	Harbours	Yes	Yes	Yes	No	No	No	No	No
Regional Development	Yes	Yes	Yes	No	No	No	Yes	Yes	

8.2 Capital Expenditure Funding Policy

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

Group	Activity	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	Yes	No	No	No	No
	Culture and Heritage	Yes	No	Yes	Yes	No	No	Yes	Yes
	Community Housing	No	No	No	Yes	Yes	No	Yes	No
	Community Safety	Yes	No	Yes	Yes	No	No	Yes	Yes
	Community Support	Yes	No	Yes	No	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Emergency Management	Yes	No	Yes	Yes	Yes	No	Yes	Yes
Community Facilities	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Roads and Footpaths	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	
Flood Protection and Control	Yes	Yes	Yes	Yes	Yes	No	No	Yes	
Sewerage	Yes	Yes	No	Yes	No	Yes	Yes	Yes	
Stormwater Drainage	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	
Water Supply	Yes	Yes	No	Yes	No	Yes	Yes	Yes	
Solid Waste Management	Yes	Yes	Yes	Yes	Yes	No	No	Yes	
Environment Management	Environmental Policy	Yes	No	Yes	No	No	No	No	
	Environmental Science and Monitoring	Yes	No	Yes	No	No	No	No	
	Resource Consents	Yes	No	Yes	No	No	No	No	
	Environmental Protection	Yes	No	Yes	No	No	No	No	
Regulatory	Biosecurity (Pest Management)	Yes	No	Yes	No	No	No	No	
	Building Control	Yes	No	Yes	No	No	No	No	
	Environmental Health	Yes	No	Yes	No	No	No	No	
	Animal Control	Yes	Yes	Yes	Yes	No	No	No	
	Harbours	Yes	Yes	Yes	Yes	Yes	No	Yes	
Regional Development	Yes	No	Yes	Yes	No	No	No		

Revenue and Financing Policy

8.3 Prior to determining the funding basis for each activity, Council gave consideration to the following matters which are summarised below at an Activity level: (Table 9 on page 222 further identifies the rate funding basis at a Sub-Activity level).

- Community Outcomes to which Activities Contribute:

Council activities	Community and Council Outcomes			Environmental sustainability	Prosperity	Knowledge and learning	Enterprise and endeavour	Full participation	Positive aging	Positive youth	Safety and security	Energy efficiency	Affordable housing	Health choices	Essential services	Heritage	Fun and recreation	Physical activity	Creativity
	Live	Work	Play																
Democratic Process	✓							✓											
Culture and Heritage			✓													✓			✓
Community Housing	✓								✓				✓						
Community Safety	✓								✓	✓	✓								
Community Support	✓	✓	✓	✓				✓	✓	✓		✓		✓			✓	✓	
Library Services			✓			✓		✓								✓			✓
Emergency Management	✓										✓								
Community Facilities			✓													✓	✓	✓	
Roads and Footpaths	✓	✓		✓	✓										✓			✓	
Flood Protection and Control	✓			✓	✓										✓				
Sewerage	✓	✓		✓											✓				
Stormwater Drainage	✓			✓											✓				
Water Supply	✓	✓		✓											✓				
Solid Waste Management	✓	✓		✓											✓				
Environmental Policy	✓	✓	✓	✓	✓														
Environmental Science and Monitoring	✓	✓		✓	✓														
Resource Consents	✓	✓		✓	✓														
Environmental Protection	✓			✓										✓					
Biosecurity (Pest Management)		✓		✓	✓														
Building Control	✓	✓										✓	✓						
Environmental Health	✓	✓												✓					
Animal Control	✓										✓								
Harbours	✓	✓	✓	✓							✓						✓		
Regional Development		✓	✓		✓		✓	✓											

- 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.
Culture 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, social opportunities and Passenger Transport including Total Mobility. Council service costs for energy projects will be recovered over a number of years by a targeted rate on properties that obtain a service.
Library Services	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	Individual users of hazard information benefit from knowledge of hazards that directly affect them and learning how to mitigate the effects. Regional and national communities benefit directly from the maintenance of a response capability; knowledge of hazards; and measures to mitigate and contain harmful effects.
Community Facilities	The Council provides community facilities to allow residents to enjoy access to a wide range of recreational, cultural and social activities.
Roads and Footpaths	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 New Zealand Transport Agency 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. 'Areas of benefit' will be established for the purpose of funding seal extensions. The 'area of benefit' will fund the cost of seal extension.

Flood Protection and Control	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. 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. Owners and providers of infrastructure (telephone, roads, rails etc) also benefit directly by avoiding damage to their assets. Ratepayers in the surrounding economic 'catchment' adjacent to the floodplain benefit indirectly through their integration with the area affected by the flood protection scheme. The regional community also benefits indirectly through protection of their means of access around the region.
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 Drainage	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 Supply	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 Waste Management	Council provides waste management services for public health reasons and to protect the environment. 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.

Revenue and Financing Policy

Environmental Policy	People and organisations benefit in the District community through sound policy development, reviews and planning to enable the sustainable management of the region's resources.
Environmental Science and Monitoring	The District community is the primary beneficiary of this activity as the information collected provides the basis for reporting, sound policy development, reviews and planning.
Resource Consents	Persons or organisations applying for services require the Council to undertake work and this is reflected in user charges.
Environmental Protection	Environmental health compliance benefits all through having a clean, healthy environment.
Biosecurity (Pest Management)	The management of pests is essential for the District's continued prosperity, environmental sustainability and health.
Building Control	Persons or organisations applying for services require the Council to undertake work and this is reflected in user charges.
Environmental Health	Environmental health compliance benefits all through having a clean, healthy environment.
Animal Control	The activity protects the public from aggressive or straying animals.
Harbours	<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>
Regional Development,	Part of this activity is undertaken by Destination Marlborough and the Marlborough Research Centre Trust. Both of these organisations are Charitable Trusts to which Council makes contributions. They are important partners for the Council in assisting the District to achieve economic development outcomes, in particular attracting visitors, residents and investment to Marlborough, adding value to Marlborough enterprises and enriching the quality of life for Marlborough residents. The remainder of this activity (Economic Development, Parking and Irrigation) is provided by Council to support economic activity in the District.

- 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.
Culture 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. Council service costs for energy projects will be recovered over a number of years by a targeted rate on properties that obtain a service. The benefit of identifying passenger transport and total mobility distinctly is that it enables appropriate user charges to be calculated for this service. 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 and other external revenue.
Library Services	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.
Roads and Footpaths	The benefit of funding roading distinctly is to enable a fairer distribution of rates between rural and urban ratepayers to be determined.

Flood Protection and Control	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 Drainage	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 Supply	Water supplies are funded distinctly from other activities because only those within the supply area fund the scheme costs.
Solid 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.
Environmental Policy	The benefit is 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.
Environmental Science and Monitoring	The benefit is 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.
Resource Consents	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.
Environmental Protection	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.
Biosecurity (Pest Management)	The benefit is the knowledge that Biosecurity issues are being managed appropriately and concerns are being addressed.
Building Control	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.

Environmental Health	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 Control	Separation of costs allows charges to be calculated on a full cost-recovery basis.
Harbours	Recreational harbour users, commercial shipping and commercial fishing owners and operators benefit directly by this activity.
Regional Development	The benefit of these activities is to promote the continued economic development of the District as a whole. Irrigation supply is funded distinctly from other activities because only those within the supply area fund the scheme costs.

- 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.
Culture 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. The health and wellbeing of the community benefits from energy efficiency initiatives.
Library Services	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.

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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.
Roads and Footpaths	An efficient road transport network has a significant impact on the social, economic and environmental well-being of the community.
Flood Protection and Control	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 Drainage	An adequate drainage system has a significant impact on the social, economic and environmental well-being of the community.
Water Supply	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 Waste Management	An adequate refuse collection and disposal system has a significant impact on the social, economic and environmental well-being of the community.
Environmental Policy	Significant impact on the social, economic and environmental well being of the community through protecting the sustainability of the community.
Environmental Science and Monitoring	Significant impact on the social, economic and environmental well being of the community through protecting the sustainability of the community.
Resource Consents	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.
Environmental Protection	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.
Biosecurity (Pest Management)	Significant impact on the social, economic and environmental well being of the community through protecting the sustainability of the community.

Building Control	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.
Environmental Health	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 Control	The diligent policing of this activity has a significant impact on the social, economic, cultural and environmental well-being of the community.
Harbours	Significant impact on the social, economic and environmental well being of users of the waterways.
Regional Development	Significant impact on the social, economic, cultural and environmental well being of the community.

- Distribution of Benefits

Group	Activity	District-wide	Targeted area	Individuals
People	Democratic Process	100%		
	Culture and Heritage	100%		
	Community Housing			100%
	Community Safety	10%	90%	
	Community Support	100%		
	Library Services	20%		80%
	Emergency Management	100%		
	Community Facilities	50%	50%	
	Roads and Footpaths	80%		20%
	Flood Protection and Control	20%	80%	
	Sewerage		100%	
	Stormwater Drainage		100%	
	Water Supply		100%	
	Solid Waste Management	10%	90%	
Environmental Management	Environmental Policy	80%	20%	
	Environmental Science and Monitoring	80%	20%	
	Resource Consents	40%		60%
	Environmental Protection	40%		60%
Regulatory	Biosecurity (Pest Management)	80%	20%	
	Building Control	20%		80%
	Environmental Health	40%		60%
	Animal Control		10%	90%
	Harbours	10%	90%	
Regional Development	Regional Development (Economic Development, Marketing and Tourism and Research Centre)	80%	20%	
	Regional Development (Parking)	20%		80%
	Regional Development (Irrigation)			100%

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

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9. Funding of Expenditure by Activity

The following table illustrates how the Residual Rate funding requirement for each activity/sub-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/sub-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.

Table 9 Residual Rate Funding Basis

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
People	Democratic Process	Democratic Process (excl. Boards/Forums)			0	100	0	0	
		Community Boards (as determined)			0	0	100	0	
		Community Boards (as determined)			0	0	0	100	
		Picton Forum			0	0	0	100	
	Culture & 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
	Community Housing		*		0	0	0	0	
	Community Safety	Community: Safer Community		*	*	40	60	0	0
		Community: Security Cameras [Blenheim CBD]				100	0	0	0
	Community Support	Community: Grants & Donations				40	60	0	0
		Community: Recreation				0	100	0	0
		Energy Efficiency Initiatives						100	
		Events Management					100		
		Passenger Transport				100	0	0	0
	Library Services			*		0	100	0	0
Emergency Management	Fire Protection		*	*	100	0	0	0	
	Emergency Management – Other			*	40	60	0	0	

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Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
Community Facilities	Cemeteries		*	*	0	100	0	0	
	Halls	Group 1 - Awarua Park			100	0	0	0	
		Group 2 - Waitaria			100	0	0	0	
		Group 3 - Gen Rural Halls			100	0	0	0	
		Group 4 - Stadium			100	0	0	0	
		Group 5 - Fairhall Hall			100	0	0	0	
		Group 6 - Koromiko Hall			100	0	0	0	
		Group 7 - Wairau Rd C/Centre			100	0	0	0	
		Group 8 - QC College			100	0	0	0	
Community Facilities	Memorials	Group 9 - B/Vic. Halls			100	0	0	0	
		Cleghorn Rotunda			100	0	0	0	
		Picton			100	0	0	0	
		Seymour Square			100	0	0	0	
		Town Centre Clock			100	0	0	0	
	Other			100	0	0	0		
	Public Conveniences				0	100	0	0	
	Reserves	Group 1a - Bln Neighbourhood				1	99	0	0
		Group 1b - B/V Neighbourhood				1	99	0	0
		Group 2a - Ptn Neighbourhood	*			1	99	0	0
Group 2b - P/V Neighbourhood					1	99	0	0	
Group 3 - WV Domain					1	99	0	0	
Group 4 - Bln Vicinity Domains					4	96	0	0	
Group 5 - Endeav. Prk/Waitohi Domain					4	96	0	0	
Group 6 - A&P/Horton Park					10	90	0	0	
Group 7 - Ath Park/Oliver Park		*			10	90	0	0	
Group 8 - Bobs Bay/Ptn F'Shore etc					40	60	0	0	
Group 9 - Churchward Park					28	72	0	0	
Group 10 - Rural Domains					4	96	0	0	
Group 11 - Nelson Square					28	72	0	0	
Group 12 - Pollard/Seymour/Riverside etc					40	60	0	0	
Group 13) - Wither Walkway etc					40	60	0	0	
Group 14 - Rural Reserves				100	0	0	0		
Group 15 - Misc Leased Reserves	*			100	0	0	0		
Street Trees, Berms & Plots					100	0	0		
Swimming Pools	Aquatic Centre		*		3	97	0	0	
	Awatere		*		3	97	0	0	
	Picton		*		3	97	0	0	

Revenue and Financing Policy

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
Roads And Footpaths	Subdivisional Works		*		100	0	0	0	
	Roading Network			*	100	0	0	0	
	Roading Related Works				100	0	0	0	
	CBD Works	Blenheim			100	0	0	0	
		Picton			100	0	0	0	
	Targeted	French Pass Road				0	0	0	100
		Kenepuru Road				0	0	100	0
		Other Roads (as approved)				0	0	0	100
		Other Roads (as approved)				0	0	100	0
		Landscaping (Urban 1)				0	0	0	100
		Landscaping (Urban 2)				0	0	0	100
	Landscaping (Rural 1)				0	0	0	100	
Landscaping (Rural 2)				0	0	0	100		
Flood Protection and Control	Rivers in Wairau Valley District - (Separate Targeted Rate)		*		0	0	100	0	
	Rivers outside WV Rating District		*		100	0	0	0	
Sewerage - (Targeted Rates)	Combined Sewerage Group	Capital (includes Blenheim, Grovetown, Renwick, Spring Creek, Picton, Seddon and Havelock)	*	*	0	0	100	0	
		Operating (includes Blenheim, Grovetown, Renwick, Spring Creek, Picton, Seddon and Havelock)			0	0	0	100	
	Loans – No Lump Sum	Grovetown Sewerage				0	0	100	0
		Havelock Sewerage				0	0	100	0
		Picton Sewerage				0	0	100	0
		Renwick Sewerage				0	0	100	0
		Spring Creek Sewerage				0	0	100	0
		St Andrews Sewerage				0	0	100	0
Tuamarina Sewerage				0	0	100	0		
Stormwater Drainage	Blenheim		*		100	0	0	0	
	Havelock (General Rural)		*		100	0	0	0	
	Okiwi Bay				0	0	0	100	
	Picton		*		100	0	0	0	
	Rai Valley (General Rural)				100	0	0	0	
	Renwick (Blenheim Vicinity)		*		100	0	0	0	
	Seddon (General Rural)		*		100	0	0	0	
	Spring Creek (Blenheim Vicinity)		*		100	0	0	0	
	Other				100	0	0	0	

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Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Water Supply (Separate Targeted Rates)	Awatere Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Blenheim Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Havelock Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Picton Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Rarangi Water	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
Renwick Water	Capital	*	*	0	0	100	0	
	Metered			0	0	100	0	
	UAC			0	0	0	100	
Riverlands Water	Riverlands Water	*		0	0	100	0	
	UAC			0	0	0	100	
Wairau Valley Water	Metered	*	*	0	0	100	0	
	UAC			0	0	0	100	
	Loan - No Lump Sum			0	0	0	100	
Solid Waste Management	Blenheim/Picton (Residential) Refuse and Kerbside Recycling Collection (Separate targeted rates)				0	0	0	100
	Blenheim/Picton (Residential) and Commercial/Industrial) Refuse Collection (Separate targeted rates)				0	0	0	100
	Admin Area Refuse Collection				0	100	0	0
	Landfills, Transfer Stations, Waste Minimisation		*		0	100	0	0
Environmental Management	Environment Policy				80	20	0	0
	Environment Science and Monitoring				80	20	0	0
	Resource Consents	Resource Consents	*		100	0	0	0
		Hearings	*		0	100	0	0
		Legal Section			100	0	0	0
Environmental Protection				100	0	0	0	

Revenue and Financing Policy

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Regulatory	Biosecurity (Pest)	Biosecurity: Regional Pest Control	*	*	100	0	0	0
		Bovine T.B. Control	*	*	100	0	0	0
	Building Control	Building Control	*		100	0	0	0
		LIM Section	*		100	0	0	0
	Environmental Health		*		0	100	0	0
	Animal Control	Dog Control	*		0	0	0	0
		Other Animal Control	*		100	0	0	0
Harbours		*		100	0	0	0	
Regional Development	Parking	Blenheim Loans			100	0	0	0
		Blenheim Other	*		100	0	0	0
		Picton Loans	*		0	100	0	0
		Picton Other	*		0	100	0	0
	Economic Development				100	0	0	0
	Southern Valley	Capital – No Lump Sum		*	0	0	100	0
		Metered	*		0	0	100	0
	Destination Marlborough				100	0	0	0
	Tourism				0	0	0	100
	Research Centre				100	0	0	0
Other Developments				100	0	0	0	

Non-Group Activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees & Charges (*) where applic.	Grants & Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
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 gross general-type rates and charges)		*		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:

- Development and 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: Emergency Events Reserve).
- Used to subsidise general-type rates and charges by way of general revenue allocation.
- Used to fund interest and funding costs on external borrowings.

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 the emergency events reserve in case of a major emergency e.g. earthquake.

The remaining 75% of all asset sales proceeds are used to fund the forestry and asset sales reserve.

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 fund the forestry and asset sales reserve which is used to fund infrastructural development.

12. Changes to Existing Funding Policy

- 12.1 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 2012.

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).
- 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.

- 12.2 The 2009-19 Long Term Council Community Plan outlined policy on Council funding of Depreciation and Sinking Funds.

Since then the basis of loan funding has changed from sinking fund loans to table mortgage.

In this Plan Council has funded Depreciation and Debt Servicing Costs on the following basis:

- (i) Depreciation has been fully funded for all assets with the following exceptions:
- Roads, where funding has been adjusted to take account of NZ Transport Agency financial contributions.

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- Halls, Convention Centre, reserves, drains, river channels, retards and Taylor Dam as it is planned that these assets are either maintained in perpetuity, or their replacement is not certain because of changing community needs.
 - Wairau Valley Water and Southern Valleys' Irrigation Schemes, where funding is capped at current levels in accordance with practice established following community consultation.
 - Activities with loans and a high value of non-depreciable assets, as below.
- (ii) Debt Servicing Costs have been funded from depreciation reserves with the following exceptions:
- In activities with loans and a high value of non-depreciable assets debt servicing costs are fully funded from revenues and/or reserves and depreciation is not funded.
 - Where there is a specific rate or dedicated part of any rate to meet debt servicing costs.
- 12.3 A review of the Wairau Valley River Works Rates. Council has modified the weightings of the various Wairau Valley Rivers' groups to adjust for disproportionate valuation movements arising from the 2011 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.

- 12.4 As a result of a new Enlarged Rural Fire District (ERFD) becoming operational from 1 July 2012, resourcing of the Rarangi Volunteer Rural Fire Force will now become Council's responsibility.

The former Rarangi Works and Services Charge (*whose proceeds are currently being distributed five-sixths to the Rarangi Rural Fire Force and one sixth to the Rarangi Residents*

Association) has been discontinued from 30 June 2012.

- 12.5 Council has reviewed the six Geographic Rating Areas and contiguous areas that are receiving similar benefits and has agreed the following changes:
- Blenheim Geographic Rating Area:
 - Including in the Blenheim rating area commercial/industrial properties connected (or able to be connected) to Blenheim Water or Blenheim Group Sewerage Schemes (excluding properties in the Renwick, Spring Creek and Grovetown Sewerage Rating Areas), except for those properties in Riverlands Industrial Estate and Cloudy Bay Business Park that have an area greater than one hectare.
 - Adding the following new paragraph for growth pockets:
"Growth pockets and other growth areas rezoned Residential following notification of the new Marlborough Resource Management Plan will be excluded from the Blenheim Area until consent for subdivision is granted."
 - Transferring 42 properties from the northern end of Taylor Pass in a south easterly direction around the base of the foothills as far as the Branch River and 25 properties included in the land between SH 1 and both sides of Redwood Pass Road to and including 393 Redwood Pass Road from the General Rural Geographic Rating Area to the Blenheim Vicinity Geographic Rating Area.
- 12.6 The Geographic Areas are described in Part 4 - Funding Impact Statement on pages 199 to 200.
- 12.7 The Revenue and Financing Policy includes the new Activity Groups included in pages 17 to 19.

Rates Remission and Postponement Policies

Rates Remission Policy

This policy was prepared pursuant to sections 102 and 109 of the Local Government Act 2002 for consultation using the special consultative procedure detailed in the same Act.

The changes to the existing policy are for limitation of general-type uniform annual charges and targeted charges in certain circumstances, subdivisions that create four to nine rating units, subdivisions that create ten or more rating units, water losses and extreme financial hardship.

Community, Sporting and Other Organisations

Objective of the Policy

To facilitate the ongoing provision of community services or recreational opportunities for the residents of the Marlborough District Council where there is no statutory provision in Schedule 1 Part 2 of the Local Government (Rating) Act 2002.

The purpose of granting rates remission to an organisation is to:

- Assist the organisation's survival; and
- Make membership of the organisation more accessible to the general public, particularly children, youth, young families, aged people, and economically disadvantaged people.

Conditions and Criteria

The land must be owned by the Council or owned, occupied or leased by an organisation (with liability for rates), which is used exclusively or principally for sporting, recreation, or community purposes.

The organisation must not operate for private pecuniary profit.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Organisations making application should include the following documents in support of their application:

- Statement of Objectives;
- Most recent financial accounts (preferably audited);
- Details of any leases (where applicable);
- Information on activities and programmes;

- Details of membership or clients.

Application

Generally, the Policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

The Policy shall apply to such organisations as approved by the Council (or Council Officers with delegated authority) as meeting the relevant criteria.

Remissions to any qualifying organisation shall be on the basis of a 50% reduction in rates and charges except that no remission will be granted on targeted rates/charges for water supply, sewerage disposal or refuse collection, or areas used for bars.

Land Protected for Natural, Historic or Cultural Conservation Purposes

Objective of the Policy

To preserve and promote natural resources and heritage, to encourage the protection of land for natural, historic or cultural purposes.

Conditions and Criteria

Ratepayers with rating units which have some feature of cultural, natural or historic heritage which is voluntarily protected may qualify for remission of rates under this part of the Policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for targeted rates covering water supply, sewage disposal or refuse collection will not qualify for remission under this part of the Policy.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Applications should be supported by documentary evidence of the protected status of the rating unit e.g. a copy of the Covenant or other legal mechanism.

In considering any application for remission of rates under this part of the policy the Council will consider the following criteria:

The extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit.

The degree to which features of natural, cultural or historic heritage are present on the land.

The degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land.

Rates Remission and Postponement Policies

Application

The extent of any remission shall be determined by the Council or its delegated officer[s] on a case by case basis.

In granting remissions under this part of the Policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Residential Land in Commercial or Industrial Areas

Objective

To ensure that owners of residential rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and the former authorities.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must:

- Be situated within an area of land that has been zoned for commercial or industrial use. (Ratepayers can determine how their property has been zoned by inspecting the Marlborough Sounds Resource Management Plan and the Wairau/Awatere Resource Management Plan, copies of which are available from either the District Administration Office, the Picton Service Delivery Centre, or on Council's website www.marlborough.govt.nz).
- Be listed as a "residential" property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the District Administration Office, or obtain that information from the rate records on Council's website www.marlborough.govt.nz.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

If an application is approved the Council will direct its valuation service provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the District. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

The extent of any remission shall be determined by the Council or its delegated officer(s) and will be based on valuations supplied by its valuation service provider.

Land Affected by Natural Calamity

Objective of the Policy

To enable rate relief to be provided where the use that may be made of any land has been detrimentally affected by natural calamity.

Conditions and Criteria

Council may remit wholly or in part, any rate or charge made and levied in respect of the land, where it considers it to be fair and reasonable to do so.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

The extent of any remission shall be determined by the Council or its delegated officer[s].

General -Type Uniform Annual Charges and Targeted Charges on Non-Contiguous Pastoral Rating Units

Objective of the Policy

To provide relief from General-type Uniform Charges and Targeted Charges on rural pastoral land which is non-contiguous, provided it is farmed as a single entity.

Conditions and Criteria

Non-contiguous pastoral units may qualify for a remission of uniform annual general charges and targeted rates calculated as a fixed amount per rating unit where Council agrees that the economics of each farm property are inter-dependent on the other. The ratepayer will remain liable for at least one uniform annual general charge and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Only one residential unit can exist on the qualifying rating units except where the farm contains accommodation on a rent free basis for the owner or staff associated with the farm.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Council or its delegated officer[s] shall determine whether the criteria are met.

General -Type Uniform Annual Charges and Targeted Charges on Contiguous Rating Units in Separate Ownership, Used Jointly as a Single Entity

Objective of the Policy

To limit the incidence of multiple charges where a farming or other business entity consists of a number of contiguous rating units with different owners.

Conditions and Criteria

Each rating unit must be leased to the operator for a term not less than five years.

The operator must provide Council with a statutory declaration confirming that each unit will be operated as part of the entity.

The ratepayer will remain liable for at least one uniform annual general charge-type and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

The extent of any remission shall be determined by the Council or its delegated officer[s].

Limitation of General-Type Uniform Annual Charges and Targeted Charges in Certain Circumstances

Purpose of Policy

To limit the incidence of General-Type Uniform Annual Charges and targeted rates calculated as a fixed amount per rating unit in certain circumstances.

Conditions and Criteria

Council will assess the General-Type Uniform Annual Charges and targeted rates [calculated as a fixed amount per rating unit] on the basis of every separately used or inhabited part of a rating unit but, the following situations will be deemed not to create a separately used or inhabited part of a rating unit:

- **In the case of a farm, orchard, other horticultural type property, or business:**
Where the farm, orchard, horticultural operation, or business contains additional accommodation on a rent free basis for the owner, or staff associated with the farm,

orchard, horticultural operation or business.

- **In the case of a rating unit that contains one additional separately inhabited unit or dwelling, occupied by family members:**
Where members of the owner's family inhabit the separate part of the property on a rent free basis.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Council will remit any rates in excess of those payable under this policy.

Subdivisions That Create Four or More but Less than Ten Rating Units

Objective of the Policy

To provide a positive development incentive to commercial subdividers by remitting general-type uniform charges on unsold subdivided land without an occupied dwelling or commercial building, for a maximum period of three years.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must remain in the subdivider's name.

Remission will not apply to water, sewerage or other targeted rates calculated as a fixed amount per rating unit.

Remission will cease on those rating units which are sold. Remission will also cease on rating units which remain unsold after three years of the lots being created.

The ratepayer will remain liable for at least one uniform annual general-type charge and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Application

Council or its delegated officer[s] shall determine whether the criteria are met.

Subdivisions That Create Ten or More Rating Units

Objective of the Policy

To provide a positive development incentive to commercial subdividers by remitting general-type rates and uniform charges on all unsold subdivided land without an occupied dwelling or commercial building (*other than any balance of land*) for a maximum period of five years. This policy only applies to subdivisions that are deposited after 1 July 2009.

Rates Remission and Postponement Policies

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must remain in the subdivider's name.

Remission will not apply to water, sewerage or other targeted rates calculated as a fixed amount per rating unit.

Remission will cease on those rating units which are sold. Remission will also cease on rating units which remain unsold after five years of the lots being created.

The ratepayer will remain liable for all rates and charges on the unsubdivided lot (balance of land).

Application

Council or its delegated officer[s] shall determine whether the criteria are met.

Rate Penalties

Objective of the Policy

To enable Council to remit penalties where:

- payment has not been received by the penalty date, due to circumstances outside the ratepayer's control; or
- it is deemed equitable to remit the penalty for other reasons.

Conditions and Criteria

Each application will be considered on its merits and remission may be granted where it is considered just and equitable to do so.

The Council will consider remission of rate penalties where an application is made and meets any of the following criteria:

payment has been late due to significant family disruption. [Significant family disruption would include death, illness, or accident of a family member]; or

the ratepayer is able to provide evidence that their payment has gone astray in the post, or the late payment has otherwise resulted from matters outside their control; or

penalties have arisen through processing errors in Council's records or an outstanding balance has arisen as a result of a shortfall caused by the operation of an agreed payment plan; or

the ratepayer provides a reasonable explanation of the circumstances which caused the late payment, and this is the first occasion on which late payment has occurred.

Application

The extent of any remission will be determined by the Council or its delegated officer[s].

Water Losses

Objective of the Policy

To provide ratepayers with a measure of relief, by way of partial rates remission where, as a result of the existence of a water leak on the property which they occupy, the payment of full water rates is inequitable.

Conditions and Criteria

This Remission Policy does not apply to Council's irrigation water supplies (Southern Valleys' Irrigation Scheme and Riverlands Irrigation Scheme). There will be no refunds for water losses for irrigation supplies.

The existence of a significant leak on the occupied property has been established and there is evidence that steps have been taken to repair the leak as soon as possible after its detection.

Application

Council will calculate the volume of water lost based on average water consumptions during similar periods of previous years.

When an application for water rates remission is approved pursuant to this policy, the amount of the remission will depend on when the leak is repaired.

If the leak is repaired before the following quarterly reading, the remission will be equivalent to the assessed volume of water that has been lost through the leak, since the quarter prior to the leak being discovered; or

If the leak is not repaired before the following quarterly reading, the remission calculation will be assessed on the next three month period; or

Where there are extenuating circumstances, Council or its delegated officer[s] may extend the period for a re-assessment of the water rate.

Council or its delegated officer[s] shall determine whether the criteria are met.

Extreme Financial Hardship

Objective of the Policy

To enable Council to grant remission, for cases of extreme financial hardship, on a case by case basis, of all or part of the rates.

Conditions and Criteria

Council may remit rates in accordance with the policy where the application meets all of the following criteria:

The ratepayer(s) must be the current occupier(s) of the rating unit which must be solely used

for their personal residential purposes.

The Council must be satisfied that extreme financial hardship exists or would be caused by requiring payment of the whole or part of the rates.

The ratepayer[s] must provide any evidence that Council deems appropriate to support the claim of extreme financial hardship.

The ratepayer[s] must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Applications for remissions shall be considered by the Council or its delegated officer[s].

Sundry Remissions

Objective of the Policy

To remit rates and charges that are the result of fundamental errors; or where the balance owing is considered uneconomic to recover; or where the amount levied is unable to be recovered pursuant to sections 67-76 of the Local Government (Rating) Act 2002, or where Council or its delegated officer(s) consider the levy impractical to recover; or where Council considers it equitable in the particular circumstances to remit rates.

Conditions and Criteria

The extent of any remission shall be determined by the Council or its delegated officer[s].

Rates Postponement Policies

Extreme Financial Hardship

Objective of the Policy

To assist ratepayers experiencing extreme financial hardship.

Conditions and Criteria

All applications must be on the prescribed form.

When considering whether extreme financial circumstances exist, all of the ratepayer[s] personal circumstances will be relevant.

The Council must postpone rates in accordance with the Policy where the application meets

all of the following criteria:

The ratepayer[s] must be the current occupier[s] of the rating unit which must be solely used for their personal residential purposes.

The Council must be satisfied that the ratepayer[s] is/are unlikely to have sufficient funds left over after the payment of rates, for normal health care, appropriate provision for maintenance of his/her home and chattels at an adequate standard, as well as making provision for normal day to day living expenses.

The ratepayer[s] must not own any other rating units or investment properties or other realisable assets.

The ratepayer[s] must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Even if rates are postponed, as a general rule the ratepayer[s] will be required to pay the first \$645 of the annual rate levy.

The Council may add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the Council's administration and financial costs.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

Any postponed rates will be postponed until:

- The death of the ratepayer[s]; or
- The ratepayer[s] ceases to be the owner or occupier of the rating unit; or
- The ratepayer[s] ceases to use the property as his/her residence; or
- A date determined by the Council in any particular case.

At any time, the applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this Policy by paying the postponed rates or any part thereof.

Application

Postponed rates will be registered as a Statutory Land Charge on the rating unit's title.

Applications for rate postponements shall be considered by the Council or its delegated officer[s].

Rates Remission and Postponement Policies

Residential Ratepayers aged 65 and over

Objective of the Policy

To offer ratepayers aged 65 years and over a facility to unlock the equity in their residential property by postponing all or part of their rates to a future date, at no cost or risk to Council.

Conditions and Criteria

All applications must be on the prescribed form.

Rates postponement is available on properties that are occupied by the ratepayer applicant(s) as their principal place of residence. Holiday homes are not eligible.

Property that is Maori freehold land is not eligible for postponement as councils do not have adequate rights to recover postponed or overdue rates on Maori freehold land.

Postponement is available to applicant(s) who are the legal owners of their property or who live in a property owned by a family trust. Units in retirement villages held under licences to occupy and any other arrangement where the applicant is not the registered owner are only eligible for postponement if the amount of the rates for the unit/dwelling that is lived in is clearly identified for rating purposes (i.e. separately rated), and that the full benefit of the postponement is passed on to the resident.

Postponement is available only for ratepayers age 65 or over. In the case of the couple, at least one applicant must be of that age.

Applicants must have at least one “decision facilitation” interview with a decision facilitator engaged by Council, to ensure that independent advice has been provided on the implications of the postponement offer.

The application will require any mortgagee’s consents and a decision facilitator completion certificate before a formal postponement offer is made by Council.

Rates may be postponed until:

- The death of the ratepayer(s) (the Council will allow up to 12 months for any resolution of estate or trust affairs required to enable repayment); or
- The ratepayer(s) ceases to be the owner of the rating unit; or
- The rating unit ceases to be the principal place of residence of the ratepayer(s) – this means that if the ratepayer(s) moves out of the home into residential care, technically the postponed rates become due and payable. In practice, if the council is satisfied that the principal reason for moving out is to go into care, the postponement will remain in place.

The council will offer full postponement unless testing the expected outcome through the council’s actuarial model suggests that equity on expected repayment (the death of the applicant or the survivor of joint applicants) would be less than 20%. If that is the case, then postponement entitlement will be based on the maximum proportion projected to leave a

minimum of 20% equity available at the end of the postponement period.

The property must be kept insured to its full value and evidence of this produced annually.

Postponed rates and any part thereof may be paid at any time. Applicants may elect to postpone a lesser amount than the maximum they would be entitled to under the council’s policy.

If accrued rates and charges reach 80% of the value of the property, the council will not postpone any further rates but instead require that all further rates are paid as they fall due. Accrued rates and charges will remain payable only on an event of repayment (eg death, sale) and will continue to accrue interest and other annual charges.

One-off costs to the ratepayer will relate to the initial postponement application fee, a contribution to the facilitation process, and any other incidental fees and charges relevant to the particular application.

Other costs to the ratepayer (or their estate) will be the amount of the postponed rates and charges, interest on the accumulated postponement amount, an annual administration fee to cover external management and the scheme’s operating costs, and a reserve fund levy to meet unsecured postponements.

All of the above fees and charges will be added to the postponed rates.

Legal Fees – if an applicant wishes to consult a lawyer, the applicant will need to meet the costs of doing so.

Application

Postponed rates will be registered as a Statutory Land Charge on the rating unit’s title.

Applications will be considered by delegated officers in accordance with the scheme’s criteria.

MAORI FREEHOLD LAND

Remission and Postponement of Rates on Maori Freehold Land

Objectives of the Policy

section 102(2)(e) of the Local Government Act 2002 requires Council to adopt a policy on the remission and postponement of rates on Maori freehold land; section 108 and Schedule 11 set out the matters to be considered.

Conditions and Criteria

Council has reviewed the matters set out in section 108 and Schedule 11 and has decided that the appropriate policy is to consider applications for remission or postponement of rates on Maori freehold land in terms of the policies adopted by council regarding remissions and postponements of rates on other land.

Policy on Significance

General Approach to Significance

The Marlborough District Council will determine the significance of proposals and decisions in relation to issues, assets, or other matters by considering the likely impact of the proposal or decision on, and likely consequences for:

- The current and future social, economic, environmental, or cultural well-being of the District.
- Any persons who are likely to be particularly affected by the issue, proposal, decision, or matter.
- The capacity of the council to perform its role and carry out its activities, now and in the future.
- The financial costs, and other resource requirements of the issue.

Thresholds

Marlborough District Council will consider any decisions concerning the following as significant:

- Expenditure on issues, assets, or other matters (not including strategic assets) that represent more than 10% of Council's total budgeted annual income.
- Any transfer of ownership or control to or from the Council, or the construction, replacement or abandonment, of a strategic asset as defined by the Act or listed in this policy.
- Reducing Council's shareholding in any Council Controlled Organisation and Joint Operating Committee below 90% of the shareholding held as at 30 June 2012.
- Entry into any partnership with the private sector to carry out a significant activity.

Criteria

Degrees of significance will be determined after consideration of the following criteria:

- Whether an affected asset is a strategic asset within the meaning of the Act or listed in this policy.
- The extent to which there is, or is likely to be, a change in the level of service in carrying out any significant activity.
- The extent to which there is, or is likely to be, a change in the capacity of the Council to provide any significant service or carry out any significant activity.

Procedure for Determining Significance

Decisions on significance will be made according to council standing orders, and applying the general approach to significance set out in this policy.

Assets Considered by the Local Authority to be Strategic Assets

As set out in the Local Government Act 2002 [s.5], strategic asset means:

- An asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes:
- Any asset or group of assets listed in accordance with section 90(2) by the local authority; and
- Any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- Any equity securities held by the local authority in -
- A port company within the meaning of the Port Companies Act 1988;
- An airport company within the meaning of the Airport Authorities Act 1966.

The assets and groups of assets in terms of s.90(2) that Marlborough District Council considers to be strategic are:

- The local roading network as a whole.
- District stormwater networks.
- District water supply networks.
- District sewerage networks.
- River control assets.
- Shares in MDC Holdings Ltd.
- Commercial forestry known as Marlborough Regional Forestry.

Financial/Development Contributions Policies Overview

Introduction

1. Council levies financial contributions in accordance with the Resource Management Act 1991. Also commencing on page 240 is Council's Development Contribution Policy. The new Development Contributions policy will replace the Financial Contributions Policy with the exception of the North West zone, and parking contributions and where the new policy is silent on issues in the Resource Management Plans. It is intended that Council will apply the Development Contributions Policy where there is duplication or conflicting policies.

Council will review the financial contributions policy contained in its District Plans at the earliest possible opportunity.

Financial and Development Contributions Funding the Cost of Growth

2. 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:
 - Financial contributions – levied in accordance with the provisions of the Resource Management Act 1991 (and through the District Plan).
 - Development contributions – levied in accordance with the provisions of the Local Government Act 2002; or

- (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 use 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 while still attempting to maintain growth (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 LTP or has already incurred expenditure in anticipation of growth.

Financial Contributions Policy

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.

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

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.

Advisory Note

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

Financial Contributions towards the District Roading 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.

- 2.19.7.1 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 roading network.

Advisory Note

- **Offsite Roding Contributions**

The extent of the Council's roading system coupled with the wide variance in the standard of roading 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 roading 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 roading 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.

Development Contributions Policy

I. Background

I.1 Introduction

Marlborough District has experienced significant growth over the last decade. Although this is often hailed as positive for the community, growth also presents a number of challenges. Not least is Council's task of expanding infrastructure networks to support the increased use of essential services.

The cost of expanding these networks is often high, and the issue of funding inevitably arises. Funding the expansion of these core networks entirely from general rates (or other indirect means) is inequitable, because existing ratepayers may neither cause these works to occur, nor materially benefit from them. As a result, alternative means for funding these capital works must be considered. Development Contributions is one such source.

Previously Council has levied financial contributions in accordance with the Resource Management Act 1991 to recover the cost of growth and decided not to use the options of collecting Development Contributions under the Local Government Act 2002. Council adopted a Development Contributions Policy effective from 1 July 2009. The Development Contributions Policy replaced the Financial Contributions Policy with the exception of the North West zone, parking contributions and where the new Policy is silent on issues in the Resource Management Plans.

Council considers the use of the Development Contributions mechanism under the Local Government Act 2002 to provide a fair more robust means of recovering the cost of growth as compared to charging ratepayers.

The development contributions calculated in this policy are based on information contained in the LTP but also incorporate additional information and assumptions making a direct reconciliation between the outcomes of the modelling and the LTP difficult.

- (a) The capital expenditure used for modelling what the appropriate charges are include:
- Expenditure previously incurred to create spare capacity to enable future development to occur.
 - Expenditure beyond the ten year programme which is required to cater for the cumulative affects of growth.
 - An assessment of expenditure which relates to future growth beyond the life of the LTP.

- (b) The growth projections used to determine income from development contributions in the modelling are based on long run straight line averages whereas the LTP incorporates additional phasing especially in the early years to reflect expected income with the current development climate. Over the long run these are expected to coincide but the timeframe of ten years for the LTP is too short a period to reflect the matching of income and expenditure for capital which has a significantly longer lifecycle.

The tables showing expenditure and income for both absolute and present value numbers are those which have be modelled to derive the development contributions proposed in this Policy. While the information contained in the LTP is a key source of data for deriving the Development Contributions it is not the only data used as highlighted above. A long run model of 20 years has been used in most instances to take account of future income to meet capital expenditure incurred today.

The table below sets out the forecast revenue from the Development Contributions Policy, for the first 3 years in detail, the last 7 as a block and the total.

	2012-13 \$M	2013-14 \$M	2014-15 \$M	2015-22 \$M	Total \$M
Estimated Development Contributions	4.0	4.1	4.2	32.0	44.3

I.2 Application of Development Contributions

It is anticipated that development contributions collected will be spent as follows:

Activity	\$M
Reserves	7.9
Community Facilities	6.7
Water	11.8
Sewerage	15.6
Stormwater	0.7
Roads	1.6
Total	44.3

I.3 Legislative Requirements

The Local Government Act 2002 (the LGA) is the enabling legislation through which Development Contributions were introduced. section 102 of the LGA requires Council to adopt a policy on development contributions and/or financial contributions. This document satisfies that requirement.

1.4 Relationship to Financial Contributions under the RMA

Council is still operating a Financial Contributions Policy under the provisions of its District plan. These are separate from, and may be levied in addition to, Development Contributions under the LGA.

Council's Financial Contributions Policy focuses on avoiding, remedying and mitigating the adverse effects of development. As such, its focus is on the direct marginal impact of each development. For the most part, this is appropriate. A Development Contributions Policy is also needed – it takes a more strategic view of growth.

As a matter of clarification, Council may collect both development contributions and financial contributions from the same development, but only for different purposes.¹³ Accordingly, some components of Council's Financial Contributions Policy will remain in operation upon commencement of this Development Contributions Policy.

Council will review the Financial Contributions Policy contained in its District Plans at the earliest possible opportunity. For the sake of clarity Council will seek to apply the Development Contributions Policy under the Local Government Act where there is duplication or conflicting policies. In the event that the Development Policy is silent on issues in the District Plans, the policies in the District Plans will still be applicable unless explicitly waived by Council in writing. It should also be noted that migration to a Development Contributions Policy does not signal any diminution in environmental protection, or undermine the environmental outcomes espoused in the District Plan. Developers will still be compelled to complete works on site to avoid, remedy, or mitigate adverse effects as a condition of consent, or in accordance with rules in the District Plan.

Moreover, where necessary, financial contributions may still be sought for environmental reasons off-site, for example for trees to enhance visual amenity. Financial contributions may also be required for infrastructure that will solely benefit the proposed development or is needed to deal with its impacts.

1.5 Navigating this Document

This document comprises several sections. Following are brief descriptions of each.

- *Section 2* provides a brief **overview of the Policy**, including the purpose of development contributions, when contributions may be required, the types of development that may be charged, and so on.
- *Section 3* addresses the **adoption and implementation** of this Policy, including the date of adoption, the frequency and scope of policy reviews, and any transitional provisions.

- *Section 4* outlines the **growth context**, and summarises the capital expenditures Council expects to incur (and has already incurred) to cater for growth.
- *Section 5* presents the **schedule of development contributions charges**, and details any limitations on the use of those funds.
- *Section 6* provides a simple flowchart diagram that shows **how to calculate** the contributions payable on developments.
- *Section 7* demonstrates **application of the Policy** to various development activities and outlines how credits are granted.
- *Section 8* presents Council's Policy on **remissions, refunds, reductions** and postponement of *development* contributions
- *Section 9* provides details on **additional administrative matters**, such as invoicing and payment, service connection fees and the handling of GST.
- *Section 10* outlines **how demand has been measured**, including the definition of household equivalent units.
- *Section 11* presents the **methodology** used to calculate charges and outlines the **significant assumptions** underlying this Policy.
- Pages 258 to 263 contains the maps for each catchment as at 1 July 2012
- Pages 283 to 286 contains a **glossary of terms** used in this Policy.

2. Policy Overview

2.1 Purpose of Development Contributions

The purpose of development contributions is to recover an appropriate proportion of the costs of growth-related capital expenditures from participants in the property development process, rather than from general rates or any other indirect funding source.

2.2 How Charges are Calculated

Charges are calculated for each catchment and each activity on the basis of:

- the expected scale and timing of capital works required to service growth
- the expected rate and timing of developments for which works are required.

A more detailed explanation of the methodology is provided in section 11.

¹³ Refer to section 200 of the Local Government Act 2002.

2.3 When Development Contributions May be Required

Section 197 defines a "development" as:

- any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but
- does not include the pipes or lines of a network utility operator.

According to the LGA, development contributions may be required in relation to developments if:

- the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence,
- Council incurs capital expenditure to provide appropriately for those assets.¹⁴

Council is also entitled to require a development contribution for capital expenditures incurred in anticipation of development.

2.4 Types of Development that may be Charged

Any "development", as defined in section 197, that meets the test set out in 2.3, whether residential or non-residential, may be required to pay a development contribution as provided in this Policy.

2.5 Types of Activities that may be Funded

Council may levy development contributions for:

- Reserves
- *Network Infrastructure* – which includes roads and other transport, water, wastewater, and stormwater infrastructure
- *Community Infrastructure* – which includes land, or development assets on land, owned or controlled by Council to provide public amenities. It also includes the land that Council may acquire for this purpose.

Please also note that onsite works (within the boundaries of each development) are the sole responsibility of developers and do not form part of this Policy. They are usually required as a condition of resource consent.

2.6 Use of Development Contributions as a Funding Tool

The cost of infrastructure to cater for growth is covered by rates, financial contributions and development contributions.

The Council considers that it is appropriate to pass a fair and reasonable proportion of the cost of growth onto developers through the development contributions Policy and through continued use of some financial contributions.

The Long Term Plan identifies community outcomes. The activities that the council will fund from development contributions all support the range of community outcomes in some way. The two key community outcomes relate to:

- environmental sustainability for future generations; and
- provision of essential services.

The Council has carefully considered, for each activity, the matters included in section 101(3) of the Local Government Act 2002 as part of its evaluation and allocation of growth costs under this Policy. In summary, using development contributions and some financial contributions to fund the growth costs for certain of these activities (rather than rates and a higher level of financial contributions) is considered to be appropriate for a number of reasons, including the following.

- Development contributions are fairer because they allocate growth costs to the section of the community that creates the need for the council to incur these costs, ie developers and new residents or occupants.
- Development contributions allocate costs to the growth community and new residents or occupants who will benefit from the new assets, or the assets of additional capacity, that are funded out of the contributions.
- 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 and an appropriate proportion of those costs are allocated to future generations.
- Development contributions allow growth-related capital expenditure in relation to particular activities to be funded distinctly from other expenditure on those activities, and from expenditure on other activities, and therefore provide transparency and accountability regarding the true costs of growth.
- Development contributions, as a dedicated growth funding source, offer more secure funding for community outcomes that are affected by growth.
- The council considers that using development contributions to fund the cost of growth-related capital expenditure for the activities covered by this Policy will best advance social, economic, environmental and cultural well-being.

¹⁴ In this context, "effect" includes the cumulative effect that a development may have in combination with another development.

3. Adoption, Implementation and Review

3.1 Timing

Following the consideration of public submissions and the completion of special consultative procedures, this Policy was adopted as part of Council's Long Term Council Community Plan for the period 2009-2019.

Any application for resource consent, building consent or service connection received on, or after, 1 July 2009 will be subject to the provisions of this Policy (and any amendments).

3.2 Frequency and Scope of Reviews

Council will review this Policy at least once every three years, or more frequently if deemed necessary. Each review will take into account - but not be limited to:

- any changes to the significant assumptions underlying the Development Contributions Policy;
- any changes in the capital works programme for growth;
- any significant changes in the costs of labour, construction or technology;
- any changes in the expected nature, scale, location or timing of development;
- any changes that require new or significant modelling of the networks;
- any changes to the District Plan;
- the regular reviews of the Funding and Financial Policies, and the LTP;
- any other matters Council considers relevant.

The Development Contribution levies will also be updated annually to account for changes in the Producers Price Index as published by Statistic's New Zealand.

3.3 Transitional Provisions and Ongoing use of Financial Contributions

Council will review the Financial Contributions Policy contained in its Resource Management Plans at the earliest possible opportunity. Conditions providing for the mitigation of environmental effects from a development will continue to apply, including financial contributions where appropriate. For the sake of clarity, Council will seek to apply the Development Contributions Policy under the Local Government Act where there is duplication or conflicting policies. In the event that the Development Contributions Policy does not address issues in the Resource Management Plans, the policies in the Resource Management Plan will still be applicable. The notes under section 5.1 outline some of the specific financial contributions which will still apply in accordance with the District Plans including Northwest Zone levies and levies in lieu of provision of Parking.

4. Planning for Growth

4.1 Growth Context

Recent growth provides both the context and the motivation for this Policy. The extent of these pressures is documented in the following charts, which plot the usually resident population and the number of occupied dwellings, respectively.

Figure 1: **Usually Resident Population in Marlborough District**

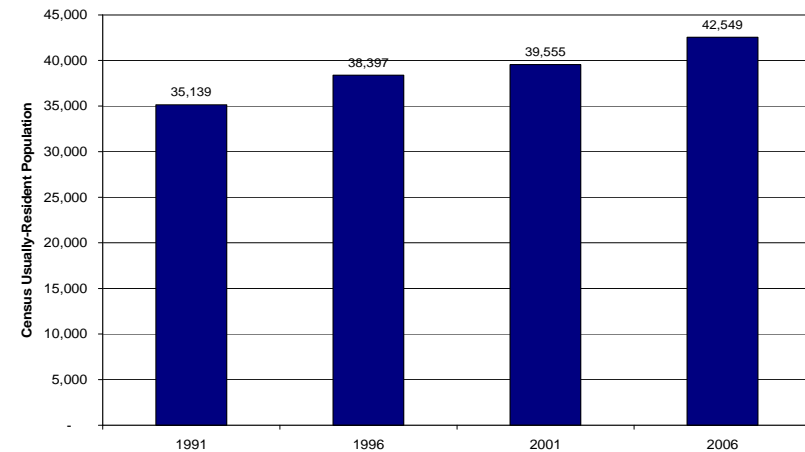
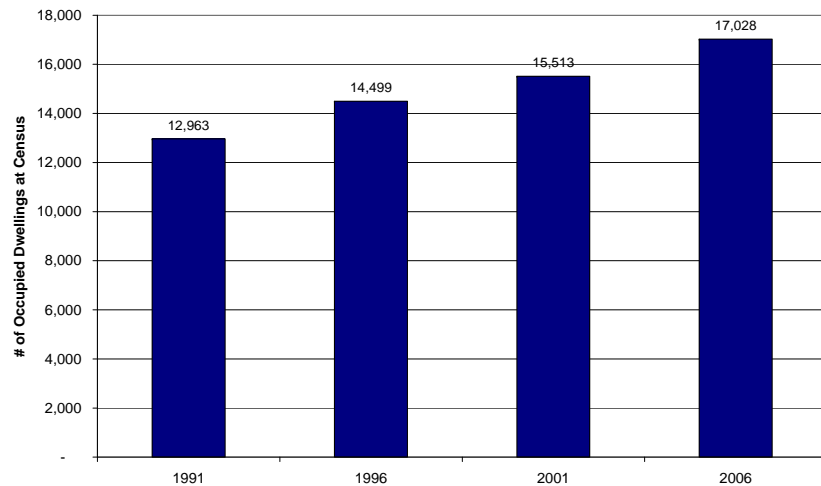


Figure 2: **Occupied Dwellings in Marlborough District**

Financial/Development Contributions Policies



According to these figures, population has grown 21% since 1991, while the number of occupied dwellings has grown 31%. Clearly, growth is significant and Council must plan accordingly. The estimated occupied dwellings as at 2011 are estimated to be 18,600. As the 2011 Census has not been conducted these tables have not been updated.

4.2 Growth Projections

Accurate growth projections are a fundamental component of any development Contributions Policy. They help determine the extent of capital works required to service growth, as well as the level of demand over which the resulting costs should be spread. Unfortunately, however, growth projections are often difficult to generate with any reasonable degree of accuracy.

The methods used to forecast growth often differ between residential and non-residential developments. For residential developments, several methods are available. All seek to project the number of households (or dwellings). One method is to project population and convert to households using average household size. Another is to extrapolate building consent trends. Yet another is to extrapolate the number of dwellings directly.

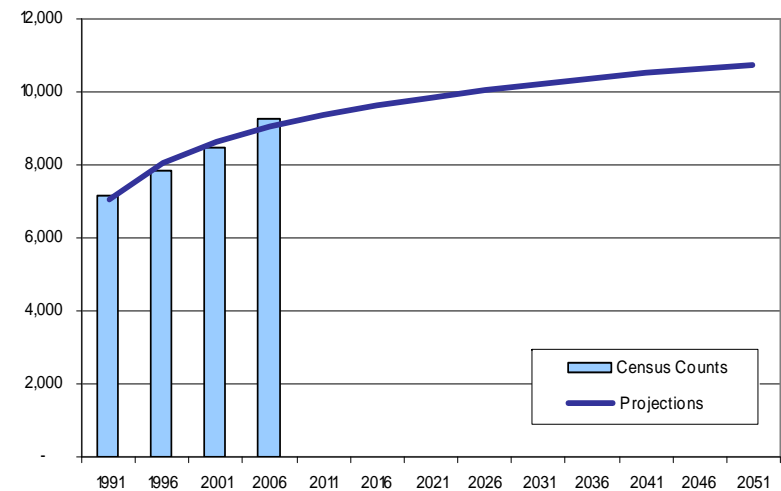
All three methods were tested during the development of this Policy, and the results evaluated by Council officers. Population projections were deemed to produce artificially-low projections. This is partly due to dwellings growing at a much faster rate than population (as reflected in figures 1 and 2 above).

Residential building consent data for the District is volatile, with variations in consents and a lack in confidence in the projections, Council has determined that this data is

inappropriate.

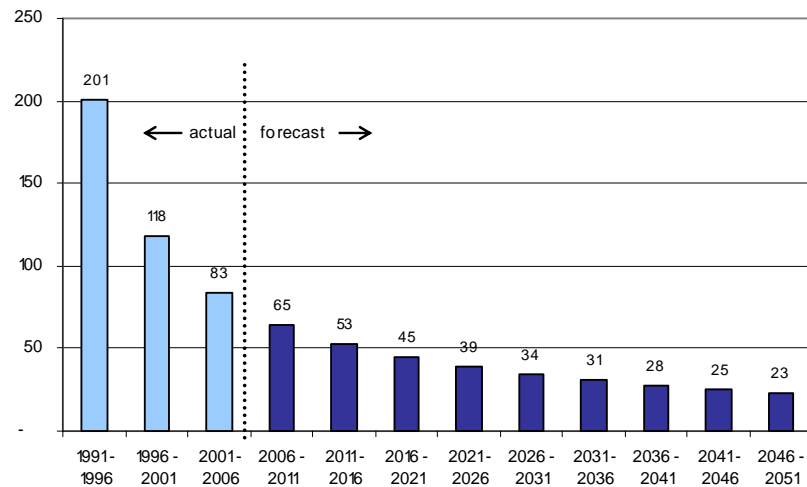
Fortunately, the final method – projecting dwellings directly - produced plausible estimates. Logarithmic trends were fitted to census dwelling counts for 1991, 1996, 2001 and 2006, and subsequently extrapolated to 2051. This was done separately for each activity/catchment combination. The following chart demonstrates the application of this method to the Blenheim water catchment.

Figure 3: Dwelling Projection Line for Blenheim Water



The projection line in the figure above is used to infer the annual growth in the number of dwellings, as reproduced in the figure below. These models and projections have been used to provide a guide for the annual growth HEUs (household equivalent units) used to calculate the development contributions. The table shows higher annual HEUs than the models project which has the effect of lowering the development contributions required per lot. Historically annual projections from Statistics have fallen below the actual growth experienced in the region. The monitoring of residential and industrial growth (reflected in HEU equivalents) will occur on an ongoing basis. As at 2011 the estimated number of dwellings for Blenheim totalled 9,900. This is in line with the projection line shown above.

Figure 4: Annual Increases in the number of Dwellings



Actual Catchments and Annual Growth used in the model are as follows:

Catchment	Activity	Annual Growth (HEUs)
Regional	Land Transport	180
	Reserves	
	Community facilities	
Blenheim	Water	120 120 134 – includes wider sewerage network
	Storm water	
	Wastewater	
Picton	Water	14
	Storm water	
	Wastewater	
Renwick	Water	10
	Storm water	
	Wastewater	
Grovetown	Wastewater	4
Spring Creek	Wastewater	0
Havelock	Water	4
	Wastewater	
Seddon	Water	4
	Wastewater	

4.3 Capital Expenditures Required to Service Growth

Council has developed a funding model which provides the data regarding capital expenditure program attributable to growth, catchment areas, finance costs, projected growth. The capital expenditure used for determining the development contributions utilises the capital expenditure contained in the Long Term Plan in addition to assessments of spare capacity currently existing from past expenditure and remaining spare capacity available for growth beyond the Long Term Plan timeframe. Should further detailed information be required please do not hesitate to contact Council's Corporate Finance Manager.

Summary of capital expenditure apportioned to growth and revenue by activity to determine development levies is as follows:

Activity	Capital Expenditure	Present Value of Expenditure	Proposed Revenue from Contributions	Present value of Revenue from Contributions
Reserves	\$12,224,380	\$7,953,800	\$11,310,000	\$7,943,671
Community facilities	\$9,400,000	\$8,189,753	\$13,059,002	\$6,685,007
Water	\$29,641,023	\$18,292,689	\$21,840,779	\$11,817,655
Sewerage	\$34,760,047	\$21,057,929	\$29,453,963	\$15,641,714
Stormwater	\$2,887,290	\$2,024,374	\$1,894,093	\$668,492
Roads	\$4,593,178	\$3,178,032	\$2,292,776	\$1,584,105

(Notes to table above)

- The anticipated revenue and present value of contributions are below the required income to meet the capital expenditure associated with growth because Council has decided, due to the current economic climate to leave the development levies unchanged from those currently charged per the 2009 Policy.
- In determining the capital expenditure incurred in anticipation of growth in the levied period above historic capital expenditure has been taken into account.
- In determining the opening capacity associated with future growth revenue from previous developments has been taken into account.
- NZ transport Agency funding has been netted off the capital expenditure for Roads.
- Subsidy for Drinking Water Standards has been netted off the capital expenditure table where applicable. In a number of cases capital expenditure

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related to treatment of water has not been included in the calculation of development levies but will be reviewed when further certainty surrounds these requirements.

- District wide subsidy from Council's infrastructure reserve has been netted off against the capital expenditure where appropriate.

Reserves capital programme has been evaluated for capital expenditure that relates to the acquisition of land and the establishment of reserves to cater for growth. Council have higher capital demands than funding for reserves caused by growth in the District. Typically the acquisition and development of reserves is undertaken in a manner which meets the income derived from development. The allocation of costs for this activity includes the consideration of the factors in section 101 (3) (a) of the Local Government Act 2002, including the evaluation of benefits and the extent to which certain groups contribute to the need to undertake this activity. In relation to section 101 (3) (b) of the act, the Council considers that using development contributions to fund part of this activity supports overall community wellbeing.

Community Facilities identified as having District wide benefit for which the Council has considered the need to ensure that development caters for future growth in the District are the new Civic Theatre and the redevelopment of the aquatic centre. In addition spare capacity for the library facilities and regional community and sporting facilities (examples Hockey Turf, Renwick Community centre etc) have been catered for in determining the development contributions for the growth portion. To ensure only growth-related costs are captured, the list of projects does not include renewals, projects to address existing gaps (shortfall), non-growth projects, and projects that are directed at service-level improvement. The allocation of costs for this activity includes consideration of the factors in section 101(3)(a) of the Local Government Act 2002, including the distribution of benefits and the extent to which certain groups contribute to the need to undertake this activity. In relation to section 101(3)(b) of the act, the council considers that using development contributions to fund part of this activity supports overall community well-being.

Water, Sewerage, Stormwater and Land Transport capital programs are based on the respective asset management plans. In calculating the capital growth for these infrastructure activities a top down approach has been used. Under this approach the cost of growth has been calculated by:

- Estimating the total capital works required to provide for the full network.
- Estimating the proportion of these works which relate to growth, and
- Calculating the per unit cost of growth.

The allocation of costs for these activities includes consideration of the factors in section 101(3)(a) of the Local Government Act 2002, including the distribution of benefits and the extent to which certain groups contribute to the need to undertake these activities. In relation to section 101(3)(b) of the act, the council considers that using development contributions to fund part of these activities supports overall

community well-being.

4.4 Past Expenditures in Anticipation of Growth

The loan balances as at 1 July 2011 have been used as a basis of charging development a share of the cost of past expenditure which catered for growth. An assessment of capacity has been used to determine the appropriate allocation to future development.

5. Development Contributions

5.1 Schedule of Charges

Catchment	Activity	Levy per HEU (GST excl) as calculated by financial model	Levy per HEU (GST excl)
Regional	Land Transport	\$2,128	Urban \$750 Rural \$1,500
	Reserves (refer Reserve Contributions Table)	6.0% of urban land value (GST incl.) of additional allotments created or \$12,000 (GST incl.) whichever is the lesser. 3.0% of rural land value (GST incl.) of additional allotments created or \$12,000 (GST incl.) whichever is the lesser.	6.0% of urban land value (GST incl.) of additional allotments created or \$12,000 (GST incl.) whichever is the lesser 3.0% of rural land value (GST incl.) of additional allotments created or \$12,000 (GST incl.) whichever is the lesser.
	Community Facilities Levy (refer 7.3.2 re rural subdivision)	\$3,308	\$2,700
Blenheim	Water	\$7,102	\$4,125
	Storm water	\$1,019	\$620
	Wastewater	\$7,972	\$6,729
Picton	Water	\$8,754	\$7,645
	Storm water	\$995	N/A or assessed separately.
	Wastewater	\$10,818	\$4,607
Renwick	Water	\$8,506	\$3,185
	Storm water	\$1,089	\$1,000
	Wastewater	\$7,972 (forms part of Blenheim wastewater catchment)	\$5,324

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Catchment	Activity	Levy per HEU (GST excl) as calculated by financial model	Levy per HEU (GST excl)
Grovetown	Wastewater	\$7,972 (forms part of Blenheim wastewater catchment)	\$6,729
Spring Creek	Wastewater	\$7,972 (forms part of Blenheim wastewater catchment)	\$6,729
Havelock	Water	\$7,813	\$3,168
	Wastewater	\$4,887	\$2,283
Seddon	Water	\$6,792	\$5,300 Urban. Rural to be separately assessed.
	Wastewater	\$3,791	\$2,887

Additional Information Regarding Development Contributions Payable

These are the development contributions applicable for the 2012-2013 financial year commencing 1 July 2012. Council in considering the development contribution levies to be charged decided that given the current economic climate the levies should remain unchanged from those established in the 2009 Policy, except for the application of the PPI.

For 2012-13 development contributions will not exceed in total, the amount levied under the Financial Contributions Policy plus 66% of the increase arising from applying this Policy. The development contribution levies will be applied in full for the 2013-14 year.

Development Contributions will be adjusted annually by the Producers Price Index movements as published by Statistics New Zealand. Land value, for calculation of development contributions for reserves, is determined by Council through the use of a valuation from a registered valuer to be provided at the developers cost.

For the purpose of the reserves charge:

- Urban includes zones Urban Residential and Township Residential;
- Rural includes zones Rural 1,2,3,4 and Rural Residential and are charged the rural rate except where new lots of 1 ha or less are created, in which case the urban rate will apply. Sounds Residential is charged the rural rate.
- In the case of rural subdivisions when the new lots meet the lot sizes tabled below for Rural 3 and Rural 4 Zones as defined in the Wairau Awatere RMP and Rural 1 and Rural 2 in the Marlborough Sounds RMP, then no reserve contribution will apply.

Reserves Contribution Table

Plan	Zone	Urban	Rate	Rural	Rate	Rural	Rate
WARMP	Urban Residential	All	6%				
WARMP	Rural Township	All	6%				
WARMP	Township Residential	All	6%				
WARMP	Rural Residential	1 ha or less	6%	>1 ha	3%		
WARMP	Rural 3	1 ha or less	6%	>1 ha and <8 ha	3%	8 ha or greater	0%
WARMP	Rural 4	1 ha or less	6%	>1 ha and <20 ha	3%	20 ha or greater	0%
MSRMP	Urban Residential	All	6%				
MSRMP	Sounds Residential			All	3%		
MSRMP	Rural Township	All	6%				
MSRMP	Rural 1	1 ha or less	6%	>1 ha and <30 ha	3%	30 ha or greater	0%
MSRMP	Rural 2	1 ha or less	6%	>1 ha and <30 ha	3%	30 ha or greater	0%

Any residential development in a zone not included in the table above will be charged reserve contribution as if it were urban.

5.2 Financial Contributions that Continue to Apply

In addition to the above development contributions site specific financial contributions requiring either on site or offsite works to mitigate the environmental effects from a development may continue to be applied as a condition of resource consent. In particular, but without limitation, financial contributions as follows:

- North West Blenheim the financial contributions titled “zone levies” will remain for this area as defined in the Wairau Awatere Resource Management Plan. For the sake of clarity the “Upgrade Levies” contained in the District

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Plan will no longer apply and will be replaced by Development Contributions outlined in this Policy.

- b) With regard to road contributions specific development contributions for each subdivision are likely to be assessed especially those in rural locations.
- c) In the case of parking provision outlined in the District Plans any contributions (in lieu of providing parking) will continue to apply.

5.3 Use of Development Contributions

Council will use development contributions only towards the activity for which they are collected. This will be undertaken on an aggregated project basis for each catchment.

Contributions may not be redistributed between catchments or activities, but they may be reallocated across projects within a catchment for a given activity. Thus contributions collected for water projects in the Blenheim water catchment (say) will only be spent on water projects in Blenheim.

In addition development contributions will not be used for the renewal or maintenance of assets. Nor will they be used for capital works projects that bear no relation to growth.

5.4 Limitations

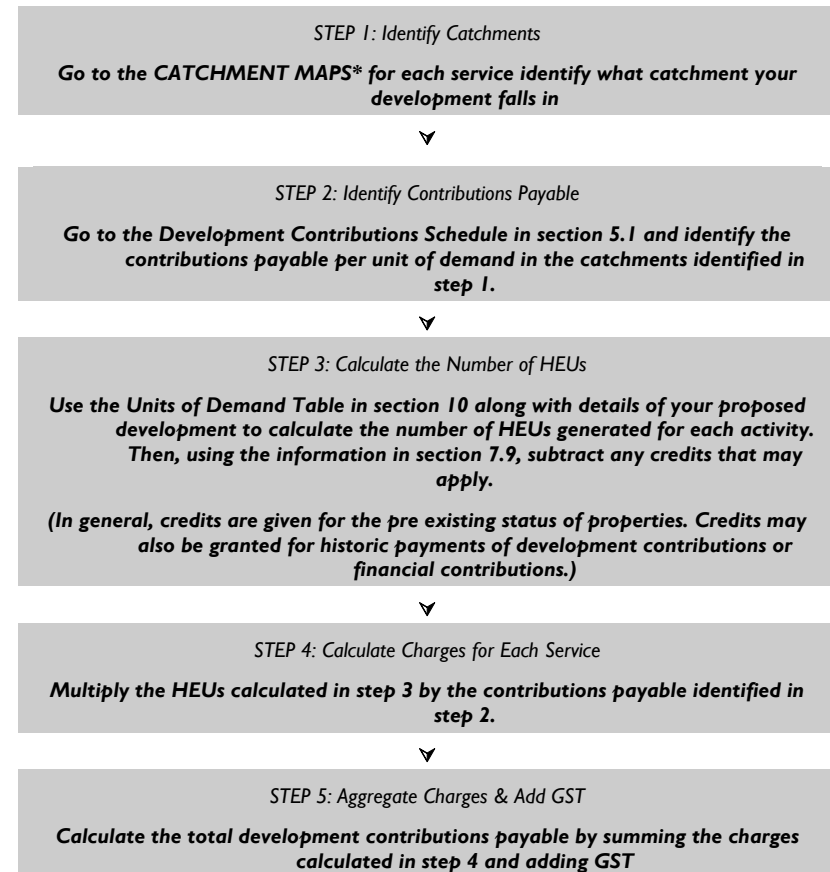
Council will not require a development contribution for network infrastructure, reserves or community infrastructure to the extent that:

- under section 108(2)(a) of the RMA, it has imposed a condition on a resource consent in relation to the same development for the same purpose; or
- the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
- it has received, or will receive, full funding from a third party.

Council will at its sole discretion determine when development contributions are not applicable.

6. How to Calculate Development Contributions Payable

The following flow chart demonstrates how to calculate the contributions payable on your development. Prior to following this stepped process consideration for section 7.1 should be read.



*The Land Transport urban area is that zoned:

- Central Business Zone, Central Business Zone/Primary Shopping Area, Industrial one and Two Zones, Neighbourhood Business Zone, Township Residential Zone, Urban and Residential One and Two Zones in the Wairau/Awatere Resource Management Plan: and
- Town Commercial, Urban Industrial Zone and Urban Residential Zone in the Marlborough Sounds Resource Management Plan.

7. Assessment and Application of Policy

7.1 Threshold for and Timing of Assessment

Not all developments will be liable for development contributions; indeed, only developments that place demands on infrastructure (and for which Council incurs costs) will be charged. In order to separate developments that should be charged from those that should not, a robust assessment process is needed.

If at the time of development connection is not possible in relation to an activity then no Development Contribution will be charged in relation to that activity. This does not preclude collection (charging) development contributions at a future date on connection.

In general, each development will be assessed – to see whether it creates a demand on infrastructure and should therefore be liable to pay development contributions – when granting:

- A resource consent under the RMA for a development.
- A building consent under the Building Act 2004.
- An authorisation for a service connection.

7.2 Assessment Process

In general, assessment will be made against the first consent application lodged for the development, and when (if any) subsequent consent is sought, a re-assessment will be undertaken to determine whether the level of demand has changed. If, for whatever reason, development contributions were not assessed at the first available opportunity, they still may be required at subsequent stages in the development process.

When Council assesses a development contribution at the subdivision consent stage, the expected dominant nature of activities (according to the existing land use consent or District Plan) will determine the type of development contribution payable.

If a subsequent application indicates a change in the nature of activities from that previously envisaged, the development contribution will be reassessed and any difference from a contribution paid will be debited or credited to the applicant and invoiced as appropriate.

7.3 Residential Activities

7.3.1 Subdivision

The creation of residential allotments via subdivision provides scope for new residential dwellings, and therefore attracts development contributions at a rate of one HEU per *additional* allotment. Where two or more independent dwellings reside on one title, and consent is sought to separate the properties

into separate allotments with individual titles, development contributions will not be charged (assuming there are no new service connections).

7.3.2 Rural Land Uses

Residential developments in the rural area are treated the same as in the urban environment. Each rural allotment will be assessed as having 1 HEU per residential dwelling on the property, except for those properties that have waived the right to erect a residential dwelling as part of creating the allotment. Each additional residential dwelling on a rural allotment will be assessed as an additional HEU.

Non residential sheds and farm buildings associated with rural activities, which do not place an additional demand on infrastructural services, will not incur a development contribution.

7.3.3 Other Resource Consent Applications

If a resource consent application creates the potential to build additional independent dwellings it will attract development contributions at a rate of one HEU per dwelling.

7.3.4 Building Consent Applications

To the extent that dwellings constructed on allotments have not previously been charged financial or development contributions for an activity included in this Policy, the development will be liable for development contributions for that activity under this Policy.

Note: Additions to residential dwellings do not attract development contributions unless they create additional independent dwelling units. Thus, garages, car ports and garden sheds do not attract charges.

7.3.5 Service Connection Applications

Service connection applications accompanied by building consent applications will not be assessed separately. Instead, they will be assessed as per section 7.3.4.

Unaccompanied service connection applications will be assessed in the same manner as resource consent or building consent applications, but only for the activity for which connection is sought. Applications to separate-out shared meters and services will not attract contributions.

7.4 Non-Residential Activities

7.4.1 Subdivision

Non-residential subdivisions will attract development contributions on each additional allotment created. If the intended land use is unknown at the time of

subdivision, each allotment will be charged a development contribution equal to one HEU. Any additional demand generated by the development will then be assessed at the time a building consent, land use consent or service connection application is granted (at which time land use will become known).

If the intended land use is known at the time of subdivision, development contributions will be based on (i) each lot's planned gross floor area (GFA), and (ii) the intended land use.¹⁵ Consideration will be given to the conversion table in section 10.3. Where expected demand is known this will be used instead of GFA.

Unless a separate assessment shows demand is created for the activities of reserves or community infrastructure, development contributions for non-residential activities are not charged for these activities.

7.4.2 Land Use and Building Consent Applications

Non-residential developments, including those located in rural areas, will attract development contributions based on their GFA and intended land use. If an existing structure is demolished or removed prior to construction, the GFA of that structure will be used as a credit against any new structure(s) erected on the site. If there is no existing structure(s) on the site, credit to reflect contributions paid at the time of subdivision (if any) will be allocated against the new GFA of the development.

7.4.3 Service Connection Applications

Service connection applications accompanied by building consent applications will not be assessed separately. Instead, they will be assessed as per section 7.4.2. Unaccompanied service connection applications will be assessed in the same manner as resource consent or building consent applications, but only for the activity for which connection is sought. Applications to separate shared meters will not attract contributions.

7.5 Riverlands Industrial Estate

The scale, diversity and unpredictable timing of developments at the Riverlands Industrial Estate have confounded Council's attempts to forecast the rate of growth, as well as the level of infrastructure required to service that growth. Consequently, Council has been unable to set pre-defined charges for developments in this area and intends to negotiate contributions for each development on connection on a case-by-case basis. These contributions will potentially cover all activities defined in section 2.5. As a guide, the contributions sought will give weight to the household equivalents units

¹⁵ Stormwater charges, once included in this Policy, will be based on the impervious surface area of each non-residential development, not their gross floor areas.

of demand generated by the development.

7.6 Council Developments

Capital works projects to provide community facilities undertaken by Council (whether funded by development contributions or not) will not be liable for development contributions because they expand the supply of infrastructure, not increase the demands placed on it. However, any other construction or development undertaken by Council, or any organisation fully or partly owned or managed by Council, will be liable for development contributions under this Policy to the extent that it generated demand for activities covered by this Policy.

7.7 Exceptional Circumstances & Private Development Agreements

In certain circumstances, where Council believes it is in the best interests of all stakeholders and in addition to the arrangements necessary for Riverland's Industrial Estate, private development agreements may be entered into with a developer. Private development agreements may be used in lieu of development contributions (at council's sole discretion) where a developer and Council agree that particular infrastructure and/or services can be provided in a manner different to Council's standard procedures/guidelines, and where Council's minimum level of service will be achieved.

Such agreements must clearly state:

- The rationale for the agreement.
- The details of the agreement.
- The basis of any cost sharing.
- How and when the associated infrastructure will be provided.

One example where a private development agreement may be used is when a development requires a special level of service or is of a type or scale which is not readily assessed in terms of standard units of demand. Another is where significant developments are proposed and capital expenditures are required but none have been budgeted and no development contribution has been set.

7.8 Application in Other Circumstances

7.8.1 Cross Boundary Developments

Some developments may span several catchments and/or straddle the District boundary with another territorial authority. In such cases, the following rules shall apply.

Where a development spans more than one catchment, the total HEUs of that development will be allocated to the various catchments on the basis of site area. The resulting number of HEUs created in each catchment will then be

used to calculate contributions payable.

Where a development straddles the District boundary with another territorial authority, development contributions will payable only on the HEUs (or parts thereof) that result from development within Marlborough District.

7.8.2 Consent Variations

Applications to vary a resource or building consent, or the conditions of such consents, will trigger a reassessment of HEUs and development contributions payable under this Policy. Any increase or decrease in the number of HEUs (relative to the original assessment) will be calculated and contributions adjusted accordingly.

7.8.3 Boundary Adjustments

Where consent is granted purely for the purposes of boundary adjustment, and no additional titles are created, development contributions will not be required.

(a) Special Assessment

Areas for which assessment will likely be required (as set out in section 7) during the application for either resource consent, building consent or connection due to the nature of the area or the infrastructure involved are industrial development, Wairau Valley water supply, Okiwi Bay and other Sounds catchments, Awatere Valley rural water supply.

7.9 Credits

7.9.1 Overview

Credits are used in this Policy to ensure that pre existing demand is credited or development contributions previously paid are recognised.

Where development contributions have already been paid for a property, credits will be given towards those activities to the extent that payment was made. No historical time limit will apply in the calculation of such credits, and all previous credits will be taken into account. The same applies to historic payments for financial contributions.

In addition, credit will be given for the pre-existing status of properties as at 1 July 2009, where service connections exist, even if no previous financial or development contributions have been paid. Credits will be available on redevelopment of the existing title, and calculated and assigned on a per activity basis. More details on the nature of these credits are outlined below.

7.9.2 General Principles of Credit

- Non-residential credits will be calculated on the basis of the GFA of the existing development, and converted to HEUs using the conversion factors set out in Table 2. (Section 10.3)
- For existing non-residential buildings that are extended or demolished and re-built to the same or higher intensity, the assessment of credits will be based only on the existing development prior to rebuilding.
- For residential buildings that have been demolished or destroyed a credit will apply in relation to the number of pre-existing HEUs. In other words, no development contributions will be payable if the same number of independent dwelling units are rebuilt. Any additional units will be assessed for payment of development contributions according to the terms of this Policy.
- Credits must be allocated to the same allotment or allotments. This prohibits the transfer of credits from one allotment to another.
- Credits cannot be used to reduce the total number of HEUs to a negative number. That is to say, credits cannot be used to force payments by Council to the developer.

8. Remissions, Reductions and Refunds

8.1 Remissions

Remissions are adjustments to the scheduled charges for a particular activity, either as a percentage or in absolute (dollar value) terms. Remissions will only be invoked as a resolution of Council, and are not able to be requested by applicants. If an applicant wishes to apply for a reduction in the development contributions payable on their development, they can pursue this via the process detailed in the next sub-section.

8.2 Reductions

Reductions are adjustments to the number of HEUs assessed for a particular development. These will only be considered as part of a review initiated by an applicant (for a consent or service connection). The agreed outcome will be recorded in a private development agreement (see section 7.7).

Requests for reductions must be made in writing to Council within fifteen (15) working days of receipt of a development contributions assessment notice. Requests must be short and concise, but fully outline the reasons why a reduction is being sought.

In undertaking the review:

- Council shall as soon as reasonably practicable consider the request.

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- Council may determine whether or not to hold a hearing for the purposes of the review, and if so, give at least 5 working days notice to the applicant of the commencement date, time, and place, of that hearing.
- Council may, at its discretion, uphold, reduce, or cancel the original amount of HEUs assessed and therefore development contributions required on the development, and shall communicate its decision in writing to the applicant within 15 working days of any determination or hearing.
- Council may delegate this hearing and determination role to Council Officers or other suitably qualified persons as required from time-to-time.

In reaching a decision, Council will take account of the following matters:

- The Development Contributions Policy.
- The Funding Model.
- Council's LTP.
- Council's funding and financial policies.
- The extent to which the value and nature of works proposed by an applicant reduces the need for works proposed by Council in its capital works programme.
- The level of existing development on the site.
- Contributions paid and/or works undertaken and/or land set aside by the developer,
- Any other matters Council considers relevant.

8.3 Refunds

The refund of money and return of land will occur in accordance with sections 209 and 210 of the LGA, in the following circumstances:

- If the development or building does not proceed; or
- If a consent lapses or is surrendered; or
- If Council does not provide any reserve network infrastructure or community infrastructure for which the development contribution has been collected. For the avoidance of doubt, Council will not refund a contribution where a specific capital works project does not proceed, only where the service to be provided by that project is not provided.

Any refunds will be issued to the consent holder of the development to which they apply or their representative.

The amount of any refund will be the contribution paid, less any costs already incurred by the Council in relation to the development or building and its discontinuance.

The refund would also exclude any administrative costs already incurred by the

Council and will not be subject to any interest or inflationary adjustment.

8.4 Postponement

Council will not consider postponements of contributions payable under the Policy except as outlined in section 9.2.

9. Other Administrative Matters

9.1 Reassessment & Invoicing

Assessments generally take place as early as possible in the development process and are valid for 12 months, beyond which reassessment must take place before an invoice can be generated.

An invoice will be issued at the earliest of:

- an application for a certificate under section 224(c) of the RMA, or
- an application for a Code Compliance Certificate under section 92 of the Building Act 2004, or
- a request for service connection.

Development contributions are calculated at the current rate applicable at the time of invoice. Should the payment be delayed (or partly-delayed in the case of staged development), contributions will be reassessed and invoiced at the current rate relevant at the time of reassessment.

9.2 Timing of Payments

The due date for payment shall be:

- For subdivision resource consents – prior to issue of the section 224c certificate
- For other resource consents – 180 days from granting or prior to the commencement of consent, whichever is earlier.
- For building consents – 180 days from granting or prior to Code Compliance Certificate, whichever is earlier.
- For service connections – prior to connection.

For subdivisions of ten lots or more developers can apply to Council for a postponement of payments for development contributions enabling the release of the section 224 certificate. In the event a postponement is approved by Council, at its sole discretion, then the GST component is payable immediately and the remaining amount outstanding will be registered as a charge under the Statutory Land Charges Registration Act 1928 against the title at the applicants cost. The preparation of any agreement in regard to the postponement will be met by the developer. Postponement will have a maximum time limit of five years or the period until the property changes ownership. The amount payable will be subject to increase to

reflect construction cost index adjustment or interest, as agreed between the developer and Council. It is Council's sole discretion as to whether to approve the postponement and bonding of development contributions.

9.3 Non-Payment and Enforcement Powers

Until a development contribution required in relation to a development has been paid, Council may:

- In the case of a development contribution assessed on subdivision, withhold a certificate under section 224(c) of the RMA.
- In the case of a development contribution assessed on building consent, withhold a code compliance certificate under section 95 of the Building Act 2004.
- In the case of a development contribution assessed on an authorisation for a service connection, withhold a service connection to the development.
- In the case of a development contribution assessed on a land use consent application, prevent the commencement of a resource consent under the RMA.
- In the case where a development has been undertaken without a building consent, not process an application for certificate of acceptance for building work already done.

Council may register the development contribution under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land in respect of which the development contribution was required, as provided for in section 208 of the LGA.

9.4 Contributions Taken as Money in First Instance

The LGA specifies that contributions may be taken either as money, land or both. Council will take contributions as money in the first instance, but may also accept land from time-to-time, at its sole discretion.

9.5 Service Connection Fees

Council will continue to collect service connections fees for the following services:

- Potable water.
- Wastewater.
- Stormwater.

The current charges applicable are available from Council offices.

9.6 GST

GST is accounted for at the earlier of payment or the issuing of a tax invoice. Where refunds arise a GST credit note will be issued as appropriate.

Please also note that assessments are not tax invoices for the purpose of GST.

10. Measuring Demand

10.1 Units of Demand

Units of Demand provide the basis for distributing the costs of growth. They illustrate the rates at which different types of development utilise capacity. Council has adopted the household equivalent unit (HEU) as the base unit of demand, and describes the demand for capacity from other forms of development as HEU multipliers.

The following subsections outline the demand characteristics of each HEU and the multipliers used to convert non-residential demand to HEUs.

10.2 Base Units

The demand characteristics of each household equivalent unit are as defined in the Marlborough District Council Code of Practice for Subdivision and Land Development, where one Residential section (ie Lot) shall be taken as equivalent to 1 HEU, and similarly One Dwelling shall also be taken as equivalent to 1 HEU.

10.3 Conversion Factors

The following table outlines the factors used to convert non-residential demands to HEUs.

Financial/Development Contributions Policies

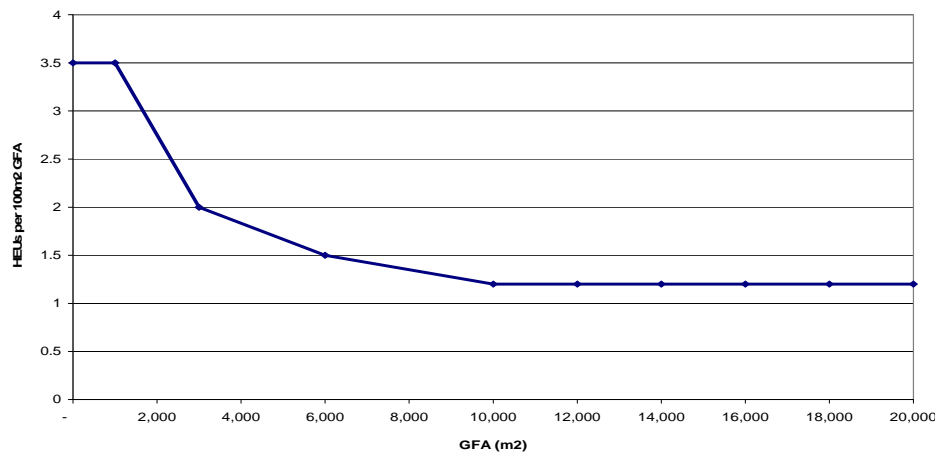
HEUs per 100m² of Gross Floor Area (per 100m² of ISA for stormwater)

Activity	Commercial	Industrial	Retail
Roading	1.00	0.30	see below
Water	0.26	0.26	0.37
Wastewater	0.26	0.26	0.38
Stormwater	0.26	0.26	0.26
Community Infrastructure *	n/a	n/a	n/a
Reserves *	n/a	n/a	n/a

*No contribution is payable for non-residential development in relation to community infrastructure or reserves.

Because the nature of retail activities, and hence the demands they place on roads, differ significantly by size, retail transport conversion factors are based on the following graph. This was sourced from Transfund Research Reports 209 and 210 – “Trips and Parking Related to Land Use - Volumes 1 & 2” by Douglass Consulting Services & Traffic Design Group.

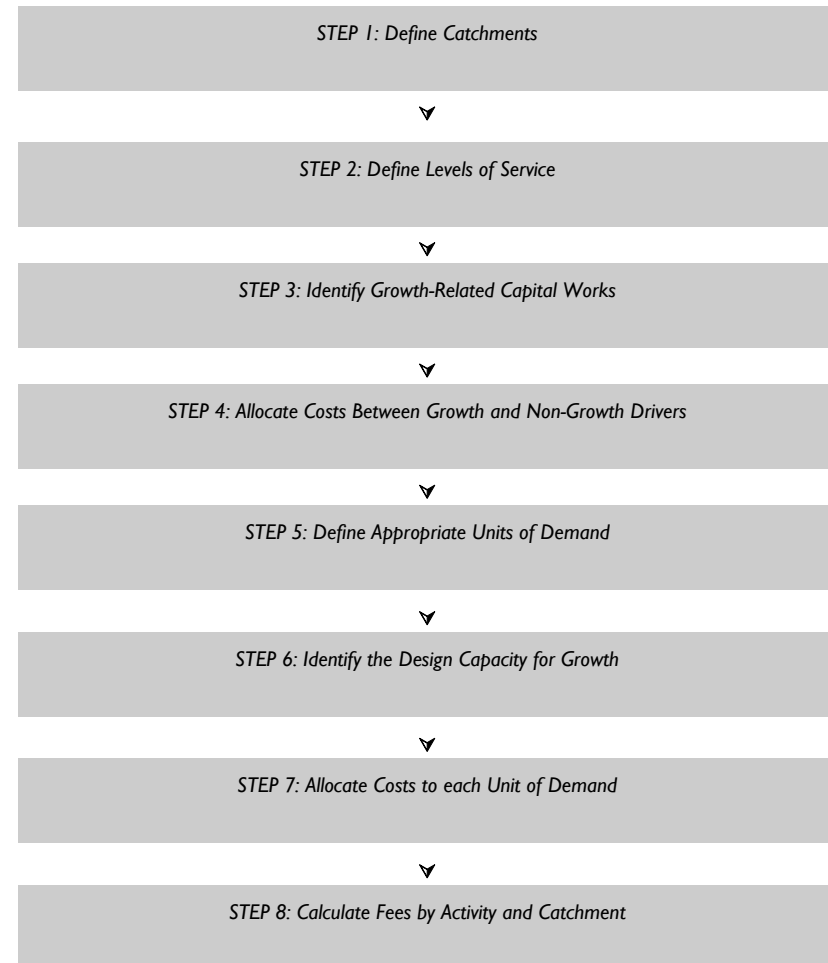
Figure 5: Transport Conversion Factors for Retail Developments



II. Methodology & Significant Assumptions

II.1 Methodology Overview

The method used to calculate charges comprises the following 8 steps:



A detailed discussion of this methodology is provided in the development contributions methodology report (available at Council’s offices). Following is a brief summary.

11.2 Methodology Steps

11.2.1 Define Catchments

The first step is to define service catchments. These are geographic boundaries within which linkages can be created between infrastructure investments and the specific developments that benefit from those investments and/or which cause them to occur. The smaller the catchment; the tighter these linkages become.

For example, suppose Council installs a water treatment plant to serve a small area of growth. If a catchment is used to isolate the specific developments that caused that particular investment to occur (and who will receive direct service from it), only those developments will help fund its costs. If a catchment is not used, however, the costs of that investment will be spread across all the developments in the District, regardless of whether they caused (or benefited from) the investment.

Given the intentions of the LGA (i.e. to allocate costs on the basis of causation and benefits received), it follows that catchments should be used wherever possible.

11.2.2 Define Levels of Service

Service levels define the quality of service, and are typically embedded in Council's Asset Management Plans. Service levels are critically important because they help identify any shortfalls in the existing service and, therefore, the extent to which capital works reflect backlog (to resolve poor existing service levels). This, in turn, informs the allocation of project costs between growth and non-growth drivers.

11.2.3 Identify Growth-Related Capital Works

Next, one must identify the specific capital works for which development contributions are sought. These comprise both future capital works – as listed in the LTP – and historic works undertaken in anticipation of growth. Refer appendices for capital works, timing and growth apportionment.

11.2.4 Allocate Project Costs

Many of the capital works projects underlying this Policy are multi-dimensional. That is to say, very few projects are designed to serve only growth. The reason for this is so-called “economies of scope.” Economies of scope mean that it is cheaper to undertake one project that serves several purposes than to undertake a series of smaller single-purpose projects.

Economies of scope lead to shared costs, and the goal of cost allocation is to spread those shared costs across project drivers (one of which is growth).

The cost allocations underlying this Policy were based on a two-staged approach. In stage one, the method checks whether a project bears any relation to growth. If so, stage two derives a percentage cost allocation. Both stages of the allocation process have been guided by a number of considerations, such as:

- Section 101(3) of the LGA. This sets out the issues to which Council must have regard when determining its funding sources. These include the distribution of benefits (both temporally and spatially), the extent of any cost causation, and the impacts on community outcomes and policy transparency. It also requires Council to consider the likely impacts on the four well-beings, both current and future.
- Asset management plans, which provide detail about the scale and nature of capital works.
- Network modelling, which helps understand the usage of infrastructure networks.
- Cost allocation principles, such as stand alone costs and incremental costs.
- The presence of any third party funding.

More detail on Council's cost allocation methodology can be found in Council's development contributions methodology report (available at Council's offices).

11.2.5 Define Appropriate Units of Demand

Having identified the specific capital works for which contributions will be required, next we must identify the unit of demand used to attribute costs to different forms of development. The LGA requires this to be done on a consistent and equitable basis.

Council uses the household equivalent unit, which captures the demands of an average household, as the appropriate unit of demand, and specifies the demands imposed by other forms of development as multipliers. This approach to units of demand mirrors that used by other council's in New Zealand which collect development contributions.

11.2.6 Identify the Design Capacity for Growth

The design life of an asset is the period over which it has spare capacity to accommodate new users. This may differ from its useful life, which is the period over which it remains in service.

In general, project costs should be spread over the asset's design life. This makes sense, because only developments occurring within the design life can

physically connect to the network and receive benefit from its provision.

In some cases, however, the design life may be very long and it may be necessary to use a shorter funding period. In this Development Contributions Policy, the funding period over which costs are spread is the shorter of asset design life and 30 years.

11.2.7 Allocate Costs to Each Unit of Demand

This is a fairly straightforward exercise, and is carried out within the development contributions funding model. It entails spreading the total growth-related costs of each project (along with any debt-servicing) costs to the various developments that fall within the same catchment and within the asset's design life.

11.2.8 Calculate Fees by Activity and Catchment

The final step is to aggregate the costs of each project at the activity/catchment level. The results are then used to derive the schedule of development contributions reproduced in section 5.1.

11.3 The Funding Model

A funding model has been developed to calculate charges in accordance with the methodology described in 11.2 of this Policy. It tracks all the activities for which contributions are sought, the catchments underlying each activity, and the infrastructure projects related to growth. It also houses growth projections for each catchment and each type of development.

The funding model embodies a number of important assumptions, including:

- All capital expenditure estimates are inflation-adjusted and GST exclusive.
- The improved level of service, backlog, renewal and maintenance portions of each project will not be funded by development contributions.
- Methods of service delivery will remain largely unchanged.
- Interest will be earned by Council where contributions precede works. Conversely, interest expenses will be incurred (or interest revenue will be foregone) where works precede contributions. Both are calculated at an average annual interest rate of 7%
- Any debts incurred for a project will be fully repaid by the end of that project's funding period.
- The development contributions charges listed in table 5.1 will be adjusted each year for the movement in the construction cost index as published by Statistics New Zealand. This has been modelled as an average increase of 3% per annum.

- Increases in general rates and user charges - due to increases in the number of ratepayers –will be sufficient to fund increases in operational expenses (including depreciation) associated with growth-related capital works.

11.4 Other Significant Assumptions

A number of other important assumptions underlie this Policy. The most significant of these are outlined below.

11.4.1 Planning Timeframe

This Policy is based on the ten-year time frame of the LTP and on the principle that costs triggered by growth over that period should be both allocated to, and recovered within, that period. However, in many cases, economies of scale compel Council to build assets of greater capacity that extend beyond the timeframe of the LTP.

Council accepts that, in such cases, it may have to bank roll costs and recover them over time from distant development. Any costs incurred in anticipation of distant growth (*i.e.* beyond the LTP) will be allocated to and recovered in those later years, subject to a maximum total recovery period of 30 years. For this reason modelling of development levies spans a timeframe in excess of the ten year timeframe of the LTP.

11.4.2 External funding

This Policy assumes that the eligibility criteria used, and the quantum of funding provided, by third parties (such as NZ Transport Agency) remain unchanged over the life of the plan.

11.4.3 Best Available Knowledge

The growth projections and capital works programme underlying this Policy represent the best available knowledge at the time of writing. These will be updated as better information becomes available and incorporated to the Policy at review times.

11.4.4 Changes to Capital Works Programme

Deviations from projected growth rates will result in acceleration or delay of the capital works programme (or the re-sequencing of projects), rather than more significant changes to the overall scope of capital works.

11.4.5 Avoidance of Double Dipping

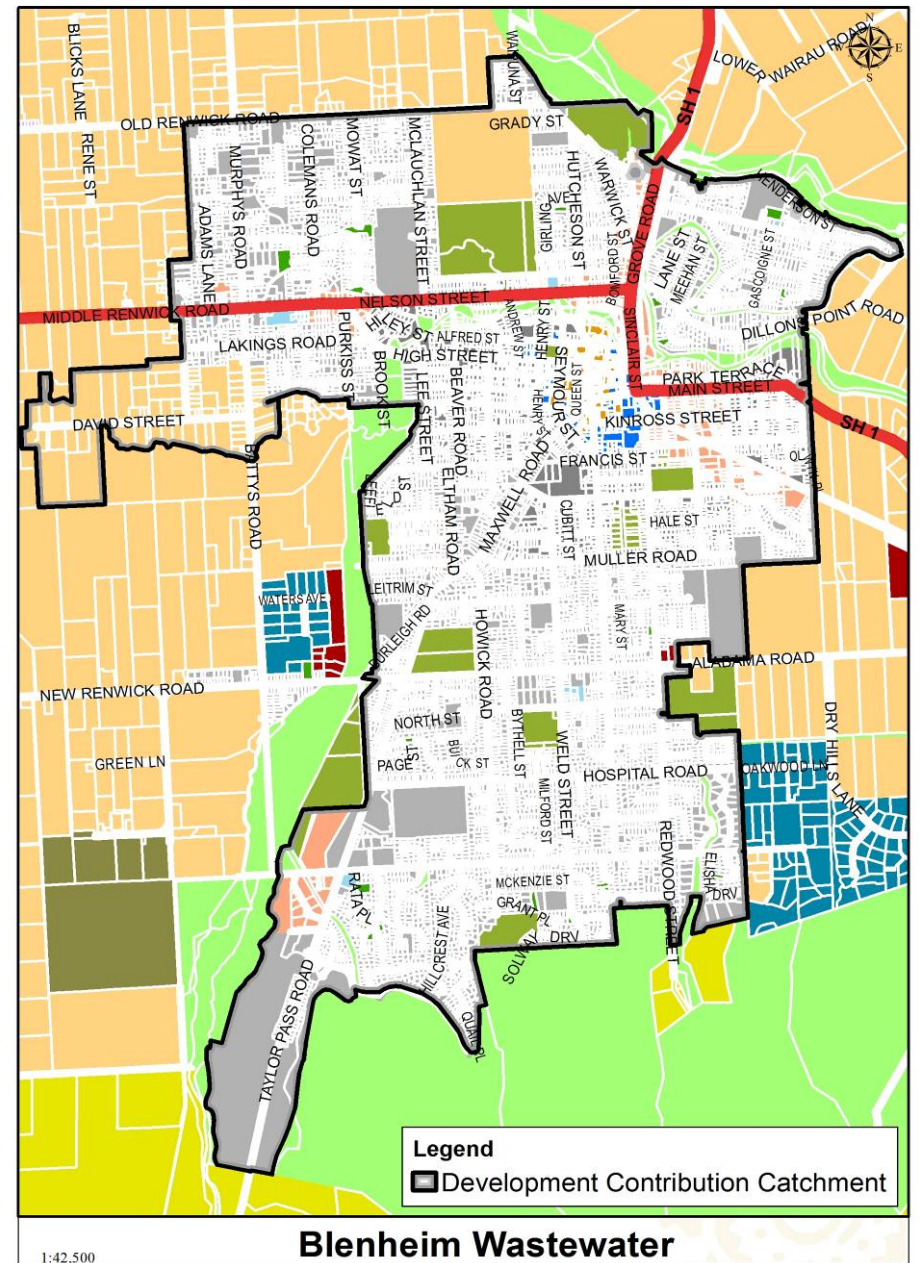
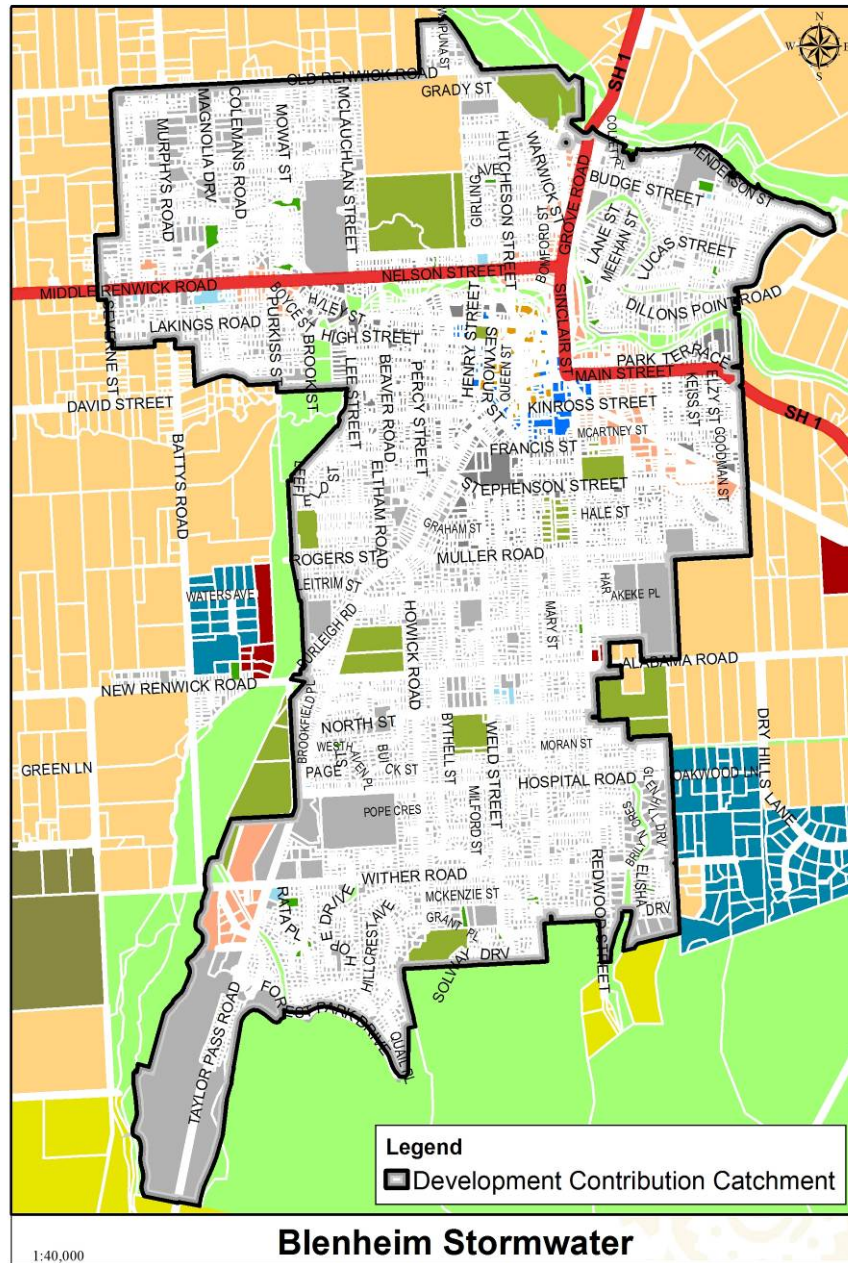
Development contributions will not be sought for projects already funded by other sources, such as external subsidies or financial contributions.

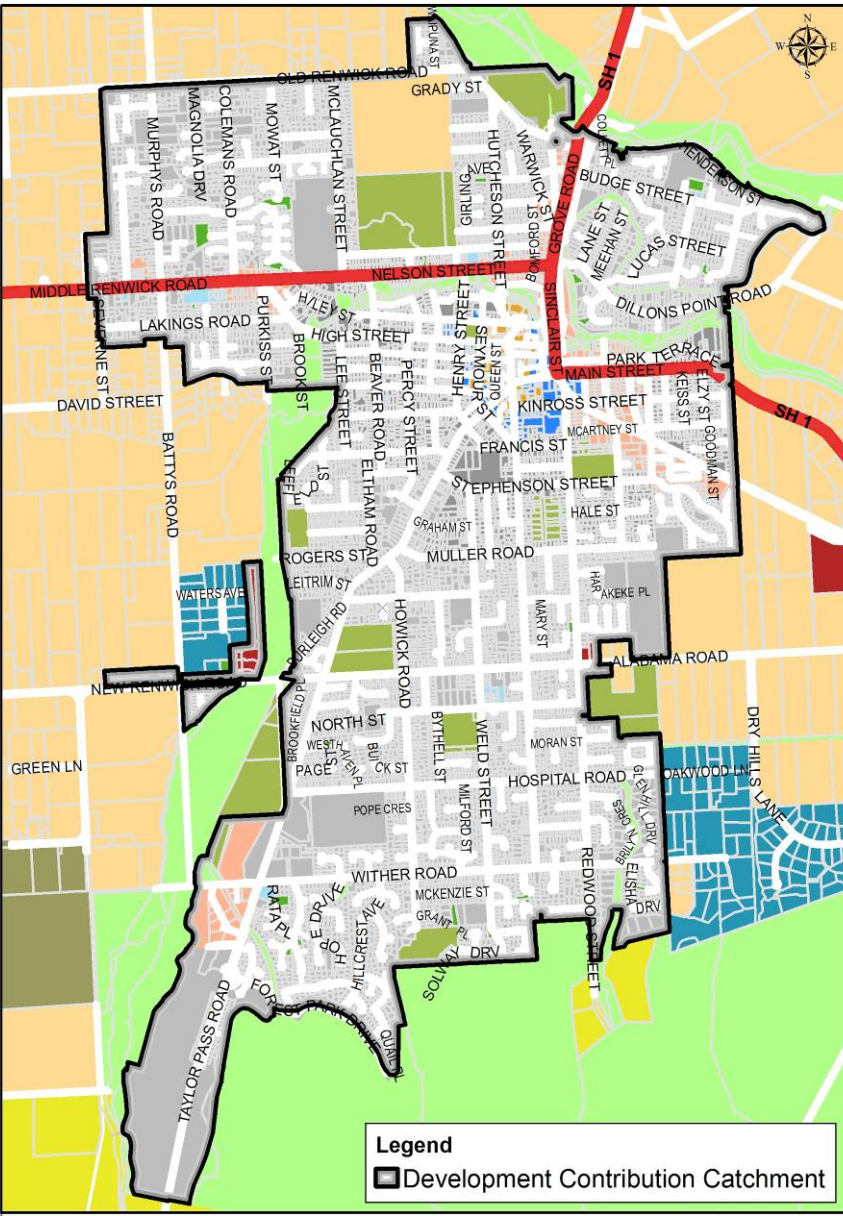
11.5 Identification of Risks

The main risk associated with this Policy is uncertainty over the rate and timing of growth. Similarly, there is significant uncertainty over the exact nature of growth-

related capital works, and their associated cost and timing. The most effective risk mitigation strategy is to constantly monitor these and update the Policy with better information as it becomes available.

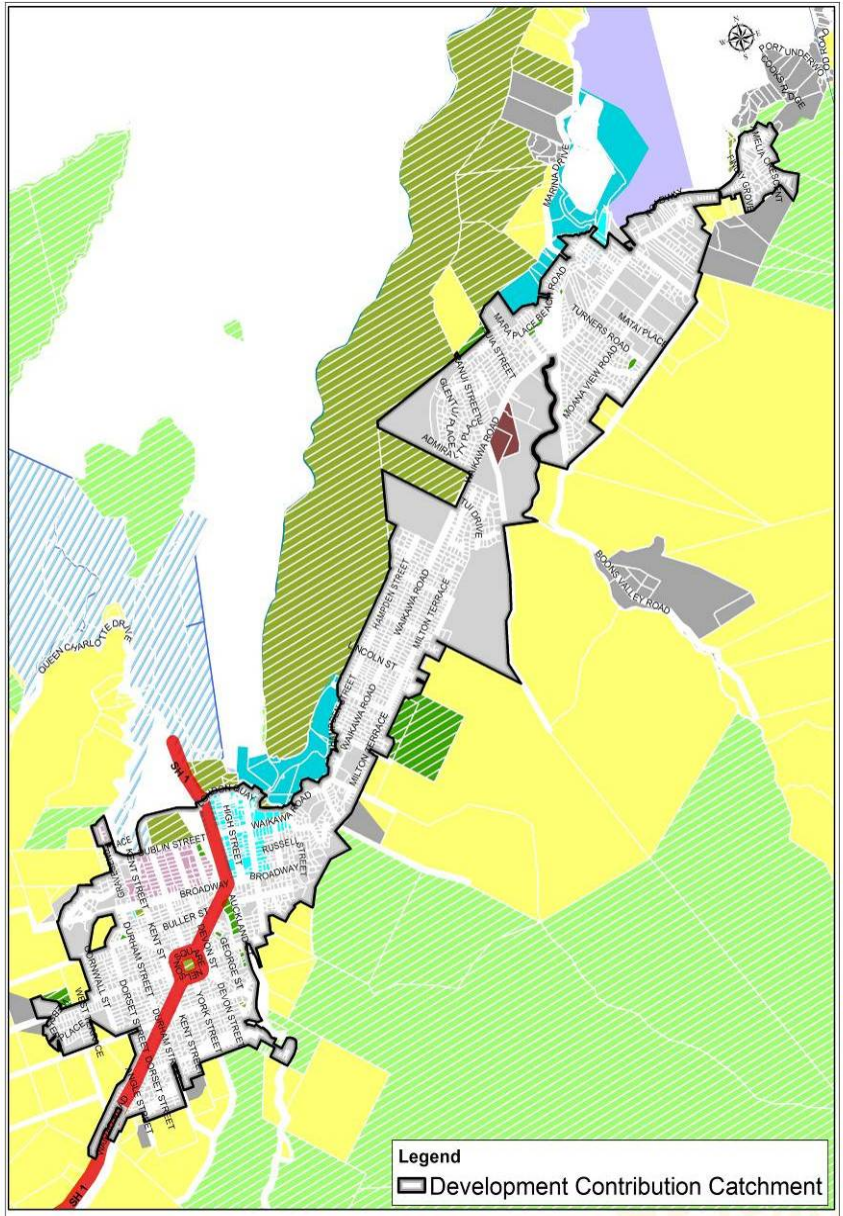
Financial/Development Contributions Policies





Blenheim Water

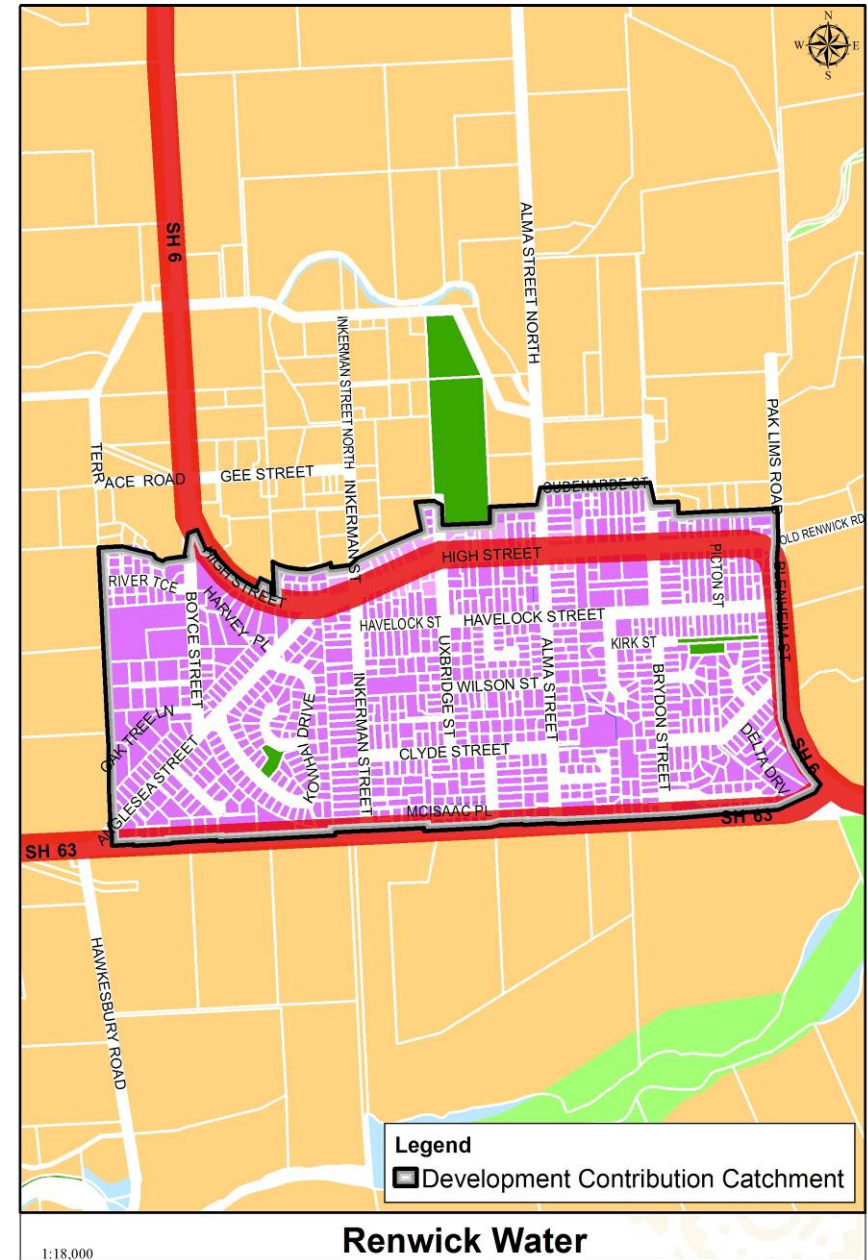
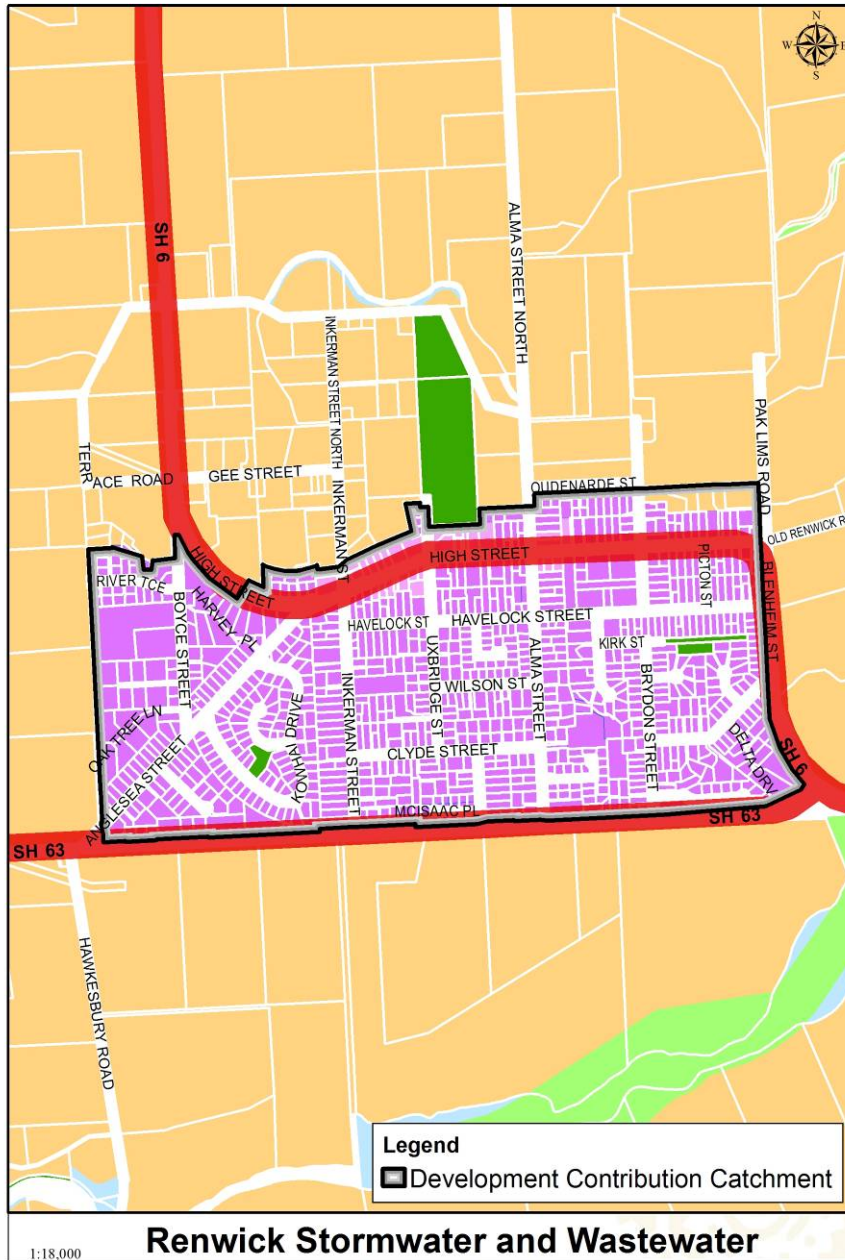
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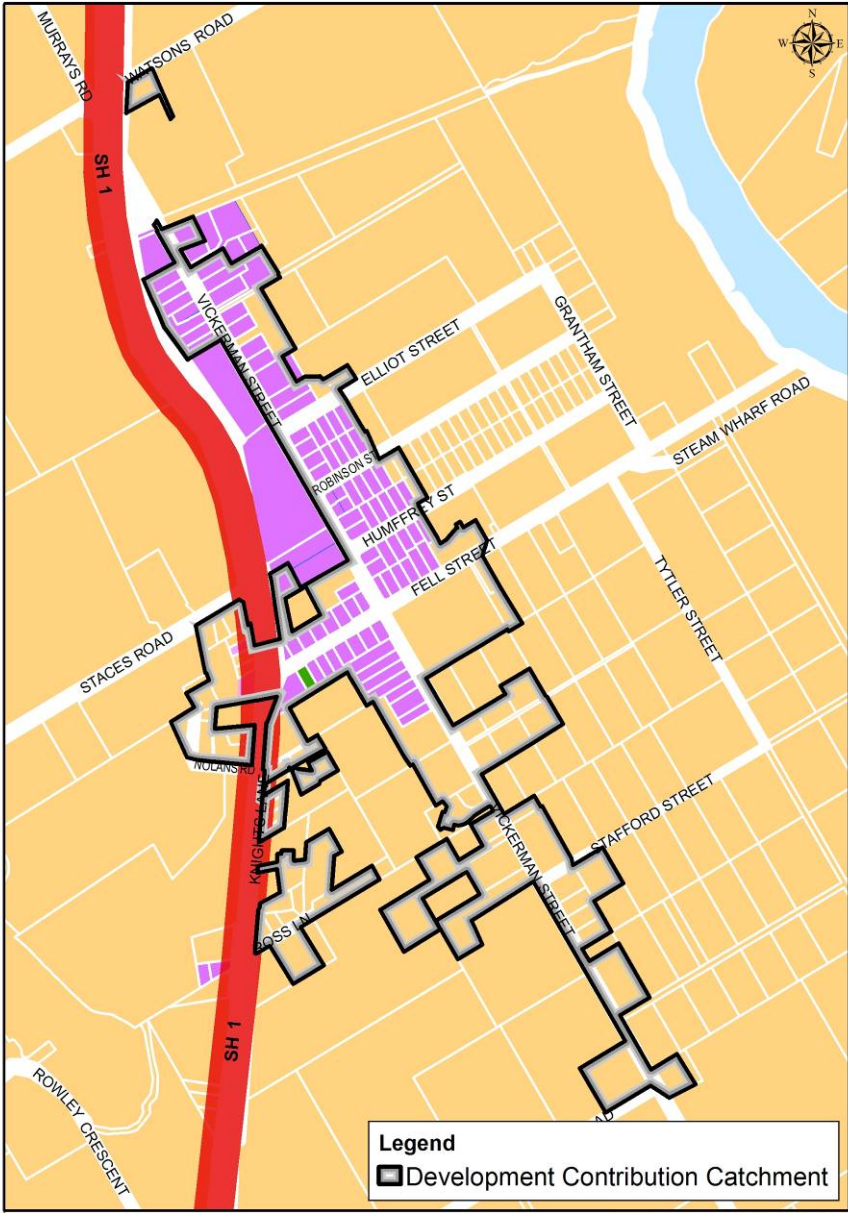


Picton Water and Wastewater

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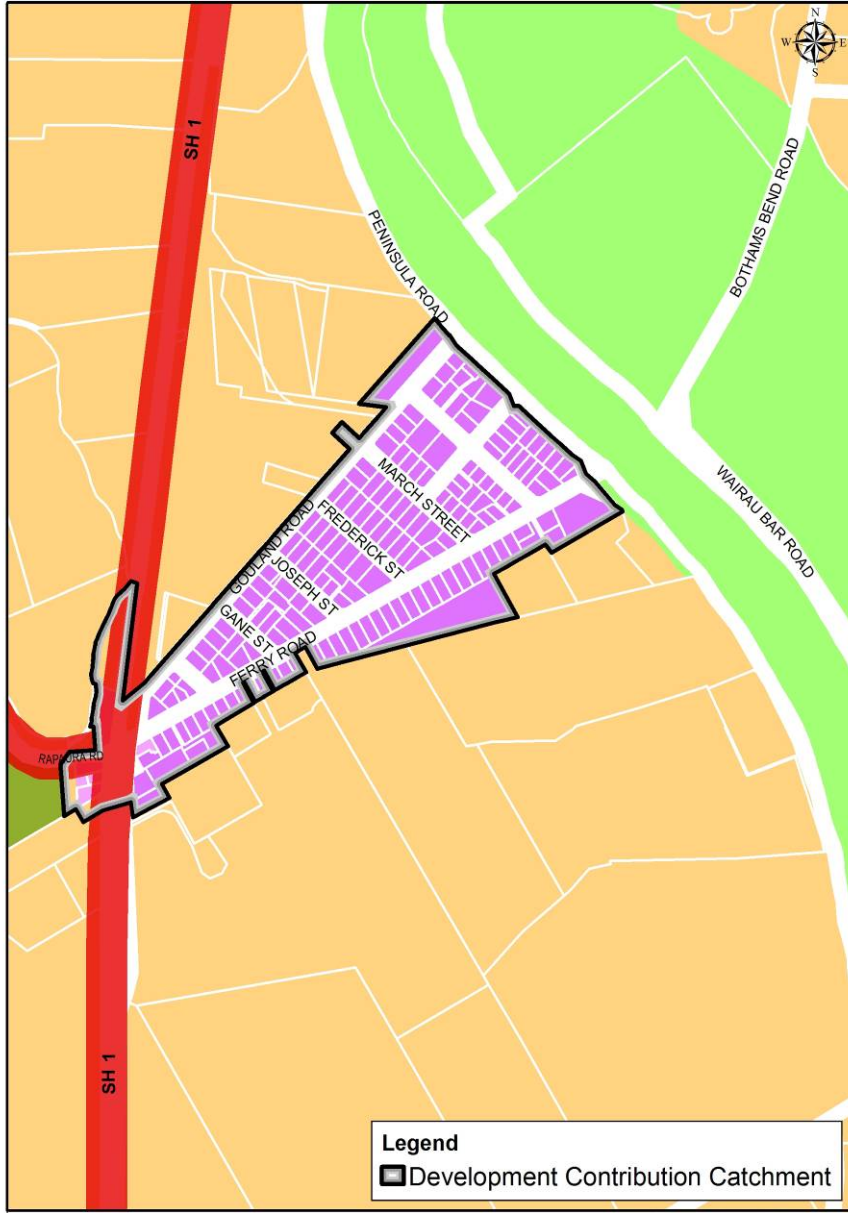
Financial/Development Contributions Policies





Grovetown Wastewater

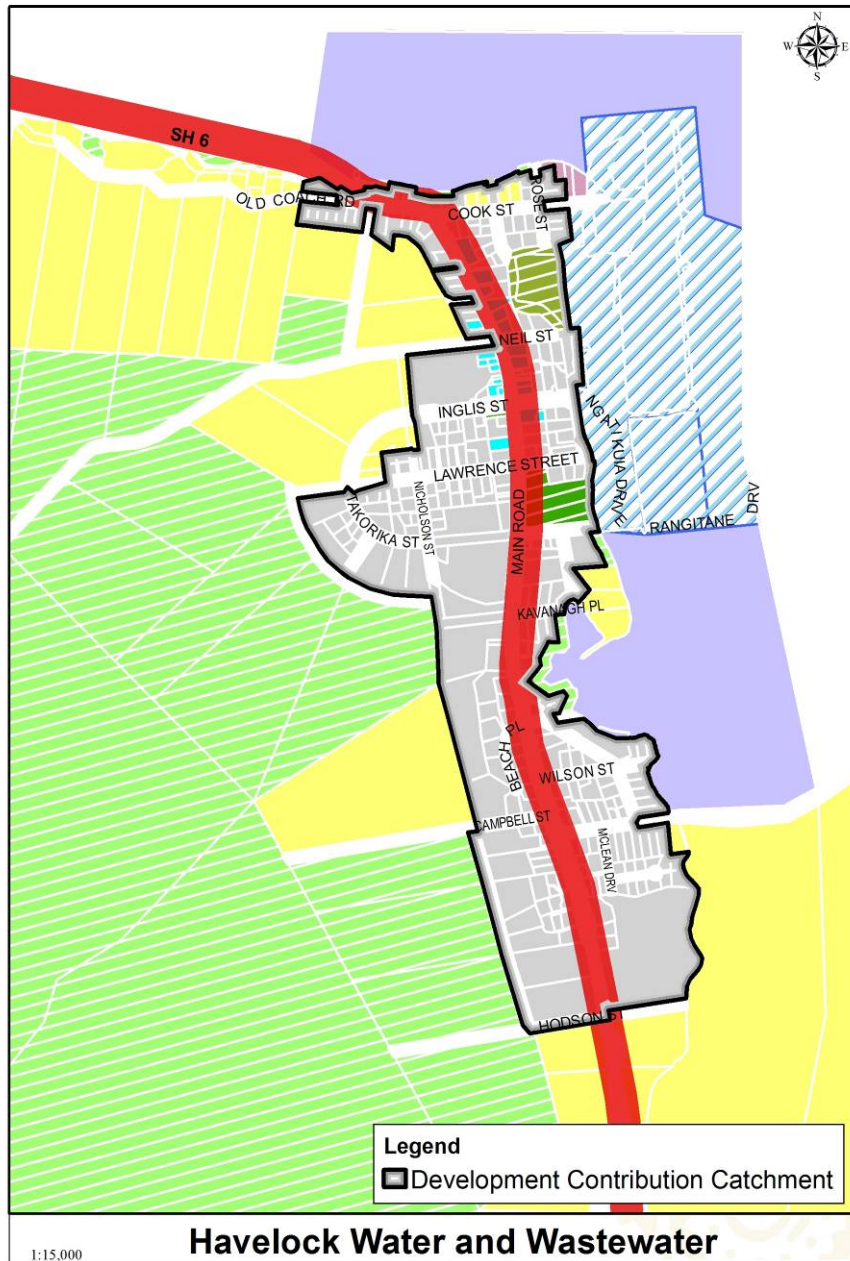
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Spring Creek Wastewater

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Financial/Development Contributions Policies





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Seddon Wastewater



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Seddon Water

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 Plan (“LTP”).

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

This Treasury Policy covers:

- Liability management. (see paragraph 2.10 for changes)
- 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 Manager Corporate Finance – “CFO” has responsibility for the day to day operation of the treasury function and is assisted by other finance personnel as appropriate.

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.
- Debt for energy efficiency projects.

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 LTP. 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 Funding

MDC may obtain funding utilising the following methods:

- Bank debt.
- Capital markets issuance comprising Fixed Rate Bonds, Medium Term Notes and Floating Rate Notes.
- New Zealand Local Government Funding Agency (LGFA)

Despite anything earlier in this Liability Management Policy, the Council may borrow from the LGFA and, in conjunction with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- Subscribe for shares and uncalled capital in the LGFA; and
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a change over the Council's rates and rates revenue.
- Other sources of debt finance following the specific approval of Council.

2.5 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 LTP 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 LTP.

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.

2.6 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
0 to 2 years	40%	100%
2 years to 5 years	25%	80%
5 years to 10 years	0%	60%

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.

2.7 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, eg; 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.

2.8 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.

2.9 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.

2.10 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.

2.11 Borrowing Limits

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

- Earnings before interest and tax has to be at least 2.25 times net interest.

- Gross annual interest expense cannot exceed 12.5% 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.

2.12 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.

2.13 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 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, which in turn holds investments in Port Marlborough Limited and Marlborough Airport Limited.
- Forestry related assets.
- New Zealand Local Government Funding Agency.

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 LTP. 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.

Treasury Management Policies

Authorised Investment Criteria				
Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – Standard and Poor’s (or Moody’s or Fitch equivalents)	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
Rated Local Authorities*	70%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	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 Long term S&P rating of AA or better	\$3.0 million \$2.0 million \$3.0 million \$5.0 million
Local Authorities where rates are used as security*	60%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	Not Applicable	\$2.0 million \$2.0 million
New Zealand Registered Banks	100%	<ul style="list-style-type: none"> Call/Deposits/Bank Bills/Commercial Paper Bonds/MTNs/FRNs 	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	\$10.0 million \$2.0 million \$5.0 million
State Owned Enterprises	70%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	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
Corporates*	60%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	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 Long term S&P rating of AA or better	\$2.0 million \$1.0 million \$2.0 million \$3.0 million
Financials*	30%	<ul style="list-style-type: none"> Commercial Paper Bonds/MTNs/FRNs 	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 Long term S&P rating of AA or better	\$2.0 million \$1.0 million \$2.0 million \$3.0 million

* The combined holding of Rated Local Authorities and Local Authorities shall not exceed 70%. Also the combined holding of Corporates and Financials shall not exceed 70%.

MTN is Medium Term Note and FRN is Floating Rate Note.

As long as it is practical Investments that no longer comply with the minimum credit rating criteria must be sold within two months of the downgrade being notified, unless Council formally approves the continued holding of the investment.

3.6 New Zealand Local Government Funding Agency (LGFA)

Despite anything mentioned earlier in this Investment Policy, the Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment. The Council's objective in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it contuse as a source of debt funding for the Council.

Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

3.7 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.

3.8 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, eg; 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.

3.9 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.

3.10 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.

3.11 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.

Maori Capacity Development Policy

Statement on the Development of Maori Capacity to Contribute to the Decision Making Processes

Council currently engages with the eight Tangata Whenua Iwi within the Marlborough District, Ngati Apa, Ngati Koata, Ngati Kuia, Ngati Rarua, Ngati Toa, Rangitane, Ngai Tahu, Te Atiawa and also Marlborough Maataa Waka. Marlborough Iwi and Marlborough Maataa Waka make an important contribution to community wellbeing for Maori and the wider community. Progressing Treaty of Waitangi settlements with the Crown has been a principal objective for Marlborough Iwi with Council providing considerable assistance in this endeavour.

At a strategic level Iwi provides input by means of:

- An appointed representative on the Environment, Community & Financial Planning and Assets and Services Committees. On these Committees the representative has both speaking and voting rights.
- An eight member Iwi working party on the Regional Policy Statement Review. including identification of resource management issues of significance to Marlborough's Tangata Whenua Iwi.

At an operational level, advice continues to be sought from Iwi in respect of Environmental Planning and Policy projects, resource consent applications and major Assets and Services projects where Iwi are known or deemed to have an interest.

A heightened mutual awareness and understanding of both Council's and Iwi's respective positions (by both parties) is opening pathways for communication which is positively influencing decision making on final project designs and the manner in which they are implemented.

Council Controlled Organisations

The Local Government Act 2002 requires the Council to include in the LTCCP information on Council-Controlled Organisations (CCO).

This includes information on:

- The nature and scope of the activities to be provided by the CCO.
- The Council's policies and objectives that relate to the ownership and control of the organisation, and
- The key performance targets and other measures by which performance may be judged.

Activities, Policies and Objectives Relating to CCO's:

Marlborough District Council has the following CCO's:

- MDC Holdings Limited.
- Marlborough Housing for the Elderly Trust.

MDC Holdings Limited

MDC Holdings Limited is 100% owned by Marlborough District Council. Council established MDC Holdings Limited for the purposes of:

- Separating commercial trading activities from the other functions it carries out.
- Bringing Council's main trading activities into one structure, and
- Obtaining commercial borrowing facilities at the most attractive rate attainable.

Port Marlborough New Zealand Limited and Marlborough Airport Limited are subsidiaries of MDC Holdings Limited. Port Marlborough New Zealand Limited undertakes all the activities typically associated with a port and also has the following wholly owned subsidiaries:

- PMNZ Marina Holdings Limited.
- Marlborough Sounds Maritime Pilots Limited.
- Waikawa Marina Trustee Limited.

Marlborough Airport Limited is responsible for the maintenance of the runways and taxiways used by civil aircraft by means of an operating lease from the New Zealand Defence Force. It is also responsible for the provision of a terminal facility and associated minor freight handling.

MDC Holdings Limited and all subsidiaries are separate entities operating in a commercial manner. The significant policies in place for MDC Holdings Limited are:

- That it operate in a commercial manner.

- Decisions to:
 - Acquire assets, the value of which is more than half the value of the company's assets before acquisition.
 - Dispose of shares in Port Marlborough New Zealand Limited and Marlborough Airport Limited.require the prior written approval of Council as the major shareholder.
- That it distribute by way of dividend, subject to solvency requirements, all the net tax paid profit available.

Consistent with an entity operating in a commercial manner, there is only one significant target which is to generate a long-term tax paid return on opening shareholder funds at 7.0%. This target is reviewed at the beginning of each year where MDC Holdings Limited's Statement of Corporate Intent is considered.

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.

Council has exempted Marlborough Housing for the Elderly Trust from the requirements of CCOs in terms of the Local Government Act 2002.



Part 6: Audit Report

Photo: Pollard Park Gardens, Blenheim

Audit report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report To the readers of Marlborough District Council Long-Term Plan for the ten years commencing 1 July 2012

The Auditor-General is the auditor of Marlborough District Council (the District Council). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to report on the Long Term Plan (LTP), on her behalf. We have audited the District Council's LTP dated 28 June 2012 for the ten years commencing 1 July 2012.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTP complies with the requirements of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.

Opinion

Overall Opinion

In our opinion the District Council's LTP dated 28 June 2012 provides a reasonable basis for long term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

Opinion on Specific Matters Required by the Act

In our view:

- **the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and**

scale within the context of its environment; and

- **the underlying information and assumptions used to prepare the LTP provide a reasonable and supportable basis for the preparation of the forecast information.**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 28 June 2012. This is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves performing procedures to obtain audit evidence about the forecast information and disclosures in the LTP. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the information in the LTP. In making those risk assessments we consider internal control relevant to the preparation of the District Council's LTP. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

Our audit procedures also include assessing whether:

- the LTP provides the community with sufficient and balanced information about the strategic and other key issues, and implications it faces and provides for participation by the public in decision making processes;
- the District Council's financial strategy, supported by financial policies is financially prudent, and has been clearly communicated to the community in the LTP;
- the presentation of the LTP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTP is based on materially complete and reliable asset or activity information;
- the agreed levels of service are fairly reflected throughout the LTP;
- the District Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTP.

We do not guarantee complete accuracy of the information in the LTP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council

The Council is responsible for preparing a LTP under the Act, by applying the Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of a LTP that is free from material misstatement.

The Council's responsibilities arise from Section 93 of the Act.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you based on our audit. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

It is not our responsibility to express an opinion on the merits of any policy content within the LTP.

Independence

When reporting on the LTP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this report and in conducting the audit of the LTP Statement of Proposal and the annual audit, we have no relationship with or interests in the District Council or any of its subsidiaries.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters relating to the electronic presentation of the report to readers of the Long-Term Plan

This audit report relates to the Long-Term Plan of Marlborough District Council for the ten years commencing 1 July 2012 included on the Council's website. Marlborough District Council is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of Marlborough District Council's website. We accept no responsibility for any changes that may have occurred to the Long-Term Plan since they were initially presented on the website.

The audit report refers only to the Long-Term Plan named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the Long-Term Plan. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Long-Term Plan as well as the related audit report dated 28 June 2012 to confirm the information included in the audited Long-Term Plan presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

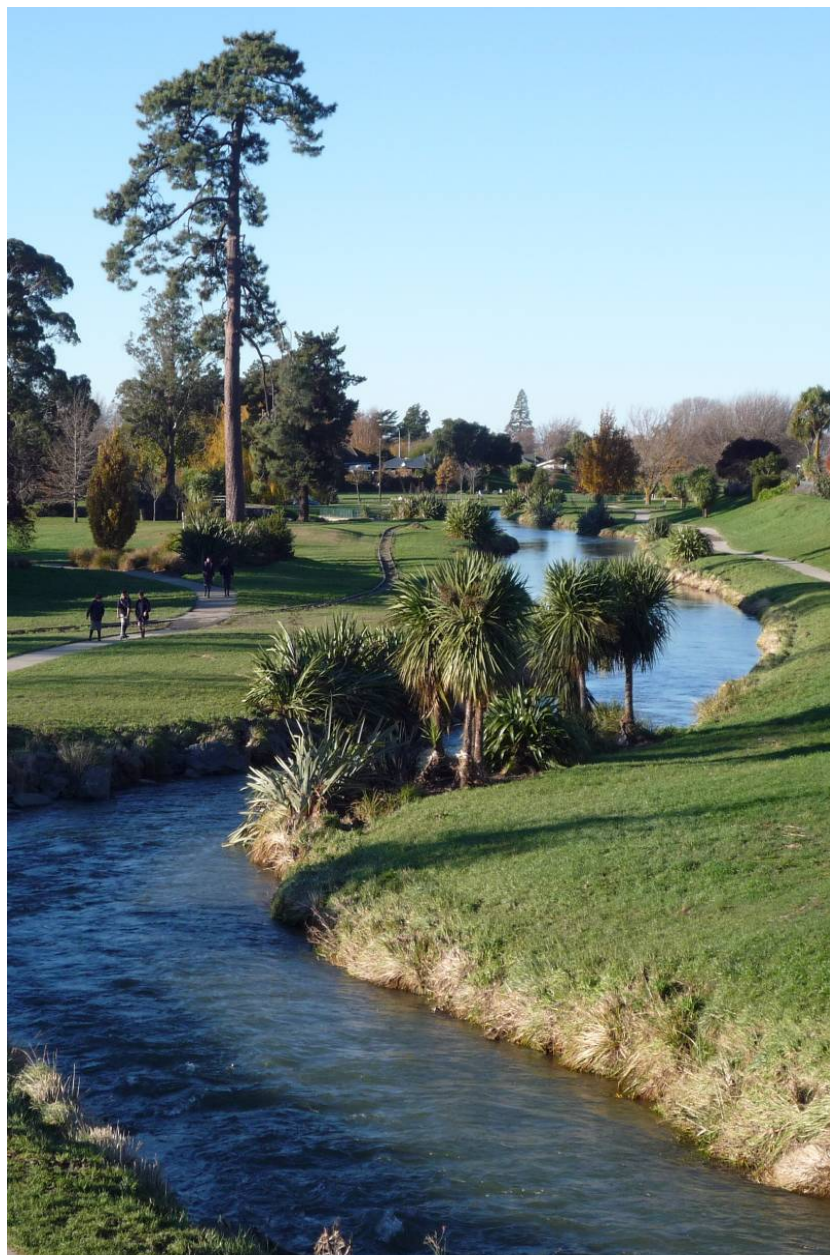


Photo: Taylor River, Blenheim

Appendices

- **Council Committees and Members**
- **Ward Boundaries**
- **Council Staff Structure**
- **MDC Directory**
- **Glossary of Terms**

Council Committees and Members

The Marlborough District Council has four standing committees, a joint committee with Kaikoura District Council, two statutory committees and eight sub-committees. The present committees and their membership are as follows:

ASSETS & SERVICES COMMITTEE

This Committee is responsible for all infrastructure including roads; road safety (including walking and cycling strategies); sewerage; water; stormwater; rivers and drainage; parking; waste management (including recycling); reserves; halls; cemeteries; public conveniences; and civil defence and emergency management (including rural fire).

Clr Graeme Taylor – Chairperson
Clr Jenny Andrews
Clr John Leggett
Iwi Representative – Richard Hunter co-opted member

Clr Terry Sloan – Deputy
Clr Jessica Bagge
Mayor – ex officio

Civil Defence Emergency Management Group (Statutory Committee)

The delegation to act as this Group (formed in accordance with the Civil Defence and Emergency Management Act 2002) is given to the Assets and Services Committee. The Assets and Services Committee (acting as the Group) is responsible for overseeing the development, maintenance, monitoring and evaluation, and implementation of the Group Plan required by section 17(1)(i) of the Civil Defence and Emergency Management Act 2002.

Clr Graeme Taylor – Chairperson
Clr Jenny Andrews
Clr John Leggett
Iwi Representative – Richard Hunter co-opted member

Clr Terry Sloan – Deputy
Clr Jessica Bagge
Mayor – ex officio

Regional Transport Committee (Statutory Committee)

This Committee prepares for approval by Council the Regional Land Transport Strategy, or any variations to or any report on the Strategy; the Regional Land Transport Programme, or any variations to the Programme; any regional fuel tax scheme for its region; and provides Council with any advice and assistance in relation to its transport responsibilities. Membership of the Committee (refer section 105 of the Land Transport Management Act 2003) is limited to five persons to represent the unitary authority; and one person to represent the Agency; and one person to represent the objective of economic development; and one person to represent the objective of safety and personal security; and one person to represent the objective of public health; and one person to represent the objective of access and mobility; and one person to represent the objective of environmental sustainability; and one person to represent cultural interests.

Clr Graeme Barsanti – Chairperson
Clr John Leggett
Clr Graeme Taylor

Clr Jessica Bagge
Clr Terry Sloan
The Agency – representative from NZTA

Safety and Personal Security – representative from New Zealand Police
Public Health – representative from Nelson Marlborough District Health Board
Environmental Sustainability – representative from Environment Centre
New Zealand Automobile Association and New Zealand Road Transport Association – to be invited and given speaking rights at meetings.

Economic Development – representative from Chamber of Commerce
Access and Mobility – representative from Access and Mobility Forum
Cultural Interest - Iwi representative on the Assets and Services Committee
New Zealand Road Transport Association – to be invited and given speaking rights at meetings.

COMMUNITY & FINANCIAL PLANNING COMMITTEE

This committee is responsible for the Long Term Plan; Annual Plan; Annual Report; economic development; community and social development; youth, elderly and access issues; arts; culture and heritage; grants and donations; sister cities; financial performance; general administration; property management; Council subsidiaries; libraries; customer services; and democratic process. Individual Committee members have been allocated a particular involvement with individual functions of the Committee's work.

Clr Francis Maher – Chairperson
Clr Jenny Andrews
Clr David Dew
Clr Terry Sloan
Mayor – ex officio

Clr John Leggett – Deputy
Clr Jessica Bagge
Clr Trevor Hook
Clr Graeme Taylor
Iwi Representative – Vennessa Ede co-opted member

Grants Sub-Committee

This Sub-Committee carries out Council's partnership with Creative New Zealand and SPARC (Sport and Recreation New Zealand) to ensure local arts funding and rural travel funding are available to the Marlborough area. The Sub-Committee has delegated authority for the allocation of funds under both schemes. In addition the Sub-Committee has delegated authority for consideration of Marlborough District Council Community Grants and Council's Arts and Heritage Grants, with recommendations being made to Council for consideration.

Clr Jenny Andrews – Chairperson
Sports Trust appointee – Karen Hartshorne
Community members – Graeme Duncan, Lisa Ivamy, Patricia Clay, Toni Gillan, Lapu Oliver
Two iwi representatives – Vacant

Clr Jessica Bagge
Arts Sector appointee – Kate Parker

Housing for the Elderly Sub-Committee

The focuses of this Sub-Committee are issues related to the Older Persons in the community and Council's Housing for the Elderly portfolio.

Clr Jenny Andrews – Chairperson
Clr Graeme Taylor

Clr Terry Sloan

Sister City Sub-Committee

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

Clr Graeme Barsanti – Chairperson
Community representatives – Jennie Hopkins,
Chris Bamber, Phylis Bradshaw, Liz Cromarty

Clr David Oddie
Mayor – ex officio

Youth Sub-Committee

The focus of this Sub-Committee is issues related to youth in the community.

Mayor Alistair Sowman – Chairperson
Clr Jessica Bagge

Clr Jenny Andrews

Youth Funding Sub-Committee

This Sub-Committee considers requests for funding assistance from the Youth Initiative Plan funds.

Mayor Alistair Sowman – Chairperson
Chair, Community & Financial Planning (Clr Francis Maher)

Three youth representatives (one from each College)

ENVIRONMENT COMMITTEE

This Committee is responsible for the Regional Policy Statement and Resource Management Plan development; biosecurity; animal control; liquor licensing; building control; resource consent processing; monitoring of consents; compliance control; dangerous goods; fencing of swimming pools; food and health monitoring; harbour management; and historic places.

Clr Peter Jerram – Chairperson
Clr Jamie Arbuckle
Clr David Dew
Clr David Oddie

Clr Trevor Hook – Deputy
Clr Graeme Barsanti
Clr Geoff Evans
lwi representative – Tracey Williams co-opted member

Rural representative – Ross Beech co-opted member

Animal Control Sub-Committee

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

Clr Peter Jerram – Chairperson
Clr Graeme Barsanti

Clr Jamie Arbuckle
Clr Geoff Evans

Liquor Licensing Sub-Committee

This Sub-Committee carries out Council's powers to hold a hearing, as the Marlborough District Licensing Agency, on an application for a licence for which there has been an objection under the Sale of Liquor Act 1989, and for the setting of policy under the Sale of Liquor Act 1989. This Sub-Committee is also responsible for Council's Gambling Venue Policy pursuant to the Gambling Act 2003.

Clr John Leggett – Chairperson
Clr Graeme Taylor

Clr Graeme Barsanti

Resource Management Plan Review Sub-Committee

This Committee is responsible for the detailed review of Council's Resource Management Plans.

Clr David Dew – Chairperson
Clr Francis Maher

Clr Peter Jerram
Clr Graeme Taylor

HEARING COMMITTEE

This committee makes decisions on applications for resource consents (each consent is heard by a committee made up of a chairperson and two members).

Clr David Dew – Chairperson
Clr Geoff Evans
Clr Jamie Arbuckle

Clr Graeme Barsanti – Deputy
Clr David Oddie

APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES

MDC Holdings Limited and Marlborough Airport Limited.

Mayor Alistair Sowman (Director)
Chair of Community & Financial Planning Committee - Clr Francis Maher (Director)

Chief Executive - Andrew Besley (Director)

Port Marlborough NZ Limited

Manager, Corporate Finance - Martin Fletcher (Director)

Marlborough Regional Forestry

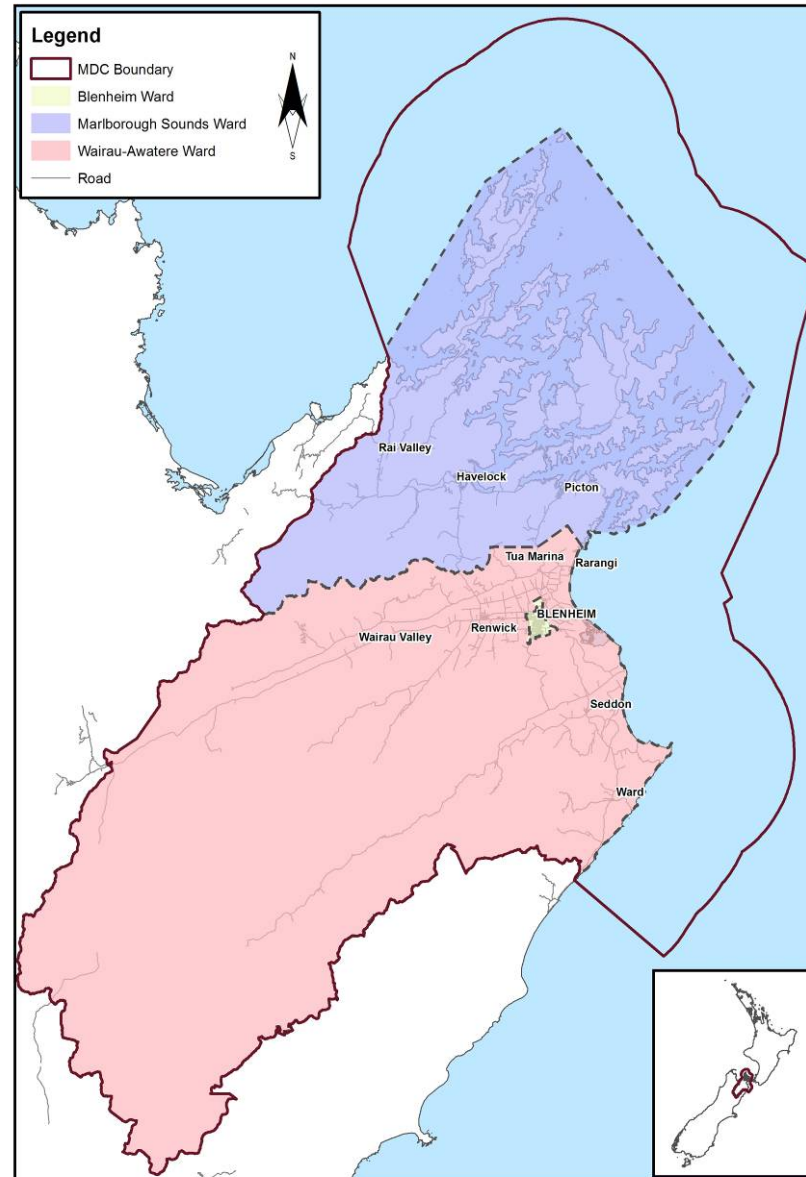
Council owns 88.5% of the forestry estate and KDC owns the remaining 11.5%. The primary aim of production forest management is to create a resource that will maximise utilisation and provide the best financial return from the predominantly radiata pine forests.

Clr Francis Maher (Chairperson)
Kaikoura District Council representative

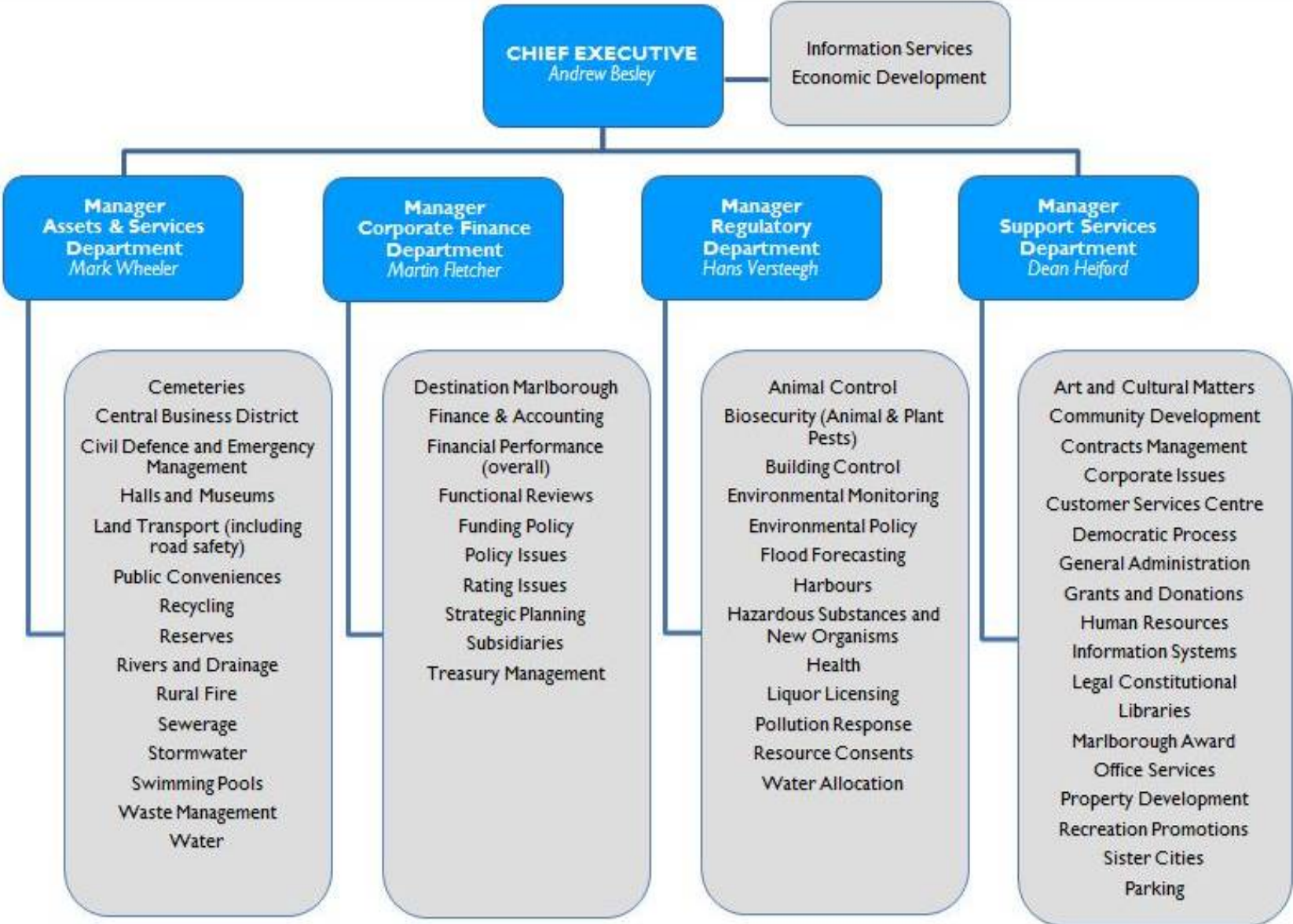
Mayor Alistair Sowman
Forestry representative – Leo Jelinek co-opted member

Ward Boundaries

Ward Boundaries



Council Staff Structure



MDC Directory

CONTACT DETAILS

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

Facsimile: (03) 520 7496

Email: mdc@marlborough.govt.nz

Web: www.marlborough.govt.nz

ADDRESSES

District Administration Building

15 Seymour Street, Blenheim 7201

Picton Service Delivery Centre (includes Library)

67 High Street, Picton

Harbour Control

Mariner's Mall, Picton

Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

Works and Operations Depot

Wither Road, Blenheim

Reserves Depot

Pollard Park, Blenheim

SOLICITOR

P J Radich of Radich Law, Blenheim

BANKERS

Bank of New Zealand, Blenheim

AUDITOR

Auditor General, Audit New Zealand, Christchurch

GENERAL STATISTICS

Population (Census count 7 March 2006)	46,179
Population (Resident 7 March 2006)	42,558
Population (2011 estimate)	45,620
Inter-Census Population Movement	(+) 8.6%
District Area	17,517 square kilometres
	as at 30 June 2011
Rateable Land Value	\$8,880,698,250
Rateable Capital Value	\$15,940,771,850
Number of Rate Assessments	25,565

Glossary of Terms

Accruals	These are similar to accounts payable in that they are expenses incurred during the current year for which payment has not been made and invoices have not yet been recovered.
Activity	Means a good or service provided by, or on behalf of, a local authority or a Council-controlled organisation eg: water supply, transport networks.
Allotment	Has the meaning given to it in S218(2) of the Resource Management Act 1991.
Allotment Area	Is the total land area of an allotment.
Applicant	Is the person/persons that apply for resource consent, building consent or service connection.
Asset Management Plan	Means Council documents outlining how each main asset class will be managed, upgraded and expanded as required.
Asset Sales	Refers to the sale of MDC assets eg: cars, property.
Borrowings	Refers to the raising of loans for capital items, such as the sewerage scheme.
Capital Expenditure	Means the cost of capital works for network infrastructure, reserves and community infrastructure.
Catchment	Means the area served by a particular infrastructure investment.
Charge	These are referred to in the Local Government (Rating) Act 2002 as targeted rates and are calculated as a fixed amount per rating unit.
Commercial	Means any activity involving commercial transactions, or providing commercial or administrative services, and includes, non-school activities, offices and banks; but excludes premises or activities involving industrial manufacture or production and retail trade.
Community Facilities	Means reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with S199 of the Local Government Act 2002.
Community Infrastructure	Means: <ul style="list-style-type: none"> (a) Land, or development assets on land, owned or controlled by the territorial authority to provide public amenities, and (b) Includes land that the territorial authority will acquire for that purpose.
Community Outcomes	In relation to a District or region: <ul style="list-style-type: none"> (a) Means the outcomes for that District or region that are identified as priorities for the time being through a process under S91; and (b) Includes any additional outcomes subsequently identified through community consultation by the local authority as important to the current or future social, economic, environmental, or cultural well-being of the community.
CV	Capital Value.
Departmental Management	Allocation of Departmental Manager costs to activities.
Development	Means: <ul style="list-style-type: none"> (a) Any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but (b) Does not include the pipes or lines of a network utility operator.

Glossary of Terms

Development Contribution	Means a contribution: (a) Provided for in a development contribution policy included in the long-term Council community plan of a territorial authority; and (b) Calculated in accordance with the methodology; and Comprising- (i) Money; or (ii) Land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or (iii) Both.
Development Contribution Policy	Means the policy on development contributions included in the Long Term Plan of the territorial authority under S102(4)(d).
District	Means the District of a territorial authority.
District Plan	Means the District Plan of Marlborough District Council
District Wide	Applies to every property in the District.
Financial Contribution	Has the same meaning as financial contributions in S108(9)(a)-(c) of the Resource Management Act 1991.
General Revenues Applied	Share of revenues generated by Council as a whole as compared to a specific activity eg: interest and dividends.
Geographic Areas	The District is divided up into six geographic areas for the purpose of funding general works and services. The geographic areas are Blenheim, Blenheim Vicinity, Picton, Picton Vicinity, General Rural and Administrative Rural.
Goods and Services Tax (GST)	Means goods and services tax under the Goods and Services Tax Act 1985.
Greenfield Areas	Are defined as those areas where building capacity exists on the perimeter of the city.
Gross Floor Area (GFA)	Means, for the purposes of development contributions, the sum of the area of all floors of all buildings on any site measured from the exterior faces of the exterior walls, or from the centre lines of walls separating two abutting buildings but excluding: <ul style="list-style-type: none">• Carparking.• Loading docks.• Vehicle access and manoeuvring areas/ramps.• Plant and equipment enclosures on the roof.• Service station canopies.• Pedestrian circulation space in an enclosed retail shopping centre.• Any foyer/Lobby or a primary means of access to an enclosed retail shopping centre, which is accessed directly from a public place.
Household Equivalent Unit (HEU)	Means an average residential dwelling occupied by a household of average size.
Impervious Surface Area	For the purpose of development contribution Impervious Surface Area (ISA) means the area of any site which is not capable of absorbing water and includes any area which:

- Falls within the definition of coverage.
- Is covered by decks.
- Is occupied by swimming pools.
- Is used for parking, manoeuvring or loading of motor vehicles.
- Is paved with a continuous surface with a run-off coefficient of greater than 0.45.

Income Statement

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

Industrial

Means:

- (a) Any premises used for any industrial or trade purposes; or
- (b) Any premises used for the storage, transfer, treatment, or disposal of waste materials or for other waste-management purposes, or used for composting organic materials: or

Any other premises from which containment is discharged in connection with any other industrial or trade process.

- (c) Any activity where people use materials and physical effort to:

- Extract or convert natural resources.
- Produce goods or energy from natural or converted resources.
- Repair goods.
- Store goods. (ensuing from an industrial process)

Infrastructural Assets

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

LGA

Means the Local Government Act 2002.

Local Authority

Means a regional Council or territorial authority.

LTP

Means 2012-2022 Long Term Plan.

LTP 2012-13

These are the \$ values budgeted for 2012-13 in the LTP.

LV

Land Value.

Network Infrastructure

Means the provision of roads and other transport, water, wastewater, and stormwater collection and management.

Network Utility Operator

Has the meaning given to it by section 166 of the RMA

Non-Residential Development

Means any activity in a non-residentially zoned area, excluding rural areas, or where the predominant activity is not residential or rural.

Operational Assets

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

Glossary of Terms

Other Revenue	Revenue specifically generated by the activity.
Overhead Allocation	The allocation of Customer Services, Office Services, Human Resources, General Management, Information Management Services and Corporate Finance net costs.
Prepayments	Amounts paid to creditors by the MDC in the current year that relate to future years.
Property Value	For rating purposes this refers to either the “land” or “capital” value of a property.
Public Debt	This is the amount of borrowed funds that the MDC owes to external parties.
Public Equity	Represents the net worth of the MDC if all assets were sold for the values recorded and the liabilities were extinguished.
Rate / Rates	The Local Government (Rating) Act 2002 refers to Rates as all rates including Uniform Annual General Charges and targeted rates calculated as a fixed amount per rating unit. Unless otherwise specified, a reference to a rate in this Plan is to cents in the dollar of property value or area.
Residential Development	Means any activity in a residentially zoned area or where the predominant activity is not non-residential or rural.
RMA	Means the Resource Management Act 1991.
Section Management	Allocation of Section Manager costs when they are responsible for more than one activity.
Service Catchment	Means the same as catchment.
Service Connection	Means a physical connection to a service provided by, or on behalf of, a territorial authority.
Statement of Cash Flows	This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.
Statement of Financial Position	This shows the financial state of affairs at the end of each period. It can also be referred to as the Balance Sheet.
Subdivision	Has the same meaning as section 218 of the Resource Management Act 1991.
Subsidies	Amounts received from other agencies for the provision of services eg: NZTA roading subsidies.
Third Party Funds	Means funding or subsidy, either in full or in part, from a third party eg: subsidies for the roading network.
Transfer to/from Reserves	Transfers of funds to reserves are generally surpluses on operations. Transfers from reserves assist to fund capital expenditure.
Unit of Demand	Means the measure of demand for community facilities.
User Charges	The charges levied for use of MDC services eg: building consent fees, health inspections.
Working Capital	This is the remainder left when the value of current liabilities is deducted from the value of current assets. It is a measure used to indicate the short-term solvency of an entity.