

2017-18 Annual Report



**MARLBOROUGH
DISTRICT COUNCIL**



Only Marlborough

Role of Annual Report

This Annual Report has been prepared to enable readers to assess the Marlborough District Council's 2017-18 performance against the policies, activities, objectives, performance targets and financial details contained in its 2017-18 Annual Plan.

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

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



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Part 1: Executive Summary



- Mayor's Report
- Chief Executive's Report
- Elected Council Members
- Key Achievements and Performance Overview
- Financial Overview
- Annual Report Disclosure Statement for Year Ended 30 June 2018



Mayor's Report

It's been a year of rebuilding, repairs and reinstatement as Marlborough comes out from under the shadow of the November 2016 earthquake that hit our region two years ago. The recovery programme has been fast and focussed - the high priority work is all but complete.



As promised, in the last 12 months our attention has been on infrastructure; some of it new but much of it is essential repairs to quake-damaged roads, stormwater and sewerage systems, and the reinforcement or replacement of community facilities.

At the same time we have kept our overall infrastructure programme on track, planning and building the services and amenities that our region requires as it grows. One of the year's highlights was the opening of Picton's new state-of-the-art library and service centre - Waitohi Whare Mātauranga - a wonderful new asset for the town, serving residents and visitors alike.

We've advanced progress toward secure drinking water supplies for our townships - with Seddon almost ready to turn on the taps for its long-awaited treated supply. Major sewerage upgrades have continued, particularly for Picton. Some of Council's most important long-term work this year has been our increased investment in understanding and protecting our environment. A significant project was the multibeam mapping of Totaranui/Queen Charlotte Sound and Tory Channel, which has provided a detailed picture of the ocean floor, providing long term navigation and environmental management benefits.

An experienced hearings panel has been hearing submissions and deliberating on the Proposed Marlborough Environment Plan, which sets out what people can do on their land and how it may be developed. The plan will determine the Council's environmental policies for the next 20 years. The Council adopted its Long Term Plan 2018-28 which sets out the major projects and service levels proposed for the immediate years ahead, including a new library and art gallery for Blenheim and support for a new coastal cycleway from Picton to Kaikoura. My thanks to everyone who took the time to make submissions and to present their ideas to councillors.

I'm pleased to report that we have delivered our promised programme with maintained or enhanced services. Our sensible financial management has yielded a good financial result for the year and has been reaffirmed by rating agency Standard and Poor's which has confirmed our long-term credit rating as AA Stable.

Overall, it has been a calm and focussed year for this Council, an approach which I believe is serving our community well.

It's also gratifying to be able to report that our annual survey of residents indicates the community is well satisfied with the service it gets; Marlborough District Council is well ahead of New Zealand's benchmark.

A red rectangular box containing a handwritten signature in black ink. The signature is written in a cursive style and appears to read 'John Leggett'.

John Leggett
MAYOR

Chief Executive's Report

It's been satisfying to see the strong performance by Council over the last 12 months. The community can be reassured it is being professionally served by a committed team.

This year's resident satisfaction survey indicates the public appreciates the services they receive. Given the broad range of services and activities the Council delivers, it's pleasing to see such high satisfaction levels across all Council activities.



We now have a much clearer picture of the extent of the damage caused by the November 2016 Kaikoura earthquake. While urgent work was quickly completed, our quake repair programme has stretched out over the last 12 months, putting pressure on staff as well as absorbing planning and financial resources. Nevertheless, good progress has been made. The work is diverse, ranging from strengthening the Stadium 2000 building, scoping the damage to Blenheim's sewer network, where repairs are now underway, and efforts by our rivers' engineers to restore the flow of the Ōpaoa River. A new 60 metre section of stop bank was constructed on the Taylor River, downstream of the High Street bridge.

At the same time, the work programme has continued with a number of projects completed this year - a record of over \$60m in capital expenditure. \$14.69m was spent on roads and footpaths, including 72.7km of chip sealing and 3.6km of new urban cycleways. The whole region benefitted from a rollout of LED street lighting. \$1.66m of spending was required on emergency road repairs as a result of the Kaikoura earthquake and cyclones Gita and Fahey.

\$7.53m was spent on water supply, including the new Seddon water treatment plant. The Wither Hills reservoir is undergoing significant works to bring it up to modern earthquake standards. Sewerage upgrades totalled \$16.73m. The sewer network upgrade programme in Picton has continued, which will greatly reduce wet weather overflows into the harbour. Picton also opened its new library service centre, an upgraded foreshore playground and a new truck park in the Waitohi Domain was constructed and opened.

In Blenheim, a new riverside park, The Quays, was opened. Softball infrastructure and beach volleyball courts were completed at Lansdowne Park. In addition to Stadium 2000, earthquake repairs were also made to the A&P Park Pavilion, Athletic Park Pavilion, and the Seddon and Ward war memorials.

One long-running project is now in its closing stages - the review of the region's resource management documents. The Proposed Marlborough Environment Plan hearings commenced at Omaka Marae on 20 November 2017. A total of 1,318 submissions were received from the public, made up of 17,521 points in support of or in opposition to the notified provisions. When the Plan is complete, it will become Marlborough's guiding document for many years.

Matching infrastructure development to population growth is one of the continuing challenges for local government. Marlborough has been experiencing a medium level of urban growth and, by Government request, Council prepared a monitoring report measuring housing and business development market indicators covering house prices, rents and demand and supply of seasonal worker accommodation. Regularly updated, this report will provide data on likely future market demand for land and housing. Its findings so far confirm that our new urban zones will provide sufficient new land for growth. Design and consenting for the major infrastructure required to service these areas is progressing well.

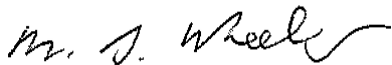
One of Council's more challenging roles is compliance and enforcement. We received 557 complaints in relation to resource management this year; we issued 45 abatement notices and 11 infringement notices. Unfortunately, four prosecutions were necessary. There is evidence that strong action on our part does encourage improved environmental practices.

Council is also investing more in environmental science. It is imperative that our water quality, air, soils and landscapes are protected for future generations. We released State of the Environment report cards for coastal, freshwater, recreational bathing water, air and soil quality. An excellent example of environmental innovation and working in partnership has been the multi-beam survey of Totaranui/Queen Charlotte Sound and the Tory Channel sea floor. This was a joint initiative with Land Information New Zealand and NIWA - an investment in navigation safety and environmental management, and will help to inform economic development options in the future.

Council has continued its sector-leading digital strategy. Digitising our resource consent process, enabling online resource consent applications and processing, has progressed this year. In addition to efficiency gains for both applicants and Council, the new system will mean the information provided in applications is available in digital form to a wider audience.

Sound financial management is one of this Council's strengths. The financial section of this annual report shows how our strong balance sheet is being maintained, despite record levels of capital expenditure items completed. Council borrowings are well below the national average and Marlborough District Council received an AA credit rating from S&P Global (formerly Standard and Poor's), the highest possible for a New Zealand local authority.

We welcome your feedback on this annual report.

A handwritten signature in black ink, appearing to read 'Mr. J. Wheeler', with a stylized flourish at the end.

Mark Wheeler
CHIEF EXECUTIVE



Elected Council Members as at 30 June 2018

Back – left to right:

Clr Jenny Andrews (Blenheim Ward)
Clr Mark Peters (Blenheim Ward)
Clr Jamie Arbuckle (Blenheim Ward)
Clr Laessa Shenfield (Blenheim Ward)
Clr David Oddie (Marlborough Sounds Ward)
Clr Michael Fitzpatrick (Blenheim Ward)
Clr Gerald Hope (Wairau/Awatere Ward)

Front – left to right:

Clr Cynthia Brooks (Wairau/Awatere Ward)
Clr Terry Sloan (Blenheim Ward) (Deputy Mayor)
Mayor John Leggett
Clr Nadine Taylor (Marlborough Sounds Ward)
Clr Trevor Hook (Marlborough Sounds Ward)
Clr Geoff Evans (Wairau/Awatere Ward)

Insert: Clr Brian Dawson (Blenheim Ward)

Key Achievements and Performance Overview

The following is a summary of:

- the activities and significant projects carried out by each Activity Group over the last year
- achievement against budgetary and service targets, for Council overall and by Activity Group

Part two contains more information about service performance.

Council Overall

Summary of how we did		
<p>161 On track (100%)</p> <p>37 Almost achieved (≥ 80%)</p> <p>15 Not achieved (< 80%)</p>	<p>Overall we achieved 76% of our targets for the 2017-18 year. We achieved 161 and almost achieved 37 of the 213 targets associated with the key performance indicators (KPI's).</p>	
<p>Budget ✗</p>	<p>The overall spending was 10.8% above budget. This is mostly due to the unbudgeted \$1 million for stopbank repair, quarry rock extraction and the disposal of stream sediment and contaminated sawdust, \$1.2 million of costs associated with the MEP hearing process, \$1.45 million donation to the Civic Theatre Trust, \$1.9 million for increased waste contract costs due to higher waste tonnage diverted to the landfill and the \$2.4 million grant to the Marlborough Lines Stadium Trust for earthquake strengthening and repairs.</p>	

People

Activities in this Group

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



Summary of how we did		
<p>33 On track (100%)</p> <p>8 Almost achieved (≥ 80%)</p> <p>3 Not achieved (< 80%)</p>	<p>We achieved 33 and almost achieved 8 of the 44 targets associated with the KPI's for the 2017-18 year.</p>	
<p>Budget ✓</p>	<p>The overall spending was 4.1% above budget.</p>	

Budget key, operating expenditure

Note: Variances to budget were calculated using Note 2 Activity Expenditure figures (page 123).

An explanation of the variances can be found in Part 2 of the Annual Report below each Activity FIS.

✓	Within 20% below and 5% above budget	~	Within 20%-40% below and within 5%-10% above budget	✗	More than 40% below or 10% above budget
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Achievements

- Art and operating grants were provided to key organisations in Marlborough.
- Provided funding to the Totaranui Trust towards co-ordination and activities that commemorate 250 years since the Cook Landings.
- Completed a number of projects including painting, refurbishment and furnishings of Council owned Housing for Seniors units.
- A total of 218 advances summing \$961,000 were made for home insulation, solar water heating and clean heating with 507 rate payers currently involved in the scheme.
- A new bus service contract was agreed on which includes the lunch hour period, Monday to Friday.
- Introduced Radio Frequency Identification (RFID) systems at the District Library in September, and opened the new Picton Library and Service Centre Waitohi Whare Mātauranga in November 2017.
- Civil Emergency Defence Group worked alongside all the key agencies throughout the year actively supporting the recovery from the 2016 Kaikoura earthquake.

Community Facilities

Activities in this Group

This Activity Group comprises a single Activity: Community Facilities.

Summary of how we did	
<p> 8 2 1 On track (100%) Almost achieved (≥ 80%) Not achieved (< 80%) </p>	<p>We achieved 8 and almost achieved 2 of the 11 targets associated with the KPI's for the 2017-18 year.</p>
<p>Budget ✗</p>	<p>The overall spending was 48.4% above budget. This is mostly due to the unbudgeted \$2.4 million grant to the Marlborough Lines Stadium Trust for earthquake strengthening and repairs and additional contract, materials and repairs and maintenance costs spent across several reserves.</p>

Achievements

- Redevelopment of playground and installation of shade sails and seating at Picton Foreshore.
- Completed softball specific infrastructure and beach volleyball courts at Lansdowne Park.
- Redevelopment of Riverside Park (2 High Street).
- Installed high needs specialist changing table and hoist facility at Liz Davidson park
- Earthquake repairs for Stadium 2000, A&P Park Pavilion, Athletic Park Pavilion, Seddon and Ward war memorials etc.
- Significant maintenance activities in all cemeteries including tree removal, improvements to RSA areas, grave restoration work, shrub planting on steep or hard to maintain areas.
- Additional mountain bike tracks completed in the Wither Hills Farm Park.



Budget key, operating expenditure

Note: Variances to budget were calculated using Note 2 Activity Expenditure figures (page 123).

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Roads and Footpaths

Activities in this Group

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

Summary of how we did	
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 9 On track (100%) </div> <div style="text-align: center;"> 1 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 0 Not achieved (< 80%) </div> </div>	<p>We achieved 9 and almost achieved 1 of the 10 targets associated with the KPI's for the 2017-18 year.</p>
Budget ✓	The overall spending was 3.3 % below budget.

Achievements

- Constructed 3.6km of Urban Cycleway On Taylor River Reserve and Eltham/ Beaver Road.
- Completion of 72.7 lane kilometres of chip sealing.
- Replacement of Netherwoods 1 and 2 bridges on Waihopai Valley Road, Robin Hood Bay bridge, Port Underwood Road and Parsons Bridge on Parsons Road. 1768 m of kerb and channel were replaced



Flood Protection and Control Works

Activities in this Group

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

Summary of how we did	
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 8 On track (100%) </div> <div style="text-align: center;"> 3 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 3 Not achieved (< 80%) </div> </div>	<p>We achieved 8 and almost achieved 3 of the 14 targets associated with the KPI's for the 2017-18 year.</p>
Budget ✗	<p>The overall spending was 26.4% above budget. This is mostly due to the unbudgeted expenditure relating to the disposal of Blenheim stream sediment on the new town branch works and minor contract works to remove contaminated sawdust.</p>

Achievements

- A full annual asset maintenance programme was completed including fairway clearing, buffer zone replanting and rock repairs, and strengthening at a number of sites.
- A new 60 metre section of stopbank was constructed in the Taylor River just downstream of the High Street bridge.
- Managing gravel extraction including a large 200,000 cubic metres extraction from the Waima River for State Highway 1 earthquake repairs.
- Progressing major stormwater upgrades at Caseys Creek and at Town Branch Drain.
- Completed hydraulic modelling of the lower Waikawa Stream to assess impacts of a general sediment build up at the stream mouth and whether some dredging out into the coastal marine area is justified.

Budget key, operating expenditure

Note: Variances to budget were calculated using Note 2 Activity Expenditure figures (page 123).

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- The Wither Hills soil conservation gully erosion control programme continued with resowing areas worked to repair gully erosion, and ongoing nassella tussock control, track maintenance and cleaning out of various sediment traps.

Sewerage Including Treatment and Disposal

Activities in this Group

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

Summary of how we did	
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 3 On track (100%) </div> <div style="text-align: center;"> 4 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 0 Not achieved (< 80%) </div> </div>	We achieved 3 and almost achieved 4 of the 7 targets associated with the KPI's for the 2017-18 year.
Budget ✓	The overall spending was 1.9% above budget.

Achievements

- Progress continued with the detailed design of a major project to renew the sewer between McLauchlan Street and the Bomford Street.
- Considerable effort was expended on sewer mains assessment and rehabilitation. The ageing infrastructure, ground movement through seismic activity, corrosive effluents and increasing quantities of oils and fats discharged into the sewer system is causing increased maintenance activity.
- Commenced investigation of future treatment options for the Seddon wastewater treatment plant.



Stormwater Drainage

Activities in this Group

This Activity Group comprises a single Activity: Stormwater.

Summary of how we did	
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> 4 On track (100%) </div> <div style="text-align: center;"> 1 Almost achieved (≥ 80%) </div> <div style="text-align: center;"> 0 Not achieved (< 80%) </div> </div>	We achieved 4 and almost achieved 1 of the 5 targets associated with the KPI's for the 2017-18 year.
Budget ✓	The overall spending was 1.7% above budget.

Achievements

- Completed an outline design for the stormwater infrastructure to serve the development of urban zones to the north-west of Blenheim.

Budget key, operating expenditure

Note: Variances to budget were calculated using Note 2 Activity Expenditure figures (page 123).
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✓	Within 20% below and 5% above budget	~	Within 20%-40% below and within 5%-10% above budget	✗	More than 40% below or 10% above budget
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- Substantially completed the Mills Street, Seddon stormwater main renewal in conjunction with the State Highway 1 upgrade.
- Completed the first stage of the open drains upgrading at the western end of the Town Branch Drain.

Water Supply

Activities in this Group

This activity group comprises a single activity: Water Supply.

Summary of how we did	
<p> 41 On track (100%) 3 Almost achieved (≥ 80%) 0 Not achieved (< 80%) </p>	<p>We achieved 41 and almost achieved 3 of the 44 targets associated with the KPI's for the 2017-18 year.</p>
<p>Budget ✘</p>	<p>The overall spending was 11.6% above budget. This is mostly due to increased backflow prevention costs (some off- set by revenue received) and higher reticulation maintenance and treatment costs.</p>

Achievements

- Completed 1.8 km of 315 mm water main renewal north of the Speeds Road, Koromiko water treatment plant, and water mains upgrades in Lewis, Julian, & North Streets, Blenheim.
- The Seddon treatment plant has been substantially completed.



Solid Waste Management

Activities in this Group

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

Summary of how we did	
<p> 6 On track (100%) 1 Almost achieved (≥ 80%) 2 Not achieved (< 80%) </p>	<p>We achieved 6 and almost achieved 1 of the 9 targets associated with the KPI's for the 2017-18 year.</p>
<p>Budget ✘</p>	<p>The overall spending was 23.7% above budget. This is mostly due to increased contract costs and increased levies paid to the Ministry of the Environment as a consequence of higher waste tonnage diverted to the landfill.</p>

Budget key, operating expenditure

Note: Variances to budget were calculated using Note 2 Activity Expenditure figures (page 123).

An explanation of the variances can be found in Part 2 of the Annual Report below each Activity FIS.

✓	Within 20% below and 5% above budget	~	Within 20%-40% below and within 5%-10% above budget	✘	More than 40% below or 10% above budget
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Achievements

- Completed the installation of additional gas collection infrastructure at the Bluegums landfill site lifting gas production from around 300 cubic metres per hour to 400 cubic metres per hour.
- Processed 18,251 cubic metres of greenwaste at the Blenheim site.
- Recycled 1,135 items of e-waste and recovered 427,120 kilograms of recycling through the rural community recycling service.



Environmental Management

Activities in this Group

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



Summary of how we did		
16 On track (100%)	2 Almost achieved (≥ 80%)	3 Not achieved (< 80%)
We achieved 16 and almost achieved 2 of the 21 targets associated with the KPI's for the 2017-18 year.		
Budget ✗		
The overall spending was 10.9% above budget. This is mostly due to increased consultancy and contract costs to assist with the MEP hearing and submission process.		

Achievements

- Assisting the process of hearing submissions and making decisions on the MEP, providing advice to the hearings panel through Section 42A reports.
- Implementation of a 5 year collaborative project to improve water quality in the Taylor River catchment commenced.
- Water quality monitoring occurred at 35 river sites measuring a range of physical and biological parameters and provided an update of information on the current quality of these resources as well as trends. A further 7 river and 10 coastal sites have been monitored for faecal indicator bacteria.
- NIWA and Discovery Marine Ltd delivered the world-class navigation and seabed habitat mapping of the entire Tōtaranui/Queen Charlotte Sound, which was favourably received at a series of well-attended workshops, hui and public meetings.

Budget key, operating expenditure					
Note: Variances to budget were calculated using Note 2 Activity Expenditure figures (page 123). An explanation of the variances can be found in Part 2 of the Annual Report below each Activity FIS.					
✓	Within 20% below and 5% above budget	~	Within 20%-40% below and within 5%-10% above budget	✗	More than 40% below or 10% above budget

Regulatory

Activities in this Group

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

Summary of how we did	
<p> 26 On track (100%) 7 Almost achieved (≥ 80%) 2 Not achieved (< 80%) </p>	<p>We achieved 26 and almost achieved 7 of the 35 targets associated with the KPI's for the 2017-18 year.</p>
<p>Budget ✘</p>	<p>The overall spending was 11.1% above budget. Activity expenditure was higher than budget as independent commissioners were contracted to fulfill the Resource Consent roles due to reallocation of internal resources to assist with the MEP hearings and due to increased contract costs and additional staff to cover for the demands of the increased building consent activity.</p>

Achievements

- 99% of all high priority sites visited and control activities completed, while a total of 665 hours of surveillance work was undertaken to detect any new infestations through the Regional Pest Management Strategy.
- An additional \$751,481 was invested into the Molesworth wilding conifer programme via DOC.
- Continued the important Chilean Needle Grass programme in conjunction with the community.
- Building Consent Authority accreditation was renewed for a further two years to 2020.
- All food premises, hair salons, campgrounds, offensive trades and funeral directors were inspected and audited.
- Over 10,819 dogs were registered in the Marlborough District, including 2,848 dogs registered as working dogs (including disability assist dogs and Police dogs).
- Installation of a weather station at the Northern Entrance to Queen Charlotte Sound, rationalisation of the Harbour Control Network, establishment AIS weather stations.
- Hydrographic survey work was completed for Queen Charlotte Sound and a new chart issued for Tory Channel.
- The Pilot Exemption Training Programme which lays the foundation for the training of all Ferry Masters was fully revised.



Budget key, operating expenditure

Note: Variances to budget were calculated using Note 2 Activity Expenditure figures (page 123).




An explanation of the variances can be found in Part 2 of the Annual Report below each Activity FIS.

✓	Within 20% below and 5% above budget	~	Within 20%-40% below and within 5%-10% above budget	✘	More than 40% below or 10% above budget
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Regional Development

Activities in this Group

This Activity Group comprises a single Activity: Regional Development.

Summary of how we did			
 On track (100%)	 Almost achieved (≥ 80%)	 Not achieved (< 80%)	We achieved 7 and almost achieved 5 of the 13 targets associated with the KPI's for the 2017-18 year.
Budget ✓		The overall spending was 0.1% below budget.	

Achievements

- Established Smart +Connected group in Seddon/Awatere.
- Full Sister Region relationship established with Ningxia, China.
- NZ Business Events (conferences) delivery - \$1.7 million conference business won for Marlborough including the 2019 National Dog Show.
- Process to establish a Regional Growth Partnership across the Top of the South commenced.

Budget key, operating expenditure

Note: Variances to budget were calculated using Note 2 Activity Expenditure figures (page 123).
An explanation of the variances can be found in Part 2 of the Annual Report below each Activity FIS.

✓	Within 20% below and 5% above budget	~	Within 20%-40% below and within 5%-10% above budget	✗	More than 40% below or 10% above budget
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Financial Overview

Overall, Council continues in very good financial health as evidenced by the “AA Long Term – Stable” credit rating provided by S & P Global Ratings (formerly Standard and Poor’s). S & P Global Ratings is an independent, internationally recognised credit rating agency. Council’s AA rating is the highest rating available to local authorities in New Zealand enabling access to lower cost of finance.

This section gives an overview of Council’s financial results – identifying Council’s:

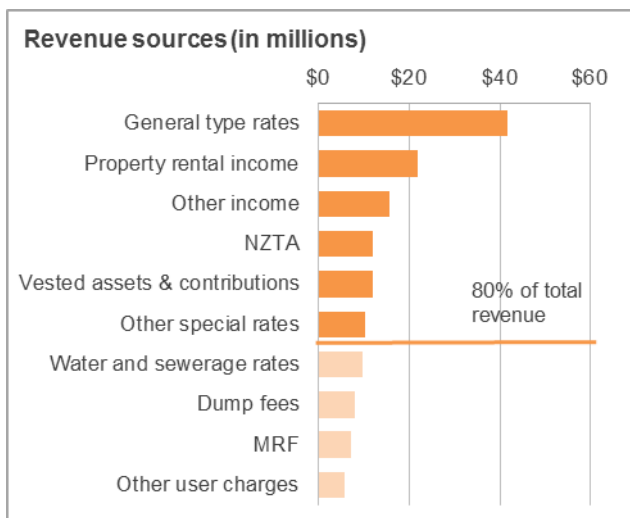
- Revenue sources,
- Operating expenditure; and
- Capital expenditure,

comparing actual results for the year to the budget contained in the 2017-18 Annual Plan. Pages 70 – 85 in the Annual Plan contain detailed budgeted financial statements, policies and notes on:

“**Council**” – Marlborough District Council (MDC), including its 88.5% share of Marlborough Regional Forestry (MRF). It is also important to note that Council is a Unitary Authority with the powers and functions of both a Regional and Territorial Local Authority; and

“**Group**” – MDC plus Council’s holding company, MDC Holdings Ltd and Marlborough Housing for the Elderly Trust. MDC Holdings Ltd includes the consolidated financial results of the 100% owned Port Marlborough NZ Ltd and Marlborough Airport Ltd.

Revenue sources



While rates make up around half of Council’s income, each activity has its own mix of income sources. This is explained in the “Funding Impact Statement” section on page 163.

Budgeted revenue was \$120.7 million and actual \$144 million – an extra \$23.3 million. The three largest contributors to the increase in Revenue are:

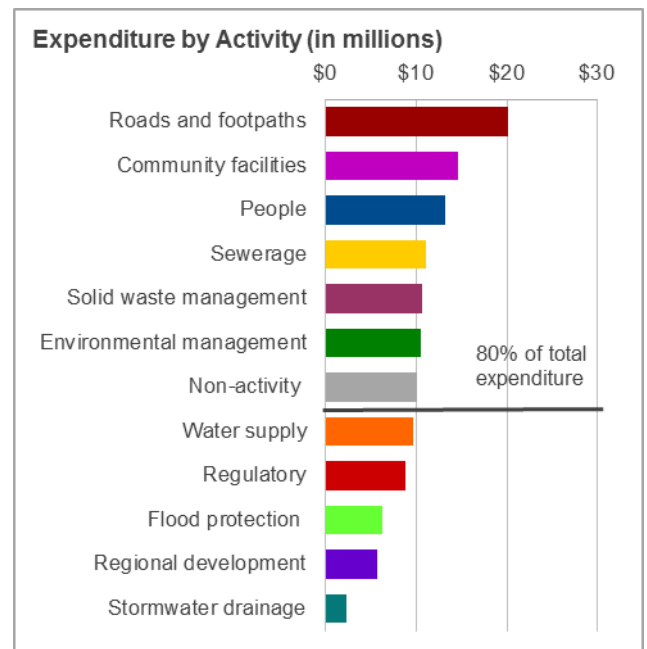
- Marlborough Regional Forestry’s additional distributions (\$2.45 million) and revaluation increase (\$4.26 million) resulting from very high log prices;
- The value of vested assets as a result of significant increases in subdivision activity (\$3.9 million); and
- User charges (\$4.25 million) with biggest individual increase occurring in Solid Waste Management.

NZTA subsidies were also \$2 million above budget, primarily for street LED light replacement. Note 31 on page 161 provides further commentary on the main points that make up this variance.

Operating expenditure

Operational expenditure is the cost of providing the level of service in a given year and includes depreciation and amortisation on assets and interest.

Depreciation is the measure of consumption of the economic benefits of an asset arising from its use overtime. Those who benefit from the use of an asset should contribute towards its cost/consumption.



The majority of Council’s operating expenditure is on assets such as Roads and Community

facilities, however, Council's operating expenditure includes not only Activity expenditure but also Non-activity expenditure such as that relating to Marlborough Regional Forestry.

Budgeted operating expenditure was \$107.0 million and actual \$123.1 million – \$16.0 million higher. The three largest contributors to the increase in Expenditure are:

- Community Facilities (\$4.76 million) primarily as a result of the contributions made to strengthen the Marlborough Lines Stadium and the write off of the old Picton Library;
- Solid Waste Management (\$2.03 million) reflecting the increased level of activity, which has been offset by addition revenue; and
- Flood Protection and Control Works (\$1.32 million) to repair earthquake and flood damage.

Note 31 on page 161 provides further commentary on the main points that make up this variance.

The next two Parts of the Annual Report – “**Part 2: Our Business**” and “**Part 3: Financial Statements**” – contains a summary (Cost of Services statement) and explanations of major variances from budget for each of Council's Activities.

Council surplus

The \$20.9 million surplus shown in the Statement of Comprehensive Revenue and Expense is determined in accordance with set accounting conventions. As a result, while this number appears high, it does not represent an operating surplus as it includes revenue that can only be used for capital expenditure and non-cash revaluations and vested asset transfers. The surplus includes:

- Non-cash values like vested assets (\$4.62 million) and revaluation gains (\$5.03 million). Vested assets are typically the value of roads, water, sewerage, stormwater etc, transferred to Council following a subdivision. Council in turn meets the ongoing maintenance obligations for these assets and their replacement. Revaluations include mainly the revaluation of Council's forestry assets. However, ultimately the value realised relies on the log price at the time of harvest;
- Dividends received from MDC Holding Ltd (\$1.78 million) which are used to fund Reserves. Council's Reserves have been largely allocated to designated capital projects;

- Section sales from Council's Boulevard Park on Taylor development (\$9.12 million). Section sales are well ahead of budget, especially in terms of the number of sections sold. However, the land available to sell is finite. As a result, sales proceeds are largely an acceleration of revenue budgeted in future years. Similar to dividends, section sales proceeds are allocated to Reserves, which in turn are allocated to fund future capital projects; and
- Development contributions (\$4.25 million) and subsidies and grants (\$13.59 million) which are legally required to fund specific capital as compared to operating items, like the NZTA payments for LED light and Seddon water. It also includes rates designated for debt repayment.

It's essential that Council has a surplus to enable the funding of capital expenditure in the district and to ensure that Council retains its high credit rating in accordance with the S & P Global Ratings.

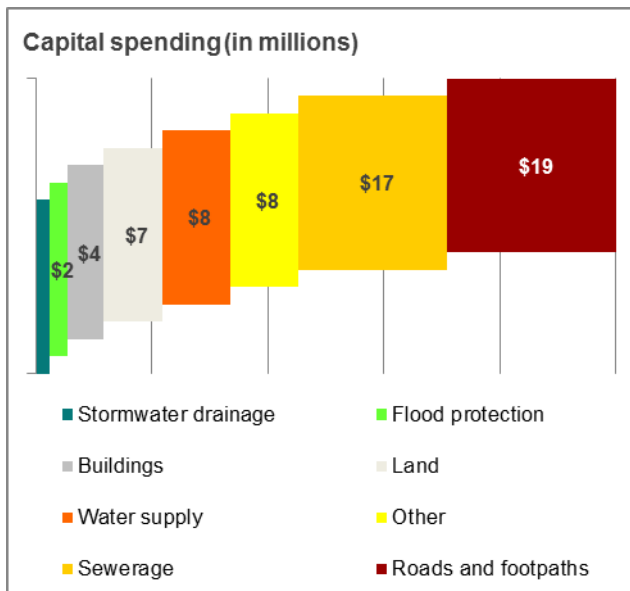
Capital spending

Capital spending buys assets to maintain or improve the service to ratepayers. Major projects are highlighted on the “Key Achievements and Performance Overview”.

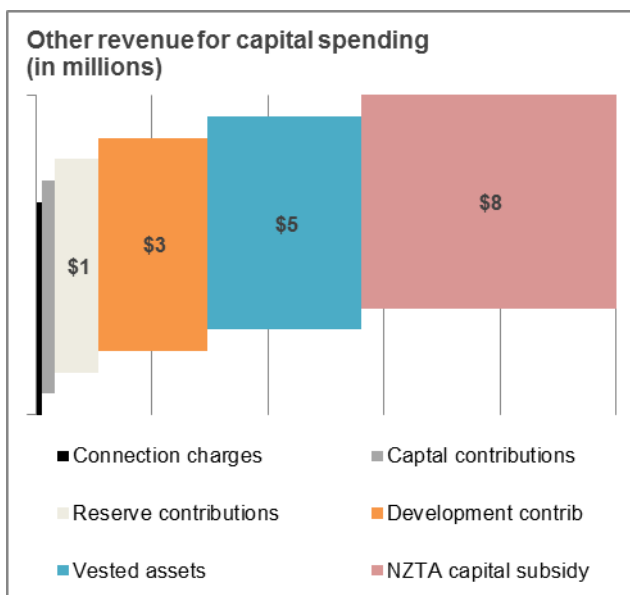
Budgeted capital expenditure was \$61.9 million plus \$38.9 million carried forward from the previous year, a total of \$100.8 million. Actual spending was \$64.8 million. While below budget, this is the highest level of capital expenditure achieved by Council.

The primary reasons capital expenditure was below budget were:

- Roading and sewer repairs after the Kaikoura earthquake not yet finalised;
- The Marlborough Lines strengthening is a grant and has been included as operating expenditure;
- Delayed Flaxbourne irrigation project due to further investigations been undertaken;
- Picton and Blenheim sewerage upgrades due to delays in design and consent preparation;
- Renwick water scheme due to delays in design of reservoir; and
- Blenheim stormwater due to need re-tender as initial tender resulted in one bid been received which was well above engineers estimate.

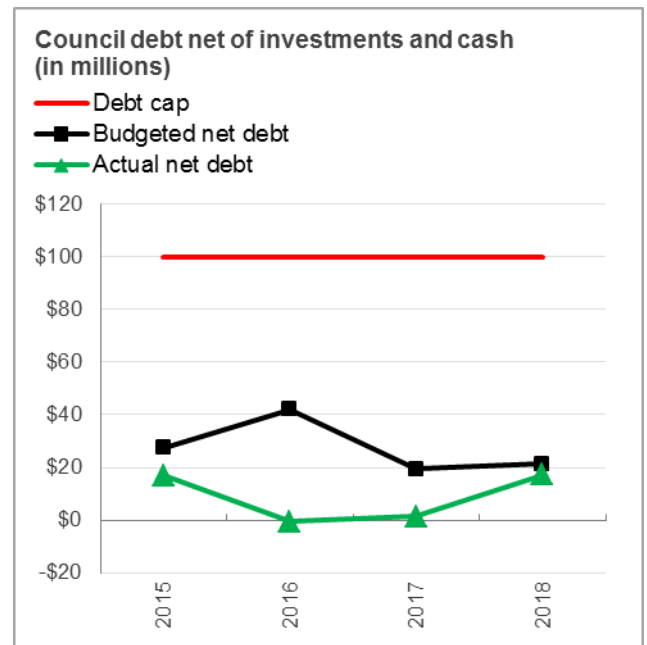


Capital expenditure is mainly funded by loans and Depreciation Reserves. However, other revenue sources such as the ones described in the graph below are also utilised to fund capital assets:



Net debt levels

Council has a “net debt cap” of \$100 million. This amount represents the maximum debt deemed prudent by Council. As can be seen from the following graph, Council is well below this “cap” despite the record level of capital expenditure.



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

		Policy limit	Actual	Compliance
Council Treasury Management Policy Parameters	Earnings before interest and tax divided by net Interest	≥2.25 or <0	23.9	yes
	Interest expense as a % of total operating revenue	≤ 12.5%	2.2%	yes
	Net cash flow from operating activities exceeds gross annual interest expense by at least 2 times (200%)	≥ 200%	1227%	yes
Local Government Funding Agency Covenants	Net debt as a % of Total Revenue	< 250%	14.3%	yes
	Net Interest as a % of Total Revenue	< 20%	0.8%	yes
	Net Interest as a % of Rates Revenue	< 30%	1.4%	yes
	Liquidity	> 110%	181.5%	yes

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

It should also be noted Debt also only forms a very small proportion of Council’s total assets which have a value of just over \$1.7 billion.

Annual Report Disclosure Statement for Year Ended 30 June 2018

What is the Purpose of this Statement?

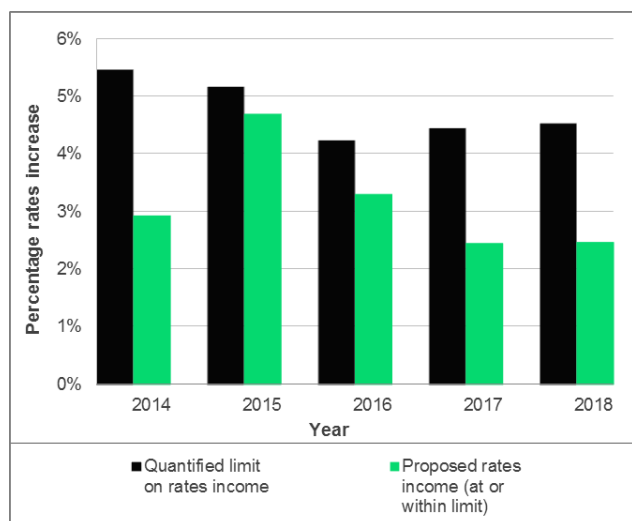
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing revenues, expenses, assets, liabilities and general financial dealings.

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

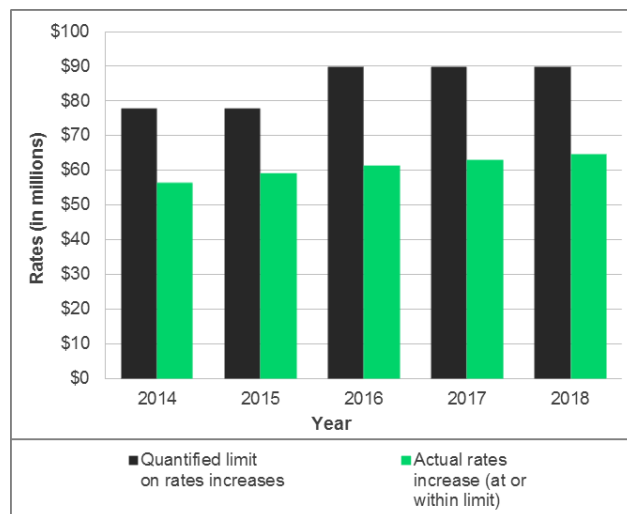
Rates Affordability Benchmark

Council meets the rates affordability benchmark if its actual rates increases are equal to or less than each quantified limit on rates increases.

The following graph compares Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in Council's Long Term Plan. The quantified limit is that rate increases will not exceed the Local Government Cost Index plus 2%.



The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2018 is \$89.1m.

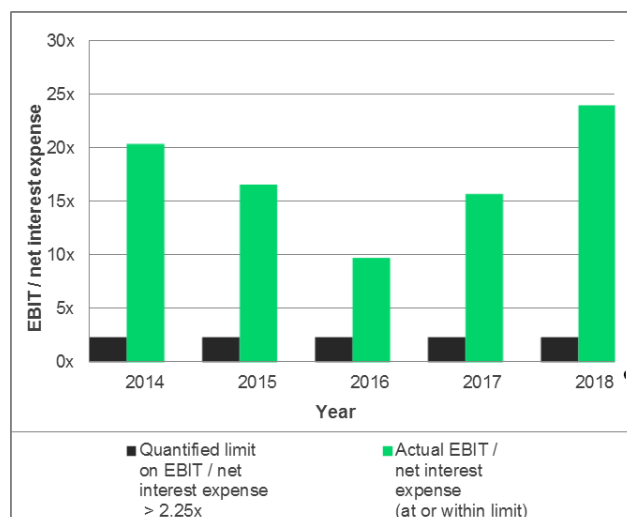


Debt Affordability Benchmark

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

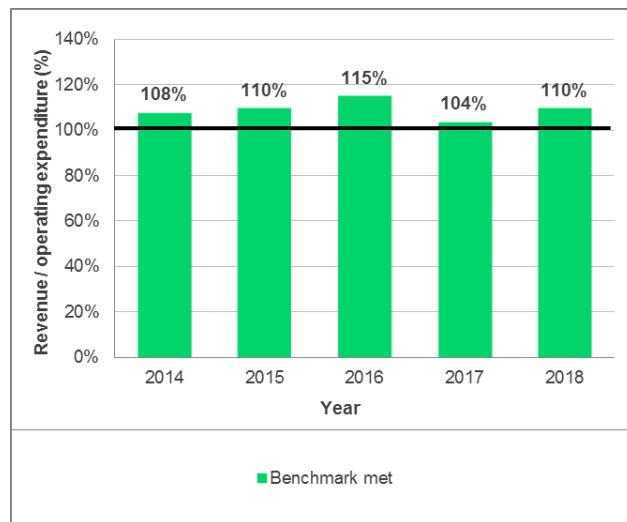
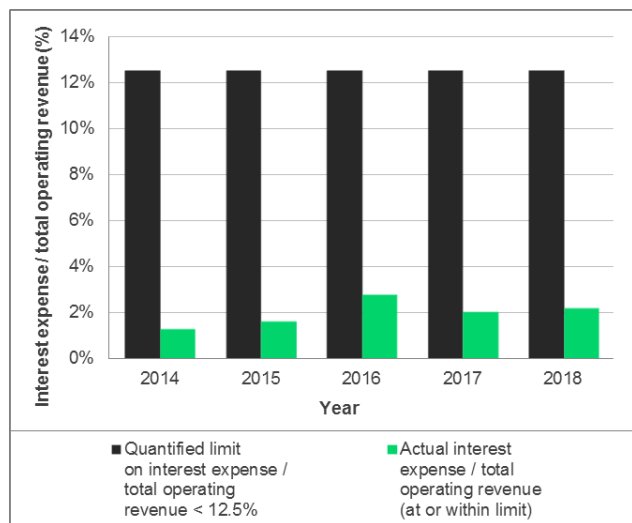
The following graphs compare Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan.

The quantified limits is earnings before interest and tax at least 2.25 times net interest expense measured as a factor of net interest. Positive numbers above 2.25 (in green) represent a favourable result.



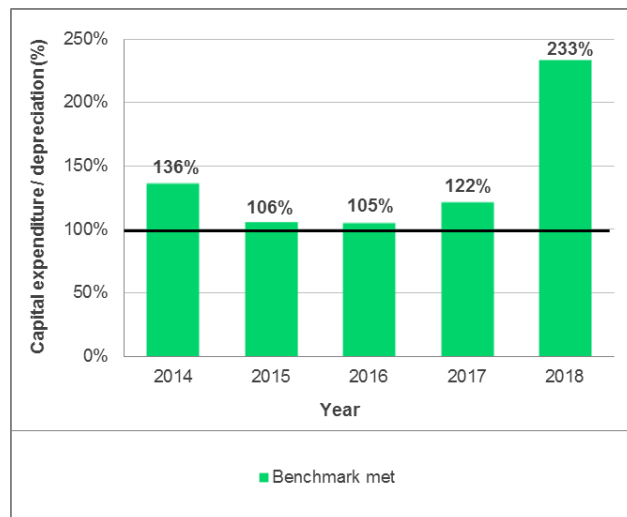
The following graph compares Council's actual debt with a quantified limit on borrowing stated in the Financial Strategy included in Council's Long Term Plan.

The quantified limit is that annual interest expense cannot exceed 12.5% of total operating revenue and is measured as a percentage.



Essential Services Benchmark

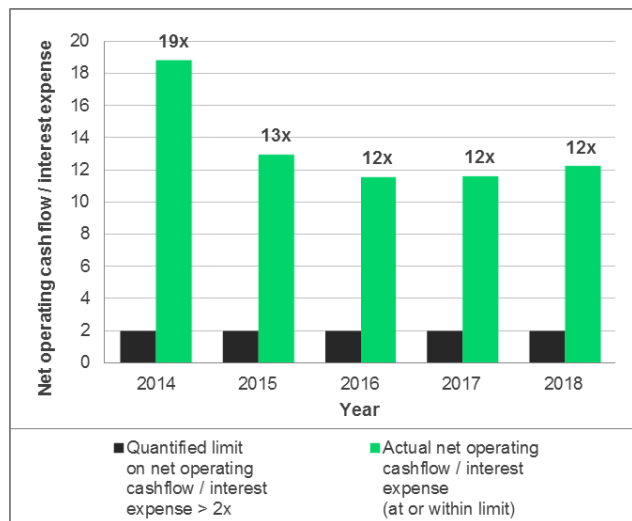
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.



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

The following graph compares Council's debt with a quantified limit on borrowing stated in the Financial Strategy included in Council's Long Term Plan.

The quantified limit is for the proposed net cash flow from operating activities to exceed gross annual interest expense by at least 2 times (measured as a factor of operating activities cashflow).

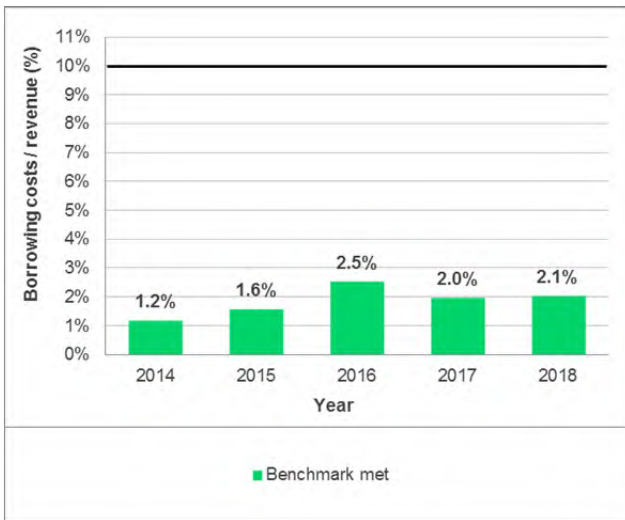


Debt Servicing Benchmark

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

Balance Budget Benchmark

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

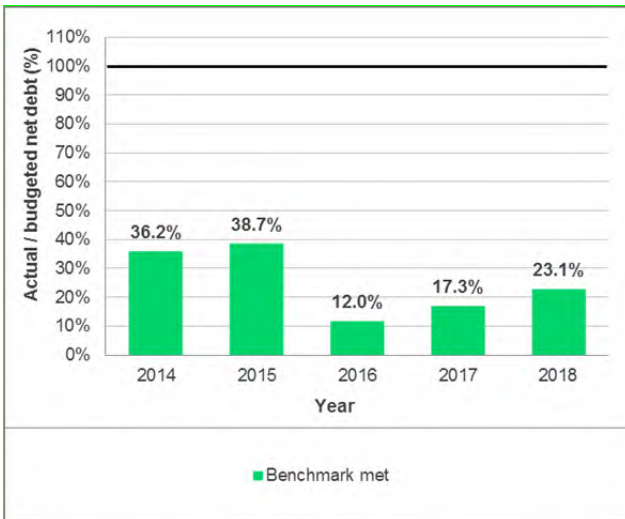


Debt Control Benchmark

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

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

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

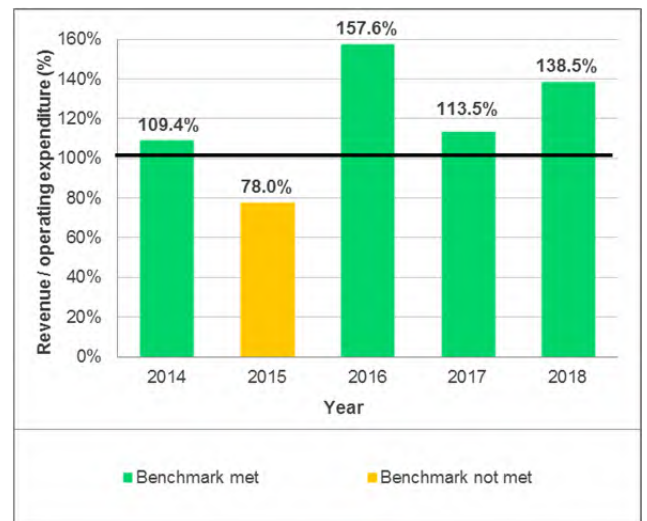


Operations Control Benchmark

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

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

The operating cashflow in 2014-15 was below that budgeted because the Queen Street building purchase was budgeted as investing activity and now it is going to be sold. It was accounted for, in actual, as inventory and an operating cash outflow. The Queen Street building is still held in inventory and is now expected to be sold in 2018/19.





Part 2: Our Business

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



Introduction

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

- (a) Enable democratic local decision-making and action, by, and on behalf of, communities; and
- (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and the performance of regulatory functions in a way that is most cost effective for businesses.

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

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






















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

Resident Satisfaction Survey

Resident satisfaction is a key performance measure for most Council services. Targets are set in the Annual and Long Term Plan (LTP) and survey results are reported in the Annual Report. A total of 800 people were surveyed this year by the independent Napier based company, SIL Research and allowed for a 95% confidence level +/- 4-5%. This confidence level is considered acceptable for this type of survey.

In general, Residents' satisfaction levels with Council services have again rated highly, with drinking water, sewerage and community facilities the top three performers. Where comparisons with New Zealand benchmarks are available, almost all Council scores are higher, with many significantly higher. While the satisfaction level with overall performance was down from 84% in 2017 to 77.8% this year, the long term trend has been one of improvement, and last year's satisfaction score was the highest achieved in a decade of surveying.

Benchmark Satisfaction at a glance

		
Public Libraries	Drinking water	Car parking
MDC 2018: 81% / 7.3	MDC 2018: 89% / 8.2	MDC 2018: 66% / 6.1
MDC 2017: 79% / 7.8	MDC 2017: 86% / 8.3	MDC 2017: 66% / 6.8
NZB 2018: 81% / 7.4	NZB 2018: 64% / 6.2	NZB 2018: 52% / 5.6
		
Stormwater drainage	Animal control	Sports fields
MDC 2018: 73% / 6.7	MDC 2018: 77% / 7.0	MDC 2018: 91% / 7.8
MDC 2017: 79% / 7.5	MDC 2017: 79% / 7.4	MDC 2017: 89% / 8.2
NZB 2018: 51% / 5.5	NZB 2018: 60% / 6.3	NZB 2018: 71% / 6.8
		
Park and reserves	Waste management	Swimming pools
MDC 2018: 86% / 7.6	MDC 2018: 81% / 7.3	MDC 2018: 90% / 7.9
MDC 2017: 87% / 8.1	MDC 2017: 77% / 7.5	MDC 2017: 89% / 8.3
NZB 2018: 75% / 7.0	NZB 2018: 57% / 5.8	NZB 2018: 66% / 6.5
		
Resource consent management	Building consent	Public toilets
MDC 2018: 61% / 5.9	MDC 2018: 63% / 6.2	MDC 2018: 74% / 6.7
MDC 2017: 54% / 6.3	MDC 2017: 60% / 6.5	MDC 2017: 76% / 7.3
NZB 2018: 43% / 5.3	NZB 2018: 45% / 5.4	NZB 2018: 58% / 6.0
		
Walkways and Cycleways	Roads	Footpaths
MDC 2018: 87% / 7.4	MDC 2018: 64% / 6.0	MDC 2018: 73% / 6.6
MDC 2017: 82% / 7.7	MDC 2017: 56% / 6.4	MDC 2017: 68% / 6.8
NZB 2018: 60% (cycleways) / 6.1	NZB 2018: 40% / 5.0	NZB 2018: 58% / 5.7
		
Street lights	Sewerage	Resource Recovery Centre
MDC 2018: 81% / 7.2	MDC 2018: 90% / 7.9	MDC 2018: 86% / 7.5
MDC 2017: 79% / 7.5	MDC 2017: 87% / 8.2	MDC 2017: 83% / 7.9
NZB 2018: 65% / 6.6	NZB 2018: 62% / 6.5	NZB 2018: 55% / 6.1
		
Cemeteries	Council communications	Overall satisfaction
MDC 2018: 91% / 7.8	MDC 2018: 75% / 6.7	MDC 2018: 78% / 6.7
MDC 2017: 89% / 8.1	MDC 2017: N/A	MDC 2017: 84% / 7.6
NZB 2018: 72% / 6.9	NZB 2018: 53% / 5.6	NZB 2018: 55% / 5.7

Activity Group: People

Activities in this Group:

- Democratic Process
- Culture and Heritage (including support for the arts and museums)
- Housing for Seniors
- Community Safety
- Community Support (including events management, small townships, passenger transport, energy efficiency and total mobility)
- Library Services
- Emergency Management

Related Community Outcomes

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

MDC: Funding Impact Statement for 2017-18 for People Activity Group				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	6,914	7,177	7,897	7,927
Targeted rates	162	187	250	304
Subsidies and grants for operating purposes	353	348	339	333
Fees and charges	24	25	23	22
Internal charges and overheads recovered			-	256
Local authorities fuel tax, fines, infringement fees and other receipts	2,103	2,092	2,016	1,992
Total operating funding	9,556	9,829	10,525	10,834
Applications of operating funding				
Payments to staff and suppliers	4,773	4,869	5,046	6,089
Finance costs	39	179	166	69
Internal charges and overheads applied	2,866	2,951	3,055	2,971
Other operating funding applications	1,372	1,329	3,678	3,399
Total applications of operating funding	9,050	9,328	11,945	12,527
Surplus (deficit) of operating funding	506	501	(1,420)	(1,694)
Sources of capital funding				
Subsidies and grants for capital expenditure	10	10	10	-
Development and financial contributions			-	-
Increase (decrease) in debt	3,500	6,299	(69)	1,834
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions			-	117
Total sources of capital funding	3,510	6,309	(59)	1,951
Applications of capital funding				
Capital expenditure to meet additional demand	512	3,675	310	3,048
Capital expenditure to improve the level of service	24	25	24	84
Capital expenditure to replace existing assets	555	380	677	825
Increase (decrease) in reserves	2,925	2,730	(2,490)	(3,699)
Increase (decrease) of investments				-
Total applications of capital funding	4,016	6,810	(1,479)	258
Surplus (deficit) of capital funding	(506)	(501)	1,420	1,694
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	9,050	9,328	11,945	12,527
plus - Depreciation and amortisation	687	702	710	761
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	139
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	(256)
Expenditure as per note 2.	9,737	10,030	12,655	13,172

Explanation of Variances

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

Activity: Democratic Process

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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




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

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

Further information on this Activity is contained in the 2018-28 LTP.

What we did in 2017-18

- Ten citizenship ceremonies were held with 220 people receiving citizenship.

Levels of Service: Democratic Process				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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	6.7		Actual score: 5.6 - almost on target. (Last year: 6.4 - almost on target).
Provide a service that is timely and responsive to residents needs.				
% of agendas available to the public, by way of the website and counter enquiry, at least three working days prior to meetings.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Public contribution to decision making process				
% of Council items of business open to the public	90%	90%		Actual score: 93.3% - on target. (Last year: 93.1% - on target).

MDC: Funding Impact Statement for 2017-18 for Democratic Process				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,788	2,885	2,896	2,907
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	256
Local authorities fuel tax, fines, infringement fees and other receipts	303	262	239	239
Total operating funding	3,091	3,147	3,135	3,402
Applications of operating funding				
Payments to staff and suppliers	1,348	1,345	1,326	1,521
Finance costs	-	-	-	-
Internal charges and overheads applied	1,725	1,785	1,786	1,732
Other operating funding applications	6	6	6	5
Total applications of operating funding	3,079	3,136	3,118	3,257
Surplus (deficit) of operating funding	12	11	17	144
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	41	-	-	-
Increase (decrease) in reserves	(29)	11	17	144
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	12	11	17	144
Surplus (deficit) of capital funding	(12)	(11)	(17)	(144)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	3,079	3,135	3,118	3,257
plus - Depreciation and amortisation	12	12	11	-
less - Internal charges and overheads recovered	-	-	-	(256)
Expenditure as per note 2.	3,091	3,147	3,129	3,002

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Payments to staff and suppliers - higher than LTP due to new position for Communications Manager.

Activity: Culture and Heritage

Operating costs of this Activity represent approximately 2.4% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Economy and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

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

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

These include:

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

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

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

Further information about this Activity is contained in the 2018-28 LTP.

What we did in 2017-18

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

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





Arts and heritage groups were further able to apply for Council Community Grants contestable funding under the Arts & Culture and Heritage categories with 19 grants being allocated to arts and heritage organisations totalling \$69,800.

Funding was also provided to the Totaranui Trust towards co-ordination and activities that commemorate 250 years since the Cook Landings.

In addition, Council commenced a Smart + Connected process with the Heritage Sector which resulted in a Heritage plan being developed. Further work was carried out which fed into the 2018-28 Long Term Plan process and successfully secured further funding.

Levels of Service: Culture and Heritage

Performance Targets

Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.9	6.9		Actual score: 6.8 - almost on target. (Last year: 7 - on target).
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%		Actual score: 100% - on target. (Last year: 100% - on target).
% of achievement of reporting requirements.	95%	95%		Actual score: 100% - on target. (Last year: 100% - on target).
% of contract requirements are met.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).

MDC: Funding Impact Statement for 2017-18 for Culture and Heritage				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	808	796	886	889
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	75	72	73	73
Total operating funding	883	868	959	962
Applications of operating funding				
Payments to staff and suppliers	3	3	106	137
Finance costs	-	2	2	-
Internal charges and overheads applied	69	70	90	92
Other operating funding applications	806	786	2,478	2,491
Total applications of operating funding	878	861	2,676	2,720
Surplus (deficit) of operating funding	5	7	(1,717)	(1,758)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	52	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	52	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	52	-	-
Capital expenditure to replace existing assets	-	52	50	7
Increase (decrease) in reserves	5	(45)	(1,767)	(1,765)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	5	59	(1,717)	(1,758)
Surplus (deficit) of capital funding	(5)	(7)	1,717	1,758
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	878	861	2,676	2,720
plus - Depreciation and amortisation	6	6	6	5
Expenditure as per note 2.	884	867	2,682	2,725
Operating expenditure				
Arts	487	488	2,185	2,186
Heritage	396	379	497	540
Capital expenditure				
Heritage	-	2,152	-	7

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Payments to staff and suppliers - higher than LTP due to the heritage grant of \$100,000 for the Captain Cook 250th commemoration to the Totaranui 250 Trust.
- Other operating funding applications - above LTP due to the payment of a \$1.45 million donation to the Marlborough Civic Theatre Trust and \$225,000 of one off grants approved by Council.

Activity: Housing for Seniors

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

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

The Council considers how to help people access housing which meets their needs. The most effective way to do this is to provide an option for seniors to access Council-owned housing.







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

Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18

As well as many major projects listed under the Levels of Service table a number of projects have been completed during the year, including painting, refurbishment and furnishings of units. For example:

- Refurbishment of 3 units at Vevian Place, 3 at Cleghorn Street and 2 at Litchfield Street
- Kitchen upgrades for 8 flats at Uxbridge Street
- Insulation inspection all Senior Housing stock
- Insulation install to all units at Market Street and Andrew Place
- Spouting replacement all units at Litchfield Street

Levels of Service: Housing for Seniors				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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		Actual score: 6.3 - almost on target. (Last year: 6.8 - almost on target).
Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.0		Actual score: 8.1 - on target. (Last year: 8.1 - on target).
Provide up-to-date record of Occupancy levels.				
Minimum occupancy in units to be maintained.	98%	98%		Actual score: 98.7% - on target. (Last year: 99% - on target).
Provide community housing reactive maintenance service in two categories.				
Urgent Unplanned Maintenance ¹ - % of unplanned maintenance completed within 24 hours of notification.	98%	98%		Actual score: 100% - on target. (Last year: 97% - almost on target).
Non-Urgent Unplanned Maintenance ² - % of unplanned non-urgent maintenance completed within 20 working days of notification.	90%	90%		Actual score: 99% - on target. (Last year: 100% - on target).
Provide an annual checklist of planned maintenance / projects as set out in budget and from Committee meetings.				
% of planned maintenance/projects completed in financial year.	70%	74%		Actual score: 99.1% - on target. (Last year: 98% - on target).

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.

MDC: Funding Impact Statement for 2017-18 for Housing for Seniors

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,165	1,188	1,139	1,186
Total operating funding	1,165	1,188	1,139	1,186
Applications of operating funding				
Payments to staff and suppliers	855	879	719	825
Finance costs	-	-	-	-
Internal charges and overheads applied	149	154	141	172
Other operating funding applications	17	18	15	11
Total applications of operating funding	1,021	1,051	875	1,009
Surplus (deficit) of operating funding	144	137	264	177
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	170	-	315	306
Increase (decrease) in reserves	(26)	137	(51)	(129)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	144	137	264	177
Surplus (deficit) of capital funding	(144)	(137)	(264)	(177)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,022	1,051	875	1,009
plus - Depreciation and amortisation	289	296	279	300
plus - Loss on sale of fixed assets	-	-	-	20
Expenditure as per note 2.	1,311	1,347	1,154	1,329

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Capital expenditure - above LTP due to timing of development plans.

Activity: Community Support

Operating costs of this Activity represent approximately 2.6% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

Community Support and Development

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

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

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

Advocating for the needs of the community sector is an ongoing issue, particularly given the changes being experienced in the age and ethnicity of the community. Strengthening relationships with key organisations, and providing training and support are key elements of building the capacity of the sector.

Council also assists by providing community grants. Criteria for these grants have been set to target specific needs in the community and relationships with other funding providers have the potential to maximise the funds available.

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

Safer Communities

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

Council has reviewed its role in community safety and has resolved to commit to longer term arrangements with the Police and central government wherever possible.

A number of projects organised by the Safer Communities Marlborough section of the Council contribute to community well-being. These have resulted in positive outcomes at minimum direct cost to the Council as the majority of the Safer Communities activities are self-funding via Government grants.

The security camera network in the Blenheim and Picton CBD is managed by the Council's Support Services Department and is funded by rates.

Events Management

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

Marlborough Festival and Events Trust and Go Marlborough have a contract to organise events on behalf of the Council, including the summer concert series, Blenheim Christmas parade, senior citizens concerts, Christmas festival, Southern Jam youth festival, children's theatre and the New Year celebrations. They attract up to 5,000 attendees per event.

Passenger Transport and Total Mobility Scheme

Public transport services give people access to economic and social opportunities. Council currently operates an urban bus service in Blenheim and a district-wide mobility scheme.

These activities are part funded by the NZ Transport Agency. In addition, Bayleys Marlborough provides sponsorship funding for the bus service.

Energy Efficiency

Council promotes energy efficiency by providing upfront funding for approved home insulation, solar water heating and clean heating solutions. Work has commenced on extending this service to photo voltaic systems.

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

Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18

Positive Ageing – Seniors Expo was held on 11 April 2018 at the Convention Centre with a health focus and was well attended by older people in the community. Older Persons Forums continued to be held to share information and advocate for services for older people. Positive Ageing profiles commenced in the local papers profiling positive older role models in our community.

Youth – Key highlight for this year was the Youth Civic Awards with six youth being honoured with awards. The Youth Council continued to meet monthly to provide a valuable voice for young people.

Volunteer sector - Volunteer Marlborough under contract with Council provided training for the not for profit sector to build the capacity of the sector. A Strengthening Community Governance partnership project was commenced with Volunteers Marlborough working in partnership with Council, Rata Foundation and Department of Internal Affairs and will be progressed working in conjunction with the community sector.

Bus service - The Blenheim bus service conveyed 21,317 passengers during the year (22,691 in 2016-17). A new service provision contract was awarded to Ritchies Transport Holdings Ltd for a 9 year period commencing 1 March 2018. The level of service was increased from 1 March 2018 to include the lunch hour period, Monday to Friday. Council has approved extra funding for 2 years to trial some additional services. Options are being prioritised using information sourced through an online public transport survey.

Total Mobility scheme - The Total Mobility scheme funded 18,841 trips (19,048 in 2016-17), including 2,762 trips (2,518 in 2016-17) by wheelchair users.

Energy Efficiency - Over the last 12 months a further 218 advances totalling almost \$961,000 were made for home insulation, solar water heating and home clean heating. Currently the amount advanced (net of repayments) is \$2.86 million to 643 ratepayers.

Levels of Service: Community Support

Performance Targets

Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations (excludes passenger transport).				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
• Community Support.	7.2	7.2		Actual score: 6.4 - almost on target. (Last year: 6.9 - almost on target).
• Community Safety.	7.3	7.3		Actual score: - not achieved. (Last year: 7.5 - on target). not measured
• Events Management.	7.1	7.1		Actual score: 6.7 - almost on target. (Last year: 7.2 - on target).
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%		Actual score: 100% - on target. (Last year: 100% - on target).
Achievement of reporting requirements.	95%	95%		Actual score: 98% - on target. (Last year: 100% - on target).
Contract requirements met.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Manage third party providers to ensure service quality and value of community events.				
Achievement of reporting requirements.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Participation numbers match targets in contracts.	100%	≥ 95%		Actual score: 100% - on target. (Last year: 100% - on target).
Implement the Positive Ageing Accord.				
Number of Older Persons Forums held annually with attendance exceeding quorum.	10	10		Actual score: 11 - on target. (Last year: 11 - on target).
Frequency of Seniors Expo.	Biennial Seniors Expo	Hold Senior		Actual score: Senior Expo held - on target. (Last year: n/a).
% of actions in Positive Ageing Accord Plan completed relevant for that year.	New measure	95%		Actual score: 92% - almost on target. (Last year: 88% - almost on target).
Implement Youth Initiatives Plan.				
Number of Youth Forums held annually with attendance exceeding quorum.	10	10		Actual score: 10 - on target. (Last year: 10 - on target).
% of Actions in Youth Initiatives Plan completed each year.	95%	95%		Actual score: 97% - on target. (Last year: 100% - on target).
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		Actual score: 3 - on target. (Last year: 4 - on target).
Provide quality service that meets and exceeds the expectations of the Ministry of Justice thus providing quality restorative justice service to the community.				
Ensure contract reports are completed within timeframes.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of compliance with Ministry of Justice contract conditions met.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Monitor and manage services to agreed timeframes and budgets.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
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.	26,498 (2013-14)	3% > previous year		Actual score: -6% - not achieved. (Last year: -11% - not achieved). Patronage was 21,317 (22,691 in 2016-17), there are recent signs that levels are improving.
Complete annual passenger survey and reports results to Council by 30 June each year.	New measure	30-Jun-18		Actual score: Survey conducted - on target. (Last year: Survey not conducted - not achieved).
Improve infrastructure to support bus service by adding a minimum of three bus shelter per year (as funding allows).	12 shelters	3 extra shelters		Actual score: 0 - not achieved. (Last year: 0 - not achieved). Staff time prioritised to survey and new service development; shelters now scheduled for 18-19 year.

MDC: Funding Impact Statement for 2017-18 for Community Support

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	932	942	1,259	1,264
Targeted rates	162	187	250	304
Subsidies and grants for operating purposes	334	329	339	321
Fees and charges	18	18	17	13
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	123	122	163	114
Total operating funding	1,569	1,598	2,028	2,016
Applications of operating funding				
Payments to staff and suppliers	881	901	1,210	1,784
Finance costs	21	21	17	14
Internal charges and overheads applied	193	197	190	206
Other operating funding applications	472	449	1,005	891
Total applications of operating funding	1,567	1,568	2,422	2,896
Surplus (deficit) of operating funding	2	30	(394)	(880)
Sources of capital funding				
Subsidies and grants for capital expenditure	10	10	10	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	43
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	117
Total sources of capital funding	10	10	10	161
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	84
Capital expenditure to replace existing assets	20	21	20	-
Increase (decrease) in reserves	(8)	19	(404)	(804)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	12	40	(384)	(720)
Surplus (deficit) of capital funding	(2)	(30)	394	880
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,567	1,568	2,422	2,896
plus - Depreciation and amortisation	4	5	4	8
Expenditure as per note 2.	1,571	1,573	2,426	2,904
Operating expenditure				
Community Safety	239	243	276	232
Grants and Donations	515	516	1,177	953
Events Management	178	182	186	236
Energy Efficiency	156	156	306	1,058
Recreation	70	72	80	60
Passenger Transport	414	404	401	366
Capital expenditure				
Passenger Transport	20	21	20	84

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Targeted rates and Payments to staff and suppliers – both accounts are higher than LTP due to higher than anticipated uptake of energy efficiency services which is recovered from rates over the next nine years.

- Other operating funding applications - higher than LTP due to increased grants.
- Capital expenditure - higher than LTP due to the completion of the railway station bus shelter.
- Decrease in reserves - higher than LTP due to higher than anticipated uptake of energy efficiency services which is managed through a Reserve.

Activity: Library Services

Operating costs of this Activity represent approximately 2.3% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, People, Economy and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

This activity provides the community with a professional library service. The purpose of the library is to help customers help themselves by encouraging a joy of reading and the pursuit of knowledge, through the provision of a wide range of current resources in various formats, as well as computers and educational programmes, in a safe and accessible environment.

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







Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18

The new Picton Library and Service Centre Waitohi Whare Matauranga opened following a dawn blessing on Thursday 29 November 2017. The official opening was held on Friday 8 June 2018 following the demolition of the old library and the development of the green space and car park on the southern side of the facility. Extended Saturday opening hours and the move to self-service with Radio Frequency Identification RFID became available with the new facility.

RFID systems were introduced at the District Library on 7 September 2017 following the tagging of all stock in both the District and Branch Libraries. As part of this project self-service kiosks were installed to allow customers to issue their own items.

Participation in the Winter and Summer Reading Programmes in both the District Library and the Picton Library were again very successful with 485 and 345 children respectively enrolling to take part.

Levels of Service: Library Services				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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".	8.1	8.1		Actual score: 7.3 - almost on target. (Last year: 7.8 - almost on target).
Provide a range of current resources supporting the tastes, interests and reading levels of users.				
Average age of resources (years).	10 years or less	< 10 yrs		Actual score: less than 8 years old - on target. (Last year: 8 - on target).
Frequency of books being taken out (turnover rate).	4 times per year	4		Actual score: 4 times per year - on target. (Last year: 4 - on target).
Average number of overdue items not returned 28 days after the due date each month.	185 items	< 185		Actual score: 130 - on target. (Last year: 116 - on target).
Provide a range of programmes or training opportunities that meet or exceed customers' expectations.				
Evaluate the satisfaction of courses and programmes offered by the libraries by survey. Where 1=Unsatisfactory, 3=Good, and 5=Excellent.	>3	> 3		Actual score: 4.2 (Last year: 4.5 - on target).
Provide access to information electronically.				
Number of e-book and e-audio loaned.	6,600 items	10% increase on		Actual score: 18,498 - on target. (Last year: 15,475 - on target).

MDC: Funding Impact Statement for 2017-18 for Library Services				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,642	1,766	2,011	2,019
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	6	6	6	9
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	310	320	293	281
Total operating funding	1,958	2,092	2,310	2,309
Applications of operating funding				
Payments to staff and suppliers	1,150	1,176	1,234	1,415
Finance costs	18	157	147	54
Internal charges and overheads applied	490	490	572	586
Other operating funding applications	-	-	-	-
Total applications of operating funding	1,658	1,823	1,953	2,055
Surplus (deficit) of operating funding	300	269	357	253
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	3,500	6,299	(69)	1,791
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	3,500	6,299	(69)	1,791
Applications of capital funding				
Capital expenditure to meet additional demand	24	25	310	3,048
Capital expenditure to improve the level of service	512	3,675	24	-
Capital expenditure to replace existing assets	276	277	264	498
Increase (decrease) in reserves	2,988	2,591	(310)	(1,502)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	3,800	6,568	288	2,044
Surplus (deficit) of capital funding	(300)	(269)	(357)	(253)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,656	1,822	1,953	2,055
plus - Depreciation and amortisation	335	339	357	412
plus - Loss on sale of fixed assets	-	-	-	119
Expenditure as per note 2.	1,991	2,161	2,310	2,586

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Payments to staff and suppliers - higher than LTP due to \$188,000 for the demolition and asbestos removal costs relating to the old Picton library.
- Finance costs - lower than LTP due to delayed completion of new Picton Library project which was completed in Nov 2017 as opposed to 2016-17 year as planned.
- Debt and reserves are higher due to a timing adjustment for capital expenditure in the LTP.
- Capital expenditure – the variance between LTP and Actual is due to the classification of the new Picton Library as a capital expenditure to 'improve the level of service' in LTP rather than to 'meet additional demand' as per Annual Report. Actual capex was higher than Annual Plan as Picton Library was completed in November 2017 as opposed to 2016-17 year as planned.

Activity: Emergency Management

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

The operative CDEM Group Plan describes:

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

Marlborough also needs to be prepared to deal with a number of other hazards not mentioned here, such as drought and electricity failure.

Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18

Civil Defence Emergency Management

Staff worked alongside all the key agencies throughout the year actively supporting the recovery from the Kaikoura earthquake. The success of using local navigators to help individuals and families through the complexities involved in recovery proved a very real success. The assistance was extended to the northern end of Kaikoura District for the whole year as well. At the end of June 2018 the recovery group met for the last time and agreed to manage the ongoing work in a business as usual manner.

The Assets and Services Manager and Group Manager have done significant training on the way to becoming fully competent as Alternate Controllers. The Regional Incident Management Team has also continued to train monthly with Fire and Emergency and CDEM developing alternate sessions. 53 people have received Emergency Operations Centre training (½ day) with 20 being Council staff and the remainder from key response agencies.

In September planning began for the annual South Island CDEM Conference to be held in Blenheim in August 2018. About 140 delegates are expected to attend and a wide range of speakers organised, two of whom are from the USA. The theme is 'On Track to Recovery'.

The AF8 (Alpine Fault, Magnitude 8 scenario) Framework was completed. All six South Island Groups had significant input into the first seven days plan. The document will guide Groups local planning given the shared understanding and agreements to assist imbedded within it. The Marlborough Group participated in the review of the WENIRP (Wellington Earthquake National Initial Response Plan). Given the severity of a possible Wellington event Marlborough will be impacted but probably able to assist.

Opus completed a fuel study which included LPG and coal (e.g. hospital boiler) supplies. It has highlighted possible reserves during a serious event but also flagged the inability to extract most of the petrol and diesel supplies if power is down. Crucial standby generators (e.g. Police stations, hospitals, 3-waters pumping stations, telephone towers and exchanges) have also been identified and plans are being put in place to ensure a continuing supply of diesel.






The national emergency mobile alerting system was established throughout NZ. Marlborough has developed some pre-planned messaging and been involved in the testing and improvements of the system. It has been used in three emergency events to date.

The Marlborough Group Plan was reviewed to comply with new recovery guidelines developed by the Ministry of CDEM. The entire recovery section was rewritten to have a more strategic focus throughout the District and will now be useful as a guide to recovery if the need arises again.

Fire

Vegetation hazard complaints received were lower than normal however neighbours were usually compliant and controlled the growth on their sections. Urban fire permits were issued apart from within the Blenheim Airshed. This summer the message was received by residents within the no fire zone and very few illegal fires were lit within the Airshed. This was the last year that MDC was responsible for managing fire and fire hazards under its by-laws as Fire and Emergency will pick up the role come 1 July 2018.

FENZ staff have remained co-located in the EOC and initial planning has begun to add an extension to the Emergency Operations Centre in Wither road for them to operate from. Five desks are currently occupied and provisional planning is for ten in total.

Levels of Service: Emergency Management				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds resident's expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.0		Actual score: 7.4 - almost on target. (Last year: 8.3 - on target). Focussed on raising performance in the Sounds which did increase but at the expense of other areas.
Provide a planned, tested capability to respond to major Civil Defence and Emergency (CDEM) Events.				
Timeliness for the completion of the update to emergency contact plans.	30-Jun	30-Jun-18		Actual score: 20-Dec-17 - on target. (Last year: 30-Jun-17 - on target).
Level of compliance with the 10 year exercise programme for testing the CDEM Plan.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% compliance with testing programme for radios, sector kits and emergency generator.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Urban fire is managed as per Council Bylaws				
% of vegetation fire hazard complaints processed within 10 working days of receipt of call	New Measure	90%		Actual score: 90% - on target. (Last year: 50% - not achieved).

MDC: Funding Impact Statement for 2017-18 for Emergency Management				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	744	788	845	849
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	18	19	-	12
Fees and charges	-	-	-	0
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	126	129	109	98
Total operating funding	888	936	954	960
Applications of operating funding				
Payments to staff and suppliers	536	565	451	407
Finance costs	-	-	-	-
Internal charges and overheads applied	240	256	276	183
Other operating funding applications	71	71	174	0
Total applications of operating funding	847	892	901	590
Surplus (deficit) of operating funding	41	44	53	370
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	47	29	28	13
Increase (decrease) in reserves	(6)	15	25	356
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	41	44	53	370
Surplus (deficit) of capital funding	(41)	(44)	(53)	(370)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	847	892	901	590
plus - Depreciation and amortisation	41	44	53	36
Expenditure as per note 2.	888	936	954	626

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Other receipts, Payments to staff and suppliers and Capital expenditure - all lower than LTP as the fire suppression aspect of this activity is now under FENZ management.

Activity Group: Community Facilities

Activities in this Group:

This Activity Group comprises a single Activity: Community Facilities.

Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Living, Economy and Connectivity. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18

Please refer to Note 30 in the financial statements for information on the impact of the Kaikoura earthquake.

In addition to the services provided under the levels of service tables the following new initiatives were undertaken in 2017-18:

Reserves

- Picton Foreshore – redevelopment of playground and installation of shade sails and seating completed.
- Purchase of land on Ranui Street, Picton to be added to Victoria Domain Reserve.
- Waikawa Bay Foreshore Reserve - boat ramp access area resealed and landscaping/amenity and passive areas improvements underway.
- Renwick Reserves and Open Space areas – landscaping and amenity improvements including tree work and plantings.
- Picton Area – Berms and Banks – shrub planting of areas that are difficult to maintain to improve the amenity values, reduce costs (over time), and help eliminate the riskier maintenance hazards.
- Pollard Park entranceway refresh commenced.
- New reserves obtained by the Council as a result of subdivision development including at Westwood and Omaka Landings and a property at Elizabeth Street damaged in the Kaikoura earthquake. Further land will also become a Reserves asset as a consequence of the Boulevard Park on Taylor subdivision development.

CBD Developments

- Redevelopment of Riverside Park (2 High Street) completed.
- Market place redevelopment underway.
- Marlborough Mile development underway.

Sports Grounds

- Softball specific infrastructure at Lansdowne Park completed including second diamond.
- Beach volleyball courts installed at Lansdowne Park.
- Lansdowne Park Sports Hub design underway.

- A&P Park Pavilion earthquake repairs completed.
- Athletic Park Pavilion earthquake repairs completed.
- Awatere Memorial Hall earthquake repairs underway.

Cemeteries

- Significant maintenance activities in all cemeteries including tree removal, improvements to RSA areas, grave restoration work, shrub planting on steep or hard to maintain areas.
- Tuamarina Cemetery – Large amount of shrub planting in the more steeper terrain areas that had previously been mown, these were recognised as difficult to maintain and of a particular health and safety concern. The plant out will reduce maintenance costs (over time), and help eliminate the riskier maintenance hazards.
- Tuamarina Cemetery – significant and targeted removal of the rapidly growing Sycamore tree – a major threat to Marlborough’s native vegetation.
- Flaxbourne – construction of new entrance gateway and access road.
- Rai Valley – cemetery administration and operations taken over by Council from community cemetery trustees.
- Cemetery Master Plans – long-term development /management master plan developed for all Council cemeteries.
- Non Council-administered Cemeteries – a project to gather and digitize information and cemetery records of community trustee non Council administered cemeteries (district-wide) is underway.

Public Toilets

- Liz Davidson Park – high needs specialist changing table and hoist facility installed.
- Public toilet facilities located at Brown River Reserve, Alfred Stream Reserve, Rai Valley Township, Havelock Pavilion, Havelock Township, Canvastown, Renwick Township, Blenheim Railway Station, Alfred Street Carpark Building, Nelson Road, Harling Park, Rife Range Carpark and Blairich Reserve all were refurbished.

Aquatic Facilities

- Earthquake strengthening continues at Stadium 2000.
- Repainting of Seddon Pool underway.

Walking and Cycling Routes

- The Link Pathway track works continued.
- Additional mountain bike tracks were completed in the Wither Hills Farm Park.
- Marina to Marina track from Picton to Waikawa has been further developed.
- Bike Pump track at Monro Street on Taylor River Reserve has been completed.












Memorials

- Seddon and Ward War memorials repaired post Kaikoura earthquake.
- Rai Valley War Memorial – access path handrail and new seating installed.
- Memorials Master Plans – development of a long term development /management master plan for all Council memorials underway.
- All Council war memorial sites provided an annual spruce up and any repairs done for ANZAC commemorations.

Reserve Management Policy and Planning

- Tirimoana Reserve Management Plan completed and made operative.
- Victoria Domain Reserve Management Plan review underway.
- Pre-purchase of cemetery plots prepared.

Levels of Service: Community Facilities

Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Customer satisfaction:				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.7	7.7		Actual score: 7.5 - almost on target. (Last year: 8 - on target).
Neighbourhood Parks:				
That within the urban environment 98% of the area is provided with a Neighbourhood Park which is either 500 metres approximately or ten minutes' walk.	98%	98%		Actual score: 95 % - almost on target. (Last year: 98% - on target).
Public Gardens:				
Three prime areas are allocated and maintained to high horticultural amenity standard. Offering at least five various displays, educational opportunities for the community and contemplative leisure experiences.	Five educational sessions are offered	5		Actual score: 5 - on target. (Last year: 5 - on target).
Cultural Heritage:				
War Memorial sites are protected, maintained and made available for memorial services.	Sites are available for at least 12 services	12		Actual score: 12 - on target. (Last year: 12 - on target).
Provision of cemeteries will meet the future interment of the community to provide accessible and appropriate sites for burial.	300 burial sites are available	400		Actual score: over 3431 burial sites were available. - on target. (Last year: over 1000 - on target).
Outdoor Adventure:				
Provision of opportunities for outdoor adventure based Recreation activities such as walking tracks and mountain bike tracks (in kilometres).	158 kms	168 kms		Actual score: 178 - on target. (Last year: 168 - on target).
Civic Space:				
Provision and maintenance of central areas eg; Liz Davidson Place, Bythell Place, Stadium 2000 Pocket Park, Riverside Park and London Quay.	At least 12 areas are provided and maintained	12		Actual score: 12 - on target. (Last year: 12 - on target).
Events are held at the Parks.	Five or more events are held	5		Actual score: 8 - on target. (Last year: 5 - on target).
Identification and acquisition of identified sites eg; Taylor River, Spring Creek walk way. Esplanade acquisition.	At least four new identified sites were acquired each year	4		Actual score: - not achieved. (Last year: 3 - not achieved). Target inappropriate and not measured
Sport and Recreation:				
Provision of sports facilities meet reasonable demand.	New measure	85%		Actual score: 1 - on target. (Last year: 100% - on target).
Delivery will achieve at least 85% resident satisfaction.	New measure	90%		Actual score: 0.906 - on target. (Last year: 90% - on target).

**MDC: Funding Impact Statement for 2017-18 for
Community facilities Activity Group**

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	7,614	7,916	8,498	8,530
Targeted rates	-	-	-	1
Subsidies and grants for operating purposes	11	11	10	40
Fees and charges	146	150	143	137
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	750	752	735	1,147
Total operating funding	8,521	8,829	9,386	9,855
Applications of operating funding				
Payments to staff and suppliers	5,463	5,596	5,937	6,780
Finance costs	1,595	1,628	803	818
Internal charges and overheads applied	709	772	1,719	1,868
Other operating funding applications	212	212	162	2,832
Total applications of operating funding	7,979	8,208	8,621	12,298
Surplus (deficit) of operating funding	542	621	765	(2,442)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	28
Development and financial contributions	942	1,064	1,204	1,947
Increase (decrease) in debt	-	-	1,436	1,342
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	100
Total sources of capital funding	942	1,064	2,640	3,418
Applications of capital funding				
Capital expenditure to meet additional demand	415	388	897	1,425
Capital expenditure to improve the level of service	412	468	2,012	1,958
Capital expenditure to replace existing assets	1,232	1,260	1,450	577
Increase (decrease) in reserves	(575)	(431)	(954)	(2,985)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	1,484	1,685	3,405	976
Surplus (deficit) of capital funding	(542)	(621)	(765)	2,442
Funding balance	-	-	-	-

**MDC: Funding Impact Statement for 2017-18 for
Community Facilities Activity Group**

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Reconciliation				
Total applications of operating funding	7,979	8,208	8,621	12,298
plus - Depreciation and amortisation	1,076	1,117	1,211	1,952
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	342
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	-
Expenditure as per note 2.	9,055	9,325	9,832	14,591
Operating expenditure				
Cemeteries	543	557	476	584
Memorials	98	100	95	120
Street berms, trees and plots	570	583	571	621
Halls	304	311	349	326
Public Conveniences	877	909	987	1,153
Reserves	4,902	5,086	5,590	7,527
Swimming Pools	1,763	1,783	1,764	4,260
Capital expenditure				
Cemeteries	184	26	225	186
Memorials	8	82	78	107
Street berms, trees and plots	34	35	40	15
Halls	20	21	1,020	416
Public Conveniences	154	394	275	80
Reserves	1,658	1,532	1,562	3,156
Swimming Pools	-	26	1,160	-

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Other receipts - higher than LTP due to a \$400,000 contribution received from the Marlborough Lines Stadium Trust towards the costs for earthquake strengthening works.
- Payments to staff and suppliers - higher than LTP due to increased contract costs, materials and repair and maintenance across the various reserves.
- Finance costs and Internal charges and overhead applied figures were transposed in LTP causing the variance in actual.
- Other operating funding applications - higher than LTP due to a \$2.4 million grant to the Marlborough Lines Stadium Trust for earthquake strengthening.
- Development and other financial contributions - higher than LTP due to increases subdivisional activity.
- Increase in debt – higher than LTP mainly due to Lansdowne Park sports hub development costs higher than planned (\$290,000) and due unbudgeted costs for Picton playground and irrigation upgrade (\$310,000) and construction of Dublin St Truck Park (\$400,000).
- Capital expenditure - higher than LTP mainly due to Riverlands Hall (\$229,000) and Hockey Turf (\$657,000) earthquake repairs; Lansdowne Park sports hub development costs higher than planned (\$290,000); Picton playground and irrigation upgrade (\$310,000) and construction of Dublin St Truck Park (\$400,000).

Activity Group: Roads and Footpaths

Activities in this Group:

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

Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy, People, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

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

Separate roles

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

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

The Transport Agency is a key partner in Council's land transport management because the State Highway network is of significant strategic importance in achieving community outcomes.

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

Further information on what this Activity is about and the assets involved is contained in the 2018-28 LTP.











What we did in 2017-18

Please refer to Note 30 in the financial statements regarding the impact of the Kaikoura earthquake.

In addition to the services provided under the Levels of Services table a number of projects were performed during the year. The following points summarise the major roading projects performed in 2017-18:

- Constructed 3.6 kilometres of Urban Cycleways on Taylor River Reserve and Eltham/Beaver Road.
- Replacement of Netherwoods 1 and 2 bridges on Waihopai Valley Road, Robin Hood Bay Bridge Port Underwood Road and Parsons Bridge on Parsons Road .1,768 metres of kerb and channel were replaced.
- Completion of 72.7 lane kilometres of chip sealing.
- 17,500 cubic metres of gravel spread on the unsealed network.
- 6.9 lane kilometres of pavement rehabilitated.
- 5,828 square metres of footpath resurfaced.

- \$1.66 million worth of Emergency Works were completed. This was as a result of the Kaikoura Earthquake and Cyclones Fahey and Gita.
- Safety works and seal extension works undertaken on Upton Downs Road and Awatere Valley Road.
- 2.3 kilometres of seal extension on Northbank Road.
- 787 metres of new footpath constructed.

Levels of Service: Roads and Footpaths				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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		Actual score: 6.5 - on target. (Last year: 6.8 - on target).
Road Safety: Provide a safe transport infrastructure.				
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	8 (previous 10 year average)	0		Actual score: -6 - on target. (Last year: 3 - not achieved).
Road condition: Provide a quality transport infrastructure.				
Average quality of ride on a sealed local road network measured by Smooth Travel Exposure ¹ for:				
(a) Urban roads	≥ 85%	≥ 83%		Actual score: 86% - on target. (Last year: 90% - on target).
(b) Rural roads	≥ 92%	≥ 92%		Actual score: 96% - on target. (Last year: 95% - on target).
Condition Index ² .	≤ 6.5	< 6.3		Actual score: 4.9 - on target. (Last year: 4.1 - on target).
Average road roughness ³ standards for:				
(a) Urban sealed roads	< 110	< 115		Actual score: 105 - on target. (Last year: 106 - on target).
(b) Rural sealed roads	< 98	< 100		Actual score: 95 - on target. (Last year: 94 - on target).
Road maintenance: Provide a sustainable land transport infrastructure.				
The percentage of sealed road network that is resurfaced annually.	4.2%	4.2%		Actual score: 6.9% - on target. (Last year: 4.7% - on target).
Footpaths: To provide footpaths that meet the needs of an ageing community.				
% of footpaths within a territorial authority district that meets the Asset Management Plan rating of better than 4.	94%	94.9%		Actual score: 95.3% - on target. (Last year: 96% - on target).
Respond to services request.				
% of customer services requests relating to roads and footpaths to which the territorial authority responds within 15 days.	New measure	≥ 90%		Actual score: 80% - almost on target. (Last year: 87% - almost on target). Improvements to be made to the Customer Management System to get more accurate results.

¹ 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.

² 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.

³ A newly sealed road has an average roughness of 50 – 70. A very rough gravel road will have a roughness value higher than 300.

MDC: Funding Impact Statement for 2017-18 for				
The Provision of Roads and Footpaths	2016-17	2017-18	2017-18	2017-18
	Long-term	Long-term	Annual	Actual
	plan	plan	plan	Actual
Activity Group	\$000s	\$000s	\$000s	\$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	9,989	10,431	9,938	10,039
Targeted rates	63	63	63	67
Subsidies and grants for operating purposes	5,011	5,095	4,377	4,211
Fees and charges	6	6	7	0
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,196	1,220	1,376	1,203
Total operating funding	16,265	16,815	15,761	15,519
Applications of operating funding				
Payments to staff and suppliers	10,809	10,968	9,491	8,531
Finance costs	756	895	654	396
Internal charges and overheads applied	1,427	1,485	1,454	1,214
Other operating funding applications	-	-	-	66
Total applications of operating funding	12,992	13,348	11,599	10,207
Surplus (deficit) of operating funding	3,273	3,467	4,162	5,312
Sources of capital funding				
Subsidies and grants for capital expenditure	3,063	3,417	4,211	6,933
Development and financial contributions	246	253	634	249
Increase (decrease) in debt	1,052	1,405	1,525	31
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	2,777
Total sources of capital funding	4,361	5,075	6,370	9,990
Applications of capital funding				
Capital expenditure to meet additional demand	371	385	1,731	3,316
Capital expenditure to improve the level of service	1,387	2,604	3,931	2,257
Capital expenditure to replace existing assets	8,089	8,079	7,956	13,230
Increase (decrease) in reserves	(2,213)	(2,526)	(3,086)	(3,502)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	7,634	8,542	10,532	15,302
Surplus (deficit) of capital funding	(3,273)	(3,467)	(4,162)	(5,312)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	12,992	13,348	11,599	10,207
plus - Depreciation and amortisation	8,850	9,141	9,267	9,117
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	844
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	-
Expenditure as per note 2.	21,842	22,489	20,866	20,169

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Subsidies and grants for operating purposes - below LTP due to less than anticipated NZTA subsidies.
- Payments to staff and suppliers - below LTP due to less than anticipated emergency reserves reinstatement (\$800,000) and minor events costs (\$1 million).
- Subsidies and grants for capital expenditure - above LTP due to 85% government subsidy received for the street LED light replacement project.
- Decrease in debt and increase in Lump sum contributions - higher vested assets contributions and subsidies and grants have decreased the need for loans for capital projects.

- Capital expenditure - higher than LTP as we catch up with the completion of budgeted projects after the delays from the Kaikoura earthquake and due to higher vested assets as a consequence of increased subdivisional activity.

Activity Group: Flood Protection and Control Works

Operating costs of this Activity represents approximately 5.6% of total Activity expenditure.

Activity Group: Flood Protection and Control Works

Activities in this Group:

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

Related Community Outcomes

This Activity Group contributes primarily to the Community Outcomes of Environment, People, Economy, Mobility and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

The Activity is primarily about managing flood hazard and drainage of the more developed areas of Marlborough. Requirements in different areas have developed according to the history of flood risks, drainage improvements and from recent assessments of flood risks as land uses change with development.

Further details on what this Activity is about and the assets involved can be found in the 2018-28 LTP.

What we did in 2017-18

Please refer to Note 30 in the financial statements for information on the impact of the Kaikoura earthquake.

The 2017-18 work programme focussed on completing the remaining Kaikoura earthquake repairs, routine asset maintenance, repairing minor flood damage following the two summer 2018 cyclone events and progressing major Blenheim stormwater upgrades at Caseys Creek and Town Branch Drain including the proposed new Snowdens basin outfall.

Following a pause over the wet winter months stopbank repair work resumed in September on the upper Opawa River, then moved to Bothams Bend Road for a permanent repair of a section of Wairau Diversion stopbank, then moving to complete a variety of minor repairs in the St Andrews to Malthouse reach of the lower Opawa River. Over the summer the Lower Wairau Plain Council benchmark network was precisely resurveyed for location and level so that they could continue to be used for monitoring and works setout purposes. By end of June 2018 only three outfall pipe relining's remain to be completed and costs were tracking close to the estimated \$2.4 million original repair cost estimate.

A full annual asset maintenance programme was again completed including fairway clearing, buffer zone replanting and rock repairs and strengthening at a number of sites. We also continued the programme of refurbishing and proactive maintenance of rural and town stormwater pumps. The two ex-cyclone storm events that impacted the country in February 2018 caused further buffer zone erosion on the Wairau River below the Waihopai confluence that will have to be repaired and reinstated as part of the next couple of years maintenance programmes when conditions allow. Both flood events were not large by Wairau River standards being in the order of a mean annual event for the larger (1,950 cumecs) and only 1,300 cumecs for the second.

Significant time and effort was spent on managing gravel extraction in 2017-18 including a large 200,000 cubic metres extraction from the Waima River for State Highway 1 earthquake repairs. The regular mid-summer flood events in the Wairau River caused significant disruptions to gravel extraction from the upper Wairau River in the vicinity of Loddon Lane that is part of Council's fairway clearing programme. Other than the weather issues the overall Wairau River gravel extraction programme went well with excellent contractor co-operation.

Capital upgrades focussed on progressing major stormwater upgrades at Caseys Creek and at Town Branch Drain. At Caseys Creek the design was completed and works tendered. However at the time all contractors were very busy and only one tender was received and at a price not acceptable to Council. With the assistance of the tendering contractor some design, tender scheduling and works programme changes were made. At the time of writing the works are out to re-tender with good interest second time around.

Upgrading of a 240 metre section of the Town Branch Drain at Easthaven Place was completed. A 2.3 hectare parcel of land was also purchased near Butter Factory corner, SH 1, to provide a buffer storage and enable a new upgraded stormwater outfall to the Lower Opawa River. Beca Consultants were engaged to complete the next stage of the design of the Town Branch drain outfall including the proposed new Snowdens Basin link and Opawa River outfall.















Design of the permanent repair/upgrade of a 140 metre section of Lower Opawa River stopbank at Park Terrace was largely completed with works planned for summer 2019. The work included successful acquisition of floodway land to enable the works.

A new 60 metre section of stopbank was constructed in the Taylor River just downstream of the High Street bridge. The project included purchase of 1,000 square metres of land now added to the Taylor River reserve.

Investigations completed include hydraulic modelling of the lower Waikawa Stream to assess impacts of a general sediment build up at the stream mouth and whether some dredging out into the coastal marine area is justified. The other major task was to provide technical advice to the hearings panel hearing submissions on the flood hazard mapping in the Proposed Marlborough Environment Plan. All submitters were consulted and where appropriate adjustments to the mapping recommended.

Work continued on the Wither Hills soil conservation gully erosion control programme including resowing areas worked to repair gully erosion, and ongoing nassella tussock control, track maintenance and cleaning out of various sediment traps. Scoping of proposed upgrades to the building infrastructure at Redwood Street including manager's house, new implement shed and woolshed upgrade was progressed with the upgrades now underway.

Levels of Service: Flood Protection and Control Works

Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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	7.0		Actual score: 6.8 - almost on target. (Last year: 7.4 - on target).
Wairau River scheme - system and adequacy: These major flood protection and control works are maintained, repaired and renewed to the standards defined in Rivers and Drainage Asset Management Plan (AMP).				
% of floodway and tributary network inspected annually for condition and maintenance requirements.	90%	90%		Actual score: 95% - on target. (Last year: 95% - on target).
% of programmed maintenance and renewal works identified in the Rivers Asset Management Plan (AMP) practically ¹ completed.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of capital improvement works in the AMP achieved.	80%	80%		Actual score: 40% - not achieved. (Last year: 30% - not achieved). Capital programme was again impacted by need to to complete earthquake repairs.
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).	<2 months post event	<2 months post event		Actual score: Completed within two months post event - on target. (Last year: within two months - on target). No flood events requiring specific reporting during 2017-18.
Wairau Plains: Effective drainage provided to the lower Wairau plains.				
% of drain network inspected at least annually for condition and maintenance requirements.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of drains weed sprayed each year.	90%	90%		Actual score: 80% - almost on target. (Last year: 100% - on target).
% of drains mechanically cleared each year.	6%	6%		Actual score: 5.2% - almost on target. (Last year: 4% - not achieved).
% of the agreed and approved drain network extension upgraded and brought into Council management.	New measure	30%		Actual score: 10% - not achieved. (Last year: 67% - on target). Remaining drain extensions delayed due to priority being given to earthquake repairs.
Picton Floodways: Monitor, maintain and upgrade key Picton floodways (Waitohi and Waikawa Rivers) to provide for a 1 in 50 year return period flood event.				
% of floodway network inspected annually for condition and maintenance requirements.	100%	100%		Actual score: 100%,L19 (Last year: 100% - on target).
% of programmed maintenance and renewal works identified in the AMP practically ¹ completed.	100%	100%		Actual score: 100%,L20 (Last year: 100% - on target).
Blenheim Urban: Upgrade and maintain key Blenheim stormwater outfalls².				
% of programmed maintenance and renewal works identified in the AMP practically ¹ completed.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of capital improvement works in the AMP achieved.	80%	80%		Actual score: 50% - not achieved. (Last year: 0% - not achieved). Town Branch upgrade at Easthaven completed and design of downstream reach commenced. Caseys Creek upgrade delayed by 1 year.
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		Actual score: 0 (Last year: 0 - on target).

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

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

MDC: Funding Impact Statement for 2017-18 for

Flood protection and control works

Activity Group

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	280	286	296	298
Targeted rates	3,852	3,972	3,747	3,775
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	620	636	565	1,090
Internal charges and overheads recovered	205	210	200	405
Local authorities fuel tax, fines, infringement fees and other receipts	2,588	2,590	2,716	2,731
Total operating funding	7,545	7,694	7,524	8,297
Applications of operating funding				
Payments to staff and suppliers	3,152	3,217	3,226	4,255
Finance costs	137	149	111	69
Internal charges and overheads applied	1,714	1,760	1,661	2,053
Other operating funding applications	32	33	35	72
Total applications of operating funding	5,035	5,159	5,033	6,448
Surplus (deficit) of operating funding	2,510	2,535	2,491	1,849
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	308	210	520	1,053
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	308	210	520	1,053
Applications of capital funding				
Capital expenditure to meet additional demand	205	-	200	667
Capital expenditure to improve the level of service	749	504	1,685	1,426
Capital expenditure to replace existing assets	565	1,003	1,664	631
Increase (decrease) in reserves	1,299	1,238	(538)	177
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	2,818	2,745	3,011	2,902
Surplus (deficit) of capital funding	(2,510)	(2,535)	(2,491)	(1,849)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	5,035	5,159	5,033	6,448
plus - Depreciation and amortisation	192	198	167	209
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	66
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	(205)	(210)	(200)	(405)
Expenditure as per note 2.	5,022	5,147	5,000	6,318
Operating expenditure				
River Leases	231	237	276	231
Rivers Outside Wairau Floodplain	260	264	252	248
Wairau Floodplain Drainage	908	932	910	1,404
Wairau Floodplain Rivers	3,622	3,714	3,562	4,435
Capital expenditure				
Rivers Outside Wairau Floodplain	21	21	40	16
Wairau Floodplain Drainage	303	295	1,010	941
Wairau Floodplain Rivers	1,195	1,189	2,499	1,769

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Fees and charges - above LTP due to higher than expected gravel extraction sales and log sales on flood land originally planted for soil erosion purposes.
- Other receipts - higher than LTP due to property rental receipts been higher than anticipated.
- Payments to staff and suppliers - higher than LTP due to stopbank repair, quarry rock extraction and unbudgeted expenditure relating to the disposal of Blenheim stream sediment on the new town branch works and minor contract works to remove contaminated sawdust.
- Capital expenditure - higher than LTP as we catch up with the completion of budgeted projects after the delays from the Kaikoura earthquake and due to purchase of land for flood protection purposes (\$400,000).

Activity Group: Sewerage Including Treatment and Disposal

Operating costs of this Activity represents approximately 9.8% of total Activity expenditure.

Activity Group: Sewerage Including Treatment and Disposal

Activities in this Group

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

Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity about?

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

- the health of communities
- minimisation of adverse environmental effects
- industrial and residential development

Council's 2018-28 LTP provides further information on what this activity is about and the assets involved, including information on individual schemes.

What we did in 2017-18

Please refer to Note 30 in the financial statements for information on the impact of the Kaikoura earthquake.

Progress continued with the detailed design of a major project to renew the sewer between McLauchlan Street and the Bomford Street. This project includes the upgrade of the McLauchlan Street pump station and the construction of a new treatment and overflow facility in Bomford Street. The new main will provide capacity for growth in the north-west, reduce the incidence of overflows during storms and permit the controlled overflow of treated effluent during very severe but rare storms.

The contract to renew the trunk sewer between Waikawa and the Dublin Street pump station was awarded to Fulton Hogan in early 2017. This project includes the upgrade of the main pump station, two intermediate pump stations, the refurbishment of two further pump stations and the construction of a new treatment and overflow facility. The new main will reduce the incidence of overflows during storms and permit the controlled overflow of treated effluent during very severe but rare storms. The work has been substantially completed with final commissioning being completed through July 2018.

The Blenheim wetlands tertiary treatment and effluent irrigation system was operated throughout the summer when conditions allowed. The irrigation system significantly reduces the total volume of effluent discharged into the estuary environment.

Considerable effort continued on sewer mains assessment and rehabilitation. The ageing infrastructure, ground movement through seismic activity, corrosive effluents and increasing quantities of oils and fats discharged into the sewer system is causing increased maintenance activity. Assessments of earthenware sewer mains have identified significant damage to these pipes. Planning is well advanced to have these pipes replaced. It is anticipated this work will progress over the next ten years.

Investigation commenced to review future treatment options for the Seddon wastewater treatment plant, this will include discharge of treated effluent to land removing the discharge to the Starborough Creek.

Levels of Service: Sewerage Including Treatment and Disposal

Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Customer satisfaction:				
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.0		Actual score: 7.9 - almost on target. (Last year: 8.2 - on target).
The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.	7.5	7.0		Actual score: 7.7 - almost on target. (Last year: 10.9 - not achieved). Blockages partially due to tree roots and wetwipes
System adequacy:				
Provide a level of service quality that minimises environmental risks.				
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	0.31	0.31		Actual score: 0.35 - almost on target. (Last year: 0.485 - not achieved). Due to extreme weather events - Gita Cyclone
Discharge compliance:				
Provide a reliable wastewater service with adequate system capacity and performance.				
Number of wet weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	1.00	0.81		Actual score: 0.89 - almost on target. (Last year: 1.6 - not achieved). Due to extreme weather events - Gita Cyclone
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	Nil	Nil		Actual score: On target. (Last year: Nil - on target).
Fault response times:				
Provide a service that is timely and responsive to customer needs.				
Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times are measured:				
(a) attendance time (in hours): from the time that the territorial authority receives notification to the time that service personnel reach the site, and	New measure	1.50 hrs		Actual score: 0.37 hours - on target. (Last year: 0.59 - on target).
(b) resolution time (in hours): from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	New measure	4.50 hrs		Actual score: 1.53 hours - on target. (Last year: 2.22 - on target).

**MDC: Funding Impact Statement for 2017-18 for
Sewerage Activity Group**

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	8,321	9,473	7,939	7,973
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	64	65	62	58
Internal charges and overheads recovered	-	-	-	17
Local authorities fuel tax, fines, infringement fees and other receipts	1,943	2,213	2,032	1,849
Total operating funding	10,328	11,751	10,033	9,897
Applications of operating funding				
Payments to staff and suppliers	2,934	2,920	2,789	3,039
Finance costs	3,779	4,167	2,441	2,249
Internal charges and overheads applied	1,931	1,996	2,542	2,592
Other operating funding applications	-	-	-	0
Total applications of operating funding	8,644	9,083	7,772	7,880
Surplus (deficit) of operating funding	1,684	2,668	2,261	2,017
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	458	496	565	1,522
Increase (decrease) in debt	12,458	1,142	11,774	6,640
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	625
Total sources of capital funding	12,916	1,638	12,339	8,786
Applications of capital funding				
Capital expenditure to meet additional demand	7,189	1,937	6,096	6,387
Capital expenditure to improve the level of service	5,417	2,233	5,229	4,608
Capital expenditure to replace existing assets	4,869	548	3,966	5,736
Increase (decrease) in reserves	(2,875)	(412)	(685)	(5,928)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	14,600	4,306	14,600	10,803
Surplus (deficit) of capital funding	(1,684)	(2,668)	(2,261)	(2,017)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	8,644	9,083	7,772	7,880
plus - Depreciation and amortisation	3,283	3,994	3,138	3,027
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	229
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	(17)
Expenditure as per note 2.	11,927	13,077	10,910	11,119
Operating expenditure				
Combined Sewerage	9,927	10,986	8,988	9,111
Riverlands Sewerage	1,998	2,090	1,922	2,008
Capital expenditure				
Combined Sewerage	15,667	4,840	14,460	16,697
Riverlands Sewerage	1,931	5	952	33

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Targeted rates – The main items that have directly impacted on the lower targeted rates were the reduction in Council's cost of funding from 7% to 6% in the 2017-18 Annual Plan and the lower

balance of debt in actual (\$40.3 million) as compared to the balance of debt in the LTP (\$58.3 million). Both items have significantly reduced the debt servicing rate and therefore the targeted rates charged.

- Other receipts - lower than LTP due to less than anticipated trade waste revenue as a consequence of this year's shorter vintage season.
- Finance costs - lower than LTP due to delays in the completion of budgeted projects in prior years.
- Development and other financial contributions and Lump sum contributions - both accounts are higher than LTP due to increased subdivisional activity.
- Capital expenditure - higher than LTP as we catch up with the completion of prior years' budgeted projects.

Activity Group: Stormwater Drainage

Operating costs of this Activity represents approximately 2.0% of total Activity expenditure.

Activity Group: Stormwater Drainage

Activities in this Group:

This Activity Group comprises a single Activity: Stormwater Drainage.

Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and People. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity about?

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

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

Council's 2018-28 LTP provides further information about this activity including detail about the individual areas served.

What we did in 2017-18






Please refer to Note 30 in the financial statements for information on the impact of the Kaikoura earthquake.

An outline design for the stormwater infrastructure to serve the development of urban zones to the north-west of Blenheim has been completed. Detailed design and resource consent application is proceeding. The application will utilise community stake-holder group recommendations derived from a structured decision making process to help manage the future development of the Murphys Creek catchment. This focused on the potential for water quality deterioration and increased flows from land development within the catchment needing to be managed to the satisfaction of all stake-holders.

Hydraulic modelling has helped to establish a long term strategy to improve stormwater drainage for eastern Blenheim. Plans are being developed to implement engineering upgrades to remedy the issues. Consultation has commenced with affected landowners alongside open drains which are to be upgraded. The first stage of the open drains upgrading was completed at the western end of the Town Branch Drain. Design of a new link between the Muller Road trunk stormwater main is complete with contract to be tendered in early September 2018. Design of stage two of the open drains upgrading at the east end of the Town Branch Drain including the Riverlands pump station has commenced.

The Mills Street, Seddon stormwater main renewal was substantially completed in conjunction with the State Highway 1 upgrade.

Investigation and design is underway for the upgrade and renewal of stormwater pipe and drains in Hampden Street, Picton.

Levels of Service: Stormwater Drainage				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.6	6.7		Actual score: 6.7 - on target. (Last year: 7.5 - on target).
The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	2	2		Actual score: 2.27 - almost on target. (Last year: 1.62 - on target).
System adequacy: Provide a reliable stormwater service.				
The number of flooding events that occur in a territorial authority district.	Actual number to be reported	Actual number to be reported		This year: 0 (Last year: 1).
For each flooding event, the number of habitable floors affected, expressed per 1000 properties connected to the territorial authority's stormwater system.	3	3		No flooding events (Last year: 0.43 - on target).
Discharge compliance: Minimise the environmental risks of stormwater discharge.				
Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	Nil	Nil		Actual score: Nil - on target. (Last year: Nil - on target).
Response times: Provide a service that is timely and responsive to current needs.				
The median response time (in hours) to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	1 hour	1 hr		Actual score: 0.7 hours - on target. (Last year: 0.8 - on target).

MDC: Funding Impact Statement for 2017-18 for Stormwater drainage Activity Group				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,842	1,950	1,935	1,942
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	52	54	51	27
Internal charges and overheads recovered	-	-	-	3
Local authorities fuel tax, fines, infringement fees and other receipts	172	176	167	159
Total operating funding	2,066	2,180	2,153	2,131
Applications of operating funding				
Payments to staff and suppliers	254	262	301	331
Finance costs	21	20	50	17
Internal charges and overheads applied	740	757	368	376
Other operating funding applications	-	-	-	-
Total applications of operating funding	1,015	1,039	719	724
Surplus (deficit) of operating funding	1,051	1,141	1,434	1,408
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	26	26	25	10
Increase (decrease) in debt	-	-	1,060	(26)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	799
Total sources of capital funding	26	26	1,085	783
Applications of capital funding				
Capital expenditure to meet additional demand	1,076	54	1,151	888
Capital expenditure to improve the level of service	20	21	475	7
Capital expenditure to replace existing assets	117	91	560	614
Increase (decrease) in reserves	(136)	1,001	333	683
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	1,077	1,167	2,519	2,191
Surplus (deficit) of capital funding	(1,051)	(1,141)	(1,434)	(1,408)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,015	1,039	719	724
plus - Depreciation and amortisation	1,440	1,501	1,495	1,435
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	96
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	(3)
Expenditure as per note 2.	2,455	2,540	2,214	2,253
Operating expenditure				
Blenheim Stormwater	1,820	1,884	1,588	1,604
Other Stormwater Schemes	635	655	625	648
Capital expenditure				
Blenheim Stormwater	1,161	111	2,336	1,367
Other Stormwater Schemes	53	55	50	141

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Lump sum contributions - higher than LTP due to increased subdivisional activity.

- Capital expenditure - higher than LTP due to higher than budgeted vested assets from increased subdivision activity (\$799,000 from external subdivisions and \$513,000 from the development of Councils' BPOT stage 4).

Activity Group: Water Supply

Activities in this Group:

This Activity Group comprises a single Activity: Water Supply.

Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

- the health of the community
- minimisation of adverse environmental effects
- community safety through providing for the firefighting capability of the water supply system
- industrial and residential development

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

Council's 2018-28 LTP provides further information about this activity and the assets involved, including detail on each individual scheme.

What we did in 2017-18

Please refer to Note 30 in the financial statements for information on the impact of the Kaikoura earthquake.

Water mains renewals have been completed as follows:

- 1.8 kilometres of 315 mm water main north of the Speeds Road, Koromiko water treatment plant
- 200 metres of 315 mm water main Devon St, Picton
- water mains upgrades in Lewis, Julian, & North Streets, Blenheim
- water main damaged by the earthquake renewed in Elizabeth Street, Blenheim

A new water main is being installed in Wither Rd to link the Taylor High Reservoir to the Omaka Landings subdivision to meet water supply levels of service. This work is being completed through July and August 2018.



In August 2015 a subsidy of just over \$1m was granted by the Ministry of Health to assist with the costs of water treatment for the Seddon Township. The water treatment plant has been substantially completed as a design build contract by Filtration Technology Ltd (Filtec). Commissioning commenced in early July 2018.

Strengthening of the Wither Hills Reservoir (Weld Street), constructed in the late 1970's, to bring it up to modern earthquake standards commenced in February 2018 and is ongoing.

Voluntary water restrictions were implemented for Renwick during the summer as the aquifer replenishment of the supply bores struggled to meet demand. Consultation for the introduction of universal metering to all properties in Renwick and Havelock was completed during 2017 with both communities recommending their installation. This will help reduce demand and delay the need for an additional source for Havelock. This was programed to be completed by July 2019. Delays will now see the metres installed for Havelock by July 2019 and Renwick July 2020.




















Work to test the three bores at Conders Bend near Renwick was completed through late 2017. The tests show sufficient quantity of good quality water, without an impact to existing nearby bores. Resource consent for abstraction from these bores to supply water to the Renwick treatment plant was lodged in May to July 2018. The treatment plant is upgrade is due to be completed in 2019-20.

Investigations have commenced to locate an alternate source of water for the Riverlands Industrial areas and to implement treatment to meet the Drinking Water Standards for NZ.

Levels of Service: Water Supply				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.0	8.2		Actual score: 8.2 - on target. (Last year: 8.3 - on target).
The total number of complaints received by the local authority about any of the following, expressed per 1000 connections to the local authority's networked reticulation system ¹ .				
(a) drinking water clarity	1.30	1.10		Actual score: 0.64 - on target. (Last year: 0.06 - on target).
(b) drinking water taste	1.90	1.90		Actual score: 0.11 - on target. (Last year: 0.12 - on target).
(c) drinking water odour	0.65	0.65		Actual score: 0.17 - on target. (Last year: 0.18 - on target).
(d) drinking water pressure or flow	1.90	1.70		Actual score: 1.22 - on target. (Last year: 0.55 - on target).
(e) continuity of supply, and	1.30	1.30		Actual score: 1.05 - on target. (Last year: 0.98 - on target).
(f) the local authority's response to any of these issues	0.65	0.65		Actual score: 0 - on target. (Last year: 0 - on target).
Safety of drinking water: Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.				
The extent to which the local authority's drinking water supply complies with:				
(a) Part 4 of the drinking-water standards (bacteria compliance criteria), and	Blenheim	Yes		Actual score: Almost on target. (Last year: On target). Data recording at the treatment plant failed for 26hrs during a software upgrade
	Picton	Yes		Actual score: On target. (Last year: On target).
	Havelock	Yes		Actual score: On target. (Last year: On target).
	Renwick	Yes		Actual score: On target. (Last year: On target).
	Riverlands	Yes		Actual score: On target. (Last year: On target).
	Awatere	No		Actual score: On target. (Last year: On target).
	Wairau Valley	No		Actual score: On target. (Last year: On target).
(b) Part 5 of the drinking-water standards (protozoal compliance criteria).	Blenheim	Yes		Actual score: Almost on target. (Last year: On target). Data recording at the treatment plant failed for 26hrs during a software upgrade
	Picton	Yes		Actual score: On target. (Last year: Not achieved).
	Havelock	No		Actual score: On target. (Last year: On target).
	Renwick	No		Actual score: On target. (Last year: On target).
	Riverlands	No		Actual score: On target. (Last year: On target).
	Awatere	No		Actual score: On target. (Last year: On target).
	Wairau Valley	No		Actual score: On target. (Last year: On target).





Levels of Service: Water Supply

Performance Targets

Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Maintenance of the reticulation network.				
The percentage of real water loss from the local authority's networked reticulation system ² .				
● Blenheim	≤44%	≤ 44%		Actual score: 44% - on target. (Last year: 38% - on target).
● Picton	≤48%	≤ 48%		Actual score: 29% - on target. (Last year: 38% - on target).
● Havelock	≤51%	≤ 51%		Actual score: 47% - on target. (Last year: 24% - on target).
● Renwick	≤50%	≤ 50%		Actual score: 48% - on target. (Last year: 35% - on target).
● Awatere	≤28%	≤ 28%		Actual score: 23% - on target. (Last year: 17% - on target).
● Wairau Valley	≤42%	≤ 42%		Actual score: 8% - on target. (Last year: 13% - on target).
Fault response times: Provide a service that is timely and responsive to customer needs.				
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the				
(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in minutes), and	30 minutes	30 mins		Actual score: 10.5 minutes - on target. (Last year: 38 - not achieved).
(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (in hours).	3 hours	3 hrs		Actual score: 2.26 hours - on target. (Last year: 0.83 - on target).
(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in hours), and	8 hours	8 hrs		Actual score: 1.58 hours - on target. (Last year: 2.16 - on target).
(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (in hours).	13 hours	13 hrs		Actual score: 7.96 hours - on target. (Last year: 7.85 - on target).
Demand management: Provide a reliable water supply service.				
The average consumption of drinking water per day per resident within the territorial authority district (in litres).	800 litres	800		Actual score: 0.77 - on target. (Last year: 634 - on target).
% of properties that receive a minimum water pressure of 300kPa at the property boundary (except in the Awatere Valley and Wairau Valley township).				
● Blenheim	99%	99%		Actual score: 99% - on target. (Last year: 98% - almost on target).
● Picton	99%	99%		Actual score: 99% - on target. (Last year: 99% - on target).
● Havelock	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
● Renwick	69%	69%		Actual score: 69% - on target. (Last year: 89% - on target).
% of system where fire flows are greater than or equal to 25 litres/sec.				
● Blenheim	85%	88%		Actual score: 85% - almost on target. (Last year: 84% - almost on target).
● Picton	87%	87%		Actual score: 87% - on target. (Last year: 88% - on target).
● Havelock	100%	100%		Actual score: 100% - on target. (Last year: 98% - almost on target).
● Renwick	55%	55%		Actual score: 55% - on target. (Last year: 69% - on target).

Levels of Service: Water Supply

Performance Targets

Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Maintenance of the reticulation network.				
% of system where fire flows are less than 12.5 litres/sec.				
● Blenheim	0.7%	0.5%		Actual score: 0.5% - on target. (Last year: 0.5% - on target).
● Picton	1.0%	1.0%		Actual score: 1% - on target. (Last year: 1% - on target).
● Havelock	0.0%	0.0%		Actual score: 0% - on target. (Last year: 0% - on target).
● Renwick	2.0%	2.0%		Actual score: 2% - on target. (Last year: 0% - on target).

¹ Assumes 17,109 connections.

² Water loss has been calculated in accordance with Method Option 2 (minimum night flow analysis) recommended by the Department of Internal Affairs guidance for non-financial performance measures for water supply.

Note: Riverlands is not measurable due to its industrial usage.

The water loss figures shown are based on the best available information. The figures include legitimate commercial/industrial night usage and do not include day/night adjustment factor or system specific issues as the data is not readily available.

**MDC: Funding Impact Statement for 2017-18 for
Water supply Activity Group**

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	6,246	6,621	4,779	7,640
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	2,941	3,095	3,095	157
Internal charges and overheads recovered	-	-	-	462
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	31
Total operating funding	9,187	9,716	7,874	8,290
Applications of operating funding				
Payments to staff and suppliers	2,419	2,725	2,699	3,027
Finance costs	1,735	1,763	1,261	1,253
Internal charges and overheads applied	1,663	1,712	1,577	2,040
Other operating funding applications	-	-	-	38
Total applications of operating funding	5,817	6,200	5,537	6,357
Surplus (deficit) of operating funding	3,370	3,516	2,337	1,933
Sources of capital funding				
Subsidies and grants for capital expenditure	1,014	-	483	761
Development and financial contributions	292	300	285	882
Increase (decrease) in debt	187	3,141	-	(220)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	461
Total sources of capital funding	1,493	3,441	768	1,885
Applications of capital funding				
Capital expenditure to meet additional demand	309	365	1,530	1,284
Capital expenditure to improve the level of service	4,177	5,023	4,003	4,145
Capital expenditure to replace existing assets	1,336	1,198	2,173	2,101
Increase (decrease) in reserves	(959)	371	(4,601)	(3,712)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	4,863	6,957	3,105	3,817
Surplus (deficit) of capital funding	(3,370)	(3,516)	(2,337)	(1,933)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	5,817	6,200	5,537	6,357
plus - Depreciation and amortisation	3,123	3,265	3,123	3,176
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	596
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	(462)
Expenditure as per note 2.	8,940	9,465	8,660	9,667
Operating expenditure				
Combined Water	8,527	9,040	7,700	8,446
Awatere Rural (new)	-	-	646	901
Riverlands Water	413	425	314	321
Capital expenditure				
Combined Water	5,848	6,678	7,515	7,442
Awatere Rural (new)	-	-	159	34
Riverlands Water	173	114	227	54

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Targeted rates and Fees and charges - metered water was included within the Fees and charges line in LTP while it has been included in Targeted rates in Actual. If combined, these accounts are \$1.46 million under LTP budget due to lower than anticipated revenue from meter water charges.
- Payments to staff and suppliers - higher than LTP due to increased backflow prevention costs (some off- set by revenue received) and higher reticulation maintenance and treatment costs.
- Subsidies and grants for capital expenditure - higher than LTP due to Ministry of Health government subsidy received towards the Seddon water treatment plant.
- Development and other financial contributions and Lump sum contributions – both accounts are higher than LTP due to increased subdivisional activity.
- Decrease in debt – lower than budget mainly due to Renwick and Awatere water projects not yet completed. These projects were budgeted for 2017-18 in LTP but have now been delayed to 2018-19.
- Capital expenditure - higher than LTP due to higher than budgeted vested assets from increased subdivision activity.

Activity Group: Solid Waste Management

Activities in this Group:

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

Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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










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

Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18

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

- Continued the public place recycling/litter less recycle more trial in Blenheim and Picton collecting 10,649 kilograms of recycling and 18,284 kilograms of litter.
- Processed 18,251 cubic metres of greenwaste at the Blenheim site.
- Recycled 1,135 items of e-waste.
- Served 37,006 customers at the reuse shops.
- Recovered 427.120 kilograms of recycling through the rural community recycling service.
- Collected 1,404 tonnes of recycling from the kerbside collection routes in Blenheim and Picton.
- Participated in the TA Forum steering committee.
- Participated in working groups associated with responses to China's National Sword policy and its impacts on recycling exports.
- Continued with the Marlborough Litter Project with final milestone report due by March 2019.
- Completed the installation of additional gas collection infrastructure at the Bluegums landfill site lifting gas production from around 300 cubic metres per hour to 400 cubic metres per hour.

Levels of Service: Solid Waste Management				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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		Actual score: 7.4 - almost on target. (Last year: 7.6 - on target).
Reduce the amount of waste sent to the landfill.				
% growth in diverted material throughput at the Resource Recovery Centre (RRC).	4,425 tonnes per annum	10% growth from 2014-15 (4,963 tonnes)		Actual score: 5,381 tonnes - on target. (Last year: 5,346 - on target).
% growth in sales at the Reuse Shop (inclusive of GST).	\$100,000 per annum	7.5% growth from 2014-15 (\$144,494)		Actual score: \$128,284 - not achieved. (Last year: \$130,810 - almost on target).
% growth in tonnage diversion from the Commercial Industrial Sorting facility (CIF). (Note this facility will not open until July 2016)	New measure	8,000 diverted after year one of operation		Actual score: 4,130m ³ - not achieved. (Last year: 39% - on target). Diversion at 41% but input tonnages lower than estimated.
Amount of organic material composted (in cubic metres).	14,000m ³ per annum	7.5% growth from 2014-15		Actual score: 18,251m ³ - on target. (Last year: 17,466m ³ - on target).
Effective operation of waste management and minimisation services.				
Number of resident's complaints in regards to Bluegums Landfill operations.	12 per annum	< 9		Actual score: 7 - on target. (Last year: 3 - on target).
% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	13,200 households	< 1% of 13,200 households		Actual score: 0.67% - on target. (Last year: 0.76% - on target).
Number of resident's complaints in regards to Compost Operation.	12 per annum	< 9		Actual score: 2 - on target. (Last year: 3 - on target).
Number of resident's complaints in regards to the transfer stations, Reuse Centre, Resource Centre, E-waste facility, coin skips and salvage yard.	24 per annum	< 16		Actual score: 16 - on target. (Last year: 34 - not achieved).

**MDC: Funding Impact Statement for 2017-18 for
Solid waste management Activity Group**

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,346	1,362	1,384	1,389
Targeted rates	1,406	1,433	1,456	1,466
Subsidies and grants for operating purposes	138	142	167	231
Fees and charges	5,039	5,167	5,763	8,402
Internal charges and overheads recovered	-	-	-	0
Local authorities fuel tax, fines, infringement fees and other receipts	130	127	226	305
Total operating funding	8,059	8,231	8,996	11,793
Applications of operating funding				
Payments to staff and suppliers	5,045	5,146	5,989	7,598
Finance costs	511	478	435	448
Internal charges and overheads applied	1,004	1,024	1,136	1,148
Other operating funding applications	334	334	325	672
Total applications of operating funding	6,894	6,982	7,885	9,866
Surplus (deficit) of operating funding	1,165	1,249	1,111	1,927
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	53	-	450	612
Gross proceeds from sale of assets	-	-	-	161
Lump sum contributions	-	-	-	98
Total sources of capital funding	53	-	450	871
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	51	-	450	-
Capital expenditure to replace existing assets	2	11	1,231	4,705
Increase (decrease) in reserves	1,165	1,238	(120)	(1,907)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	1,218	1,249	1,561	2,798
Surplus (deficit) of capital funding	(1,165)	(1,249)	(1,111)	(1,927)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	6,894	6,982	7,885	9,866
plus - Depreciation and amortisation	1,206	1,209	687	700
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	37
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	(0)
Expenditure as per note 2.	8,100	8,191	8,572	10,602
Operating expenditure				
Landfills	3,487	3,504	3,533	4,278
Refuse Collections	1,581	1,612	1,671	1,639
Transfer Stations	1,835	1,862	2,107	3,161
Waste Minimisation	1,197	1,213	1,260	1,524
Capital expenditure				
Landfills	53	11	1,681	4,670
Transfer Stations	-	-	-	11
Waste Minimisation	-	-	-	24

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Fees and charges – higher than LTP due to increased revenue from dump fees.
- Other receipts – higher than LTP due to new income stream from vineyard lease on newly purchased property adjacent to Taylor pass landfill.
- Payments to staff and suppliers - above LTP due to increased contract costs as a consequence of higher waste tonnage and minor works to the landfill site. The increased unit price for the emissions trading scheme was also a contributing factor.
- Other operating funding applications - higher than LTP as the increased waste tonnage resulted in increased levies paid to the Ministry of the Environment.
- Capital expenditure - higher than LTP due to the strategic purchase of land adjacent to the Taylor pass landfill.

Activity Group: Environmental Management

Operating costs for this Group of Activities represent approximately 9.3% of total Group expenditure.

Activity Group: Environmental Management

Activities in this Group:

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

Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity Group About?

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

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



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

MDC: Funding Impact Statement for 2017-18 for Environmental Management Activity Group				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	6,221	6,401	6,157	6,180
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	82
Fees and charges	1,538	1,577	2,217	2,239
Internal charges and overheads recovered	88	88	88	144
Local authorities fuel tax, fines, infringement fees and other receipts	584	579	508	601
Total operating funding	8,431	8,645	8,970	9,246
Applications of operating funding				
Payments to staff and suppliers	6,024	6,151	6,796	7,908
Finance costs	15	20	25	23
Internal charges and overheads applied	2,289	2,361	2,471	2,557
Other operating funding applications	-	-	77	64
Total applications of operating funding	8,328	8,532	9,369	10,553
Surplus (deficit) of operating funding	103	113	(399)	(1,306)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	154	-	-	25
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	154	-	-	25
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	3	3	753	750
Capital expenditure to replace existing assets	154	158	150	234
Increase (decrease) in reserves	100	(47)	(1,302)	(2,265)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	257	113	(399)	(1,281)
Surplus (deficit) of capital funding	(103)	(113)	399	1,306
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	8,328	8,532	9,369	10,553
plus - Depreciation and amortisation	168	177	205	112
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	0
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	(88)	(88)	(88)	(144)
Expenditure as per note 2.	8,408	8,621	9,486	10,521

Explanation of Variances

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

Activity: Environmental Policy

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

Related Community Outcomes

This Activity contributes primarily to the Community Outcome of Governance, Environment, People, Economy, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

What we did in 2017-18

The Council notified the Proposed Marlborough Environment Plan (MEP) on 9 June 2016. The notification triggered the First Schedule process of the RMA 1991. A total of 1,318 submissions on the MEP were received, consisting of 17,521 points in support of or in opposition to the notified provisions.

The task of hearing submissions and making decisions on the MEP has been delegated to an appointed hearings panel. The hearings panel comprises four councillors and three independent commissioners. The hearings panel determines its own hearing procedure, which was confirmed in minutes to submitters wishing to be heard on the 14 September 2017 and 18 October 2017.



The hearings commenced at Omaka Marae on 20 November 2017 and hearings have been occurring regularly over the course of the year. By June 2018, submissions on 12 separate topics were heard by the hearings panel. Information on the hearings, including documents and submitter evidence, is accessible via the Council website: <https://www.marlborough.govt.nz/your-council/resource-management-policy-and-plans/proposed-marlborough-environment-plan/hearings-on-the-proposed-marlborough-environment-plan>

The remaining nine topics are to be heard in the 2018-19 year.

The main task for the Environmental Policy Group in the 2017-18 year has been to assist with the process of hearing submissions. This has been in the form of providing advice to the hearings panel through Section 42A reports, and through logistical and administrative support for the hearings panel.

In March 2017 the Council recommenced the review of the operative marine farming provisions. When the MEP was publicly notified, the Council decided to withdraw the marine farming provisions on the basis that they did not give effect to Policy 8 of the NZ Coastal Policy Statement (NZCPS). This process has involved the Council appointing an Aquaculture Review Working Group. The Group, consisting of representatives of the marine farming industry, Marlborough Sounds community, DoC, MPI and the Council, met regularly during 2017. It aims to complete the review and provide recommendations to the Council in the 2018-19 year. This may allow the Council to notify a variation to the MEP prior to the public notification of decisions on the MEP.

Levels of Service: Environmental Policy

Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
A second generation resource management framework for Marlborough.				
Decisions on submissions to the MEP publicly notified.		June 2018		Actual score: Not achieved. (Last year: N/A). Due to the number and nature of submissions hearings are now scheduled through to February 2019. A decision on the MEP will be publicly notified after the completion of the hearings.
Notification of a Variation to the MEP managing marine farming activity in the coastal marine area.	New measure	Prior to June 2018		Actual score: Not achieved. (Last year: N/A). The Aquaculture Review Working Group is making good progress but the commitment of staff and external parties to the MEP hearings meant it was unable to meet for six months in 2018. A variation to the MEP is currently in development and notification is now likely to be later in 2018 or in 2019.

MDC: Funding Impact Statement for 2017-18 for Environmental Policy

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,292	1,326	1,270	1,275
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	31
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	121	120	104	104
Total operating funding	1,413	1,446	1,374	1,409
Applications of operating funding				
Payments to staff and suppliers	1,056	1,077	1,433	2,041
Finance costs	-	-	-	-
Internal charges and overheads applied	297	309	291	307
Other operating funding applications	-	-	54	54
Total applications of operating funding	1,353	1,386	1,778	2,402
Surplus (deficit) of operating funding	60	60	(404)	(993)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	-	-	-	-
Increase (decrease) in reserves	60	60	(404)	(993)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	60	60	(404)	(993)
Surplus (deficit) of capital funding	(60)	(60)	404	993
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,353	1,386	1,778	2,402
plus - Depreciation and amortisation	60	60	-	-
Expenditure as per note 2.	1,413	1,446	1,778	2,402

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Payments to staff and suppliers - higher than LTP due to increased consultancy and contract costs to assist with the MEP hearing and submission process which was funded from reserves.

Activity: Environmental Science and Monitoring

Operating costs of this Activity represent approximately 3.4% of total Activity expenditure.

Related Community Outcomes

This Activity helps to achieve the Vision by ensuring the natural environment is healthy. It also contributes to the Community Outcomes of Governance, Environment, Economy, People and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

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

Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18

State of the Environment Monitoring

The Council released State of the Environment Report Cards for the following domains: Coastal, Fresh Water, Recreational Bathing Water, Air and Soil Quality. The information essentially helps the community gain a better understanding of our natural resources and assists to characterise the condition and trends of key natural resources to help planning decisions and foster environmental sustainability.

Fresh Water

Specific emphasis continues with monitoring the state of our key natural resources in the fresh water environment by measuring river levels, flows and ground water levels. Water quality monitoring occurred at 35 river sites measuring a range of physical and biological parameters and provided an update of information on the current quality of these resources as well as trends. A further 7 river and 10 coastal sites have been monitored for faecal indicator bacteria, E. coli for river samples, Enterococci for coastal samples (in order to determine the health risk to recreational users from water borne diseases). The majority of the sites had recreational water quality consistently safe for swimming most of the time. The only exception was the Taylor river at River side that had poor water quality due to point source discharges as a result of earthquake damage to the Blenheim community sewage infrastructure.

A total of 32 surface water sites were monitored continuously measuring flow and water levels. Additionally all aquifers were continuously monitored during the year essentially to determine effects from human induced impacts such as irrigation, regulating water take threshold levels and measuring the impacts over the long term from seasonal and climatic trends.

Implementation of a 5 year project collaborating with other MDC Activities, industry, iwi, the community and the Ministry for the Environment to improve water quality in the Taylor River catchment. The project is set to reduce the effects of diffuse pollution and sedimentation effects along with discharges from Blenheim's urban sewage and storm water infrastructure.

Council completed water quality characterisation studies for the Tuamarina, Waikawa and Waitohi catchments. The later catchment was part of a partnership programme with Te Ātiawa supported by funding from the Ministry of the Environment Freshwater Enhancement Fund.

Land

Soil quality monitoring occurred at 24 sites resampling areas undertaken in 2011-12, measuring changes in a range of soil chemical characteristics, biological and physical parameters across a range of land uses. While many sites show good soil quality, most soils show the effects of land use with soil quality indicators

for many of these falling outside target ranges. For example, 65% of sites showed elevated levels of soil compaction while a number of sites on dairy pastures indicate higher levels of cadmium contamination.

A technical review of 2,002 out of a total of 2,557 registered sites commonly referred to as Hazardous Activities Industries List of sites (HAIL) that are potentially contaminated was completed. Additionally, Council developed a new information management platform that migrated all HAIL site data from SARR (Sites at Risk Register) to the LLUR (Listed Land Use Register).

Air

The main air contaminant of concern in Blenheim is PM10. Air quality monitoring continues to measure Pm10 levels in the airshed based on the National Environmental Standards. During 2017 the number of measured exceedances was 11, the highest since the NES was introduced. Meteorological conditions typically play a major role in the year to year variability in the magnitude of the concentrations and number of exceedances.

In October 2017 Lincoln Agritech Ltd completed a report reviewing the technologies available for the establishment a Spray Drift Monitoring Programme in Marlborough. The establishment of such a monitoring programme would look to measure the concentrations of pesticides in the air in order to determine if they pose a significant risk to people in the region.

Coastal

Council's investment into coastal environment research and gathering good quality information continues with a steady stream of science and monitoring programmes.

NIWA and Discovery Marine Ltd delivered the world-class safety of navigation and seabed habitat mapping of the entire Tōtaranui/Queen Charlotte Sound. These were favourably received at a series of well-attended workshops, hui and public meetings. There has been strong interest from the local community in the charts and Smart Maps as well as scientists. The new nautical charts will ensure safe navigation for commercial and recreational boaties. The habitat maps will provide a baseline for resource management, scientific investigation and ecological restoration.







The ship-wake monitoring programme in Tōtaranui/Queen Charlotte Sound and Tory Channel/Kura Te Au was reviewed in 2017. This included the biological and shoreline monitoring projects. The reviews showed that there has been some recovery along the ferry route of reef communities and stabilisation of shorelines since the fast ferries were slowed down in 2000. Monitoring will continue at a reduced frequency and at fewer sites.

The coastal water monitoring programme continues with sampling at 11 representative sites on a monthly basis in both Queen Charlotte Sound/Tōtaranui and Pelorus Sound/Te Hoiere. The main parameters measured are nitrate, chlorophyll-a, and dissolved oxygen. These are important indicators of ecosystem health. An analysis by NIWA of all the data collected from 2011 to June 2018 will be available in spring 2018; and an app developed in collaboration with the Cawthron Institute that displays all the data will go live in late 2018.

Ongoing monitoring of a subset of the 129 individual Ecologically Significant Marine Sites in Marlborough is continuing and we now have a better understanding of how these sites are functioning and what activities are causing impacts to those habitats. The 2017-18 summer survey focused on sites within Te Hoiere/Pelorus Sound. A rare rhodolith bed was discovered in Tawhitinui Reach.

An investigation into the sources of sediment that have caused the Havelock, Mahakipawa and Kaiuma estuaries to become choked with mud is underway. This uses the same scientific seabed coring and analytical methods as the NIWA report reconstructing 1,000 years of seabed change in Kenepuru Sound. That study showed that sedimentation rates have increased up to twenty times in different locations, and the sediment sources identified broadly reflected land-use change over time. Results are expected in mid-2019.

Levels of Service: Environmental Science and Monitoring

Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Monitoring, investigations, gather and analyse information, and report on the state of Marlborough's natural resources including: Fresh Water, Land, Air and Coastal.				
Timeliness of completion data integrity audits and quality coding (in accordance with National Environmental Monitoring Standards (NEMS)).	30-Jun	30-Jun-18		Actual score: 30-Jun-18 - on target. (Last year: 30/06/2017 - on target).
Number of technical SoE monitoring report cards completed.	5	5		Actual score: 5 - on target. (Last year: 5 - on target).
Timeliness completion of resource investigations and reporting to Council.	30-Jun	30-Jun-18		Actual score: 30-Jun-18 - on target. (Last year: 30/06/2017 - on target).
Effective real time environmental monitoring network is operated.				
Percentage availability of the Environmental monitoring network.	99%	99%		Actual score: 99% - on target. (Last year: 98% - almost on target).
Promotion of resource management programmes to help maintain or improve the condition of the environment.				
Increase in the number of protected (either Council agreements and/or legal covenants) terrestrial or wetland indigenous biodiversity sites on private land.	80	92		Actual score: 98 - on target. (Last year: 93 - on target).
Encourage the community and industry to look after and restore the environment through communication, education and advocacy.				
Percentage of planned educational or communication programmes are completed annually.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).

MDC: Funding Impact Statement for 2017-18 for Environmental Science and Monitoring				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,876	2,958	3,405	3,418
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	82
Fees and charges	5	5	5	40
Internal charges and overheads recovered	65	65	65	65
Local authorities fuel tax, fines, infringement fees and other receipts	269	267	280	366
Total operating funding	3,215	3,295	3,755	3,971
Applications of operating funding				
Payments to staff and suppliers	2,376	2,427	2,700	2,838
Finance costs	15	20	25	23
Internal charges and overheads applied	782	796	912	949
Other operating funding applications	-	-	23	15
Total applications of operating funding	3,173	3,243	3,660	3,825
Surplus (deficit) of operating funding	42	52	95	146
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	154	-	-	25
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	154	-	-	25
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	750	750
Capital expenditure to replace existing assets	154	158	150	234
Increase (decrease) in reserves	42	(106)	(805)	(813)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	196	52	95	172
Surplus (deficit) of capital funding	(42)	(52)	(95)	(146)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	3,173	3,243	3,660	3,825
plus - Depreciation and amortisation	107	117	205	112
less - Internal charges and overheads recovered	(65)	(65)	(65)	(65)
Expenditure as per note 2.	3,215	3,295	3,800	3,872

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- General rates and Payments to staff and suppliers – both accounts are higher than LTP due to increased levels of service for collecting and analysing data for coastal monitoring programmes to meet national standards.
- Capital expenditure – higher than LTP due to the Multibeam Marlborough Sounds seabed mapping project which was funded from reserves.

Activity: Resource Consents

Operating costs of this Activity represent approximately 2.5% of total Activity expenditure.

Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, Environment, Economy and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

Specifically this Activity processes five different types of resource consents:

- land use consents
- water permits
- discharge permits
- subdivision consents
- coastal permits

Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18





Received 1,039 applications for resource consent, slightly fewer than the 1,268 applications received in 2016-17.

Of these:

- 942 were for new resource consents
- 85 were for variations to resource consent conditions
- 5 were for extension to lapsed date
- 5 were objections to conditions
- 2 were objections to costs

However, of the total received 48 (or 4.61%) were rejected for incompleteness as there are more stringent informational requirements due to Resource Management Act amendments. The intent of the amendment is to ensure only completed applications are received thus facilitating the decision making stage and avoiding delays in processing times in the long-run. Prior to the Resource Management Act amendments less than 1% of applications were rejected.

Levels of Service: Resource Consents

Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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		Actual score: 5.9 - almost on target. (Last year: 6.3 - on target).
Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers' needs.				
% of resource consent applications processed within statutory timeframes.	99.7%	99%		Actual score: 100% - on target. (Last year: 100% on target).
% of objections under section 357B compared to total number of applications processed ¹ .	< 0.2%	< 0.5%		Actual score: 0.2% - on target. (Last year: 0.1% - on target).
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.	< 1.7%	< 15%		Actual score: 4.61% - on target. (Last year: 5.1% - on target).

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

MDC: Funding Impact Statement for 2017-18 for Resource Consents

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	917	946	853	856
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	1,491	1,529	1,635	1,516
Internal charges and overheads recovered	23	23	23	79
Local authorities fuel tax, fines, infringement fees and other receipts	86	85	70	75
Total operating funding	2,517	2,583	2,581	2,526
Applications of operating funding				
Payments to staff and suppliers	1,719	1,756	1,847	2,032
Finance costs	-	-	-	-
Internal charges and overheads applied	797	828	824	843
Other operating funding applications	-	-	-	(5)
Total applications of operating funding	2,516	2,584	2,671	2,870
Surplus (deficit) of operating funding	1	(1)	(90)	(344)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	3	3	3	-
Capital expenditure to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(2)	(4)	(93)	(344)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	1	(1)	(90)	(344)
Surplus (deficit) of capital funding	(1)	1	90	344
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	2,516	2,584	2,671	2,870
plus - Depreciation and amortisation	1	1	-	-
less - Internal charges and overheads recovered	(23)	(23)	(23)	(79)
Expenditure as per note 2.	2,494	2,562	2,648	2,791

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Payments to staff and suppliers - higher than LTP as independent commissioners were contracted to fulfill the Resource Consent roles due to reallocation of internal resources to assist with the MEP hearings. Legal fees were also higher than LTP due to High Court appeals objecting to the marine farm resource consent decisions.

Activity: Environmental Protection

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

Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, Environment, People, Living and Economy. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

Council monitors the effect of implementing its Resource Management Plans by monitoring compliance with the conditions of resource consent conditions and permitted activity standards.

The main activities of the Environmental Protection section are:

- Proactively monitoring activities that potentially have a greater environmental impact.
- Providing feedback to the policy, resource consents and science and monitoring groups to measure the effectiveness and efficiency of the district resource management plan.
- Investigating alleged breaches of the RMA, Resource Management Plans and consents.
- Responding to emergencies that have the potential to affect the environment (e.g. spillages, discharges).
- Providing education to enable the community to understand and take ownership of an issue and its resolution.

Further information on what this Activity is about is contained in the 2018-28 LTP.










What we did in 2017-18

Complaints - received 557 RMA complaints in regard to coastal, land use, land and water body disturbance, water take, discharge to air, land and fresh and marine water.

Monitoring Resource Consents – monitored 2,455 individual Resource Consents, this does not include any consents which were monitored as part of a complaints investigation. A number of consents required follow up monitoring due to non-compliance with conditions of consent.

Enforcement – issued 45 abatement notices, 11 infringements notices and initiated 4 prosecutions.

Levels of Service: Environmental Protection

Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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		Actual score: 5.9 - almost on target. (Last year: 6.4 - almost on target).
Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that				
Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or Resource Management Plans and consents.	N/A	31-Aug-17		Actual score: 20-Jul-17- on target. (Last year: Report completed - on target)
	New measure	Improved or unchanged compliance level		Actual score: Improved or maintained compliance - on target. (Last year: N/A).
Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	N/A	30-Nov-17		Actual score: 12-Oct-17- on target. (Last year: Report completed - on target)
	New measure	Improved or unchanged compliance level		Actual score: Improved or maintained compliance - on target. (Last year: N/A).
Report on resource consents for forestry in the district	New measure	30-Nov-17		Actual score: 01-Feb-18- almost on target. (Last year: Report completed - on target)
	New measure	Improved or unchanged compliance level		Actual score: Improved or maintained compliance - on target. (Last year: N/A).
Monitor and investigate alleged breaches of the Resource Management Act, Resource Management Plans and Consents.				
% of complaints assessed within one working day.	80%	80%		Actual score: 88% - on target. (Last year: 81% - on target).
% of complaints, either resolved or had a resolution strategy, developed within 90 days of receipt.	99%	99%		Actual score: 99% - on target. (Last year: 99.3% - on target).

MDC: Funding Impact Statement for 2017-18 for Environmental Protection				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,137	1,171	629	631
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	41	42	577	653
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	109	108	54	56
Total operating funding	1,287	1,321	1,260	1,340
Applications of operating funding				
Payments to staff and suppliers	874	892	816	998
Finance costs	-	-	-	-
Internal charges and overheads applied	413	429	444	458
Other operating funding applications	-	-	-	(0)
Total applications of operating funding	1,287	1,321	1,260	1,456
Surplus (deficit) of operating funding	-	-	-	(116)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	-	-	-	-
Increase (decrease) in reserves	-	-	-	(116)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	-	-	-	(116)
Surplus (deficit) of capital funding	-	-	-	116
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,287	1,321	1,260	1,456
Expenditure as per note 2.	1,287	1,321	1,260	1,456

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- General rates and Fees and charges - Fees and charges have increased due to the newly introduced water consent and moorings monitoring fees. These new fees have reduced funding from General rates for this activity.
- Payments to staff and suppliers - higher than LTP due higher than expected legal expenses relating to enforcement orders and prosecutions.

Activity Group: Regulatory

Activities in this Group:

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

Related Community Outcomes

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

What is this Activity Group About

Council is charged with carrying out a number of statutory functions on behalf of Central Government. These responsibilities are devolved to Local Government by statute. The Regulatory Group contains a diverse range of Activities driven by various statutes which often have very little in common with each other.

Further information on what this Activity Group is about is contained in the 2018-28 Long Term Plan.

MDC: Funding Impact Statement for 2017-18 for Regulatory Activity Group

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,930	3,025	3,258	3,269
Targeted rates	-	-	-	82
Subsidies and grants for operating purposes	-	-	483	902
Fees and charges	3,449	3,535	3,832	4,681
Internal charges and overheads recovered	-	-	-	37
Local authorities fuel tax, fines, infringement fees and other receipts	784	795	371	640
Total operating funding	7,163	7,355	7,944	9,612
Applications of operating funding				
Payments to staff and suppliers	5,119	5,244	5,751	6,637
Finance costs	42	41	34	10
Internal charges and overheads applied	1,729	1,788	1,956	1,992
Other operating funding applications	31	31	60	26
Total applications of operating funding	6,921	7,104	7,801	8,665
Surplus (deficit) of operating funding	242	251	143	947
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	(5)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	(5)
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	74	70	-
Capital expenditure to replace existing assets	110	140	145	179
Increase (decrease) in reserves	132	37	(72)	763
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	242	251	143	942
Surplus (deficit) of capital funding	(242)	(251)	(143)	(947)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	6,921	7,104	7,801	8,665
plus - Depreciation and amortisation	184	188	155	149
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	64
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	(37)
Expenditure as per note 2.	7,105	7,292	7,956	8,841

Explanation of Variances

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

Activity: Biosecurity (Pest Management)

Operating costs of this Activity represent approximately 2.0% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to Community Outcomes of Environment, Economy, People and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

The ways in which Council undertakes its activities include:

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

The guiding framework and principles for biosecurity are outlined in the Marlborough District Council Biosecurity Strategy. A key component in the Strategy is the use of a Regional Pest Management Plan (RPMP). The RPMP highlights the priority programmes and sets clear, achievable objectives for specific harmful organisms. These organisms are declared pests in accordance with the Biosecurity Act 1993. The programme for each species is clearly outlined and has both objectives and outcomes that align with the National Policy Direction for Pest Management.

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

Further information on what this Activity is about is contained in the 2018-28 LTP and the RPMP.

What we did in 2017-18

Total Control pest plant programme

A number of invasive pest plant species fall under the management of Council through the Regional Pest Management Strategy as Total Control pests. This year's progress working toward the eradication or long term sustained control of these species continued. This saw 99% of all high priority sites visited and control activities completed, while a total of 665 hours of surveillance work was undertaken to detect any new infestations.

Containment pest programme

A large focus for Council's Biosecurity programme is carrying out property inspections to ensure land occupiers are controlling containment pest species. In total 332 inspections were made by Council for the purpose of assessing compliance for a range of containment pests.

Council is continuing to build the important Chilean Needle Grass (CNG) programme in conjunction with the community. While still implementing regulatory measures, great gains are also being made by continued support for the community-led Chilean Needle Grass Action Group. Through this avenue, the level of buy-in to the programme is growing.

Collaboration

An emerging theme in biosecurity programmes is that of collaboration. This has been particularly evident in Council's role implementing the National Wilding Conifer Programme being led by the Ministry for Primary Industries (MPI). This national programme includes other Crown departments such as the Department of Conservation (DOC), Land Information New Zealand and the Ministry of Defence. Numerous regional councils/unitary authorities, including MDC, are acting as regional fund holders/coordinators linking the national programme to priority operational programmes at the regional level that are being scaled-up as a result of the new national programme funding.






In 2017-18 an additional \$751,481 was invested into the Molesworth wilding conifer programme via DOC. Council's role saw this investment being directed, then in its return collated all data and reported back to the national programme team within MPI.

Marine Biosecurity

Council has continued to grow its role in protecting Marlborough waters from the impacts of invasive marine pests. Ongoing surveillance work has occurred focussed on areas where the marine pest Mediterranean fanworm (*Sabella spallanzanii*) has been detected in small numbers. The operational aspects of this work have included regular intensive dive surveillance across Picton Marina, Picton Port area, Shakespeare Bay, and Waikawa Marina/Bay. This work includes checking a large number of vessels berthed or moored which could have recently arrived into Marlborough.

Investigation of new threats

November 2017 saw the detection of the invasive plague skink (*Lampropholis delicata*) in Marlborough. The key threat of this invader is native herpetofauna through competition. A breeding population was confirmed in Riverlands which was a first for the South Island. After intensive investigations, a joint-agency response was initiated between Council, DOC and MPI and will continue for the coming 2 years at least to attempt elimination.

Levels of Service: Biosecurity (Pest Management)				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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".	6.3	6.3		Actual score: 6.2 - almost on target. (Last year: 6 - almost on target).
Monitoring and controlling the spread and impacts of animal and plant pests.				
% of 'high priority' sites (land occupier obligations) inspected or audited to confirm compliance.	95%	95%		Actual score: 79% - almost on target. (Last year: 82% - almost on target).
% of 'active' pest sites managed annually through a service delivery programme.	95%	95%		Actual score: 99% - on target. (Last year: 100% - on target).
The number of hours spent searching (surveillance) for pests outside known areas.	500 hours	> 500		Actual score: 2059 hours - on target. (Last year: 2,867 hrs - on target).
Prepare, publish, and implement the RPMS operational plan.				
Timeliness completion of annual plan to the Environment Committee.	30-Oct	30-Oct-17		Actual score: 31-Aug-17 - on target. (Last year: 13 Sep 16 - on target).

MDC: Funding Impact Statement for 2017-18 for Biosecurity (Pest Management)				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,193	1,246	1,218	1,222
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	483	754
Fees and charges	21	21	12	3
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	124	125	112	258
Total operating funding	1,338	1,392	1,825	2,237
Applications of operating funding				
Payments to staff and suppliers	1,004	1,046	1,258	1,877
Finance costs	-	-	-	-
Internal charges and overheads applied	333	345	341	346
Other operating funding applications	-	-	30	0
Total applications of operating funding	1,337	1,391	1,629	2,223
Surplus (deficit) of operating funding	1	1	196	14
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	-	-	-	9
Increase (decrease) in reserves	-	1	196	5
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	1	1	196	14
Surplus (deficit) of capital funding	(1)	(1)	(196)	(14)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,337	1,391	1,629	2,223
plus - Depreciation and amortisation	-	-	3	5
Expenditure as per note 2.	1,337	1,391	1,632	2,228

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Subsidies and grants for operating purposes and Payments to supplier and employees – both accounts are higher than LTP due to Ministry of Primary Industries contribution towards the wilding conifer control programme allowing for control works to be undertaken
- Other receipts - higher than LTP due contribution from other top of the South Councils' towards the Marine Biosecurity Top of the South co-ordination role undertaken by MDC.

Activity: Building Control

Operating costs of this Activity represent approximately 3.4% of total Activity expenditure.

Related Community Outcomes

This Activity contributes to the Community Outcomes of Economy and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

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







This Activity also involves other functions under separate legislation including:

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

Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18

- **Numbers of consents** issued for the financial year have again increased as follows:
 - Consents issued: 1,602. Total value \$194.5 million, including 328 (\$117.5 million) new dwellings.
 - Code Compliance Certificates issued: 1,317.
- **Building Consent Authority (BCA) Accreditation** – The BCA underwent its bi-annual accreditation audit process, 1 to 4 May 2018. Twenty “General non Compliance’s” (GNC) were raised during this process with ten GNC cleared during the audit process. At the end of July all GNC evidence was sent to IANZ for clearance and the BCA received confirmation on 1 August that it had successfully cleared all GNC and had attained re-accreditation for further two years.
- **Project Information Memorandums (PIMs) and Related Information (RI) activity** - The PIM/RI team provided planning/rivers/roads and services information for all issued building consents (except log fire consents).
- **Inspections** - The Building Control Group undertook 6,090 inspections in this financial year compared to 5,234 in the previous year. The increase inspection demand increased the average booking time for inspections to 3 days.
- **Building Warrant of Fitness (BWof) and Compliance Schedule Role** – The Earthquake Prone Buildings Amendment Bill (July 2017) has required additional resources to enable Council to meet Building Warrant of Fitness, Compliance Schedule maintenance and BWof site audit requirements.
- **Site Audits for the Fencing of Swimming Pools** – During the last financial 33% of all residential pools had site inspections completed. A very high level of non-compliance was found during these inspections and many property owners were issued with Notices to Fix (NtF).
- During the financial year Council received a determination from Ministry of Business, Innovations and Employment (MBIE). This determination ruled that automated safety pools covers do not meet the new requirements of F9 of the New Zealand Building Code when open. NtF's were issued to all property owners with expired pool cover exemptions (under the old FoSP Act 1987).
- **Earthquake Prone Buildings Amendment Act (EPBAA)** – The regulations and methodology for this Act were released on 1 July 2017. The Group is currently working through the requirements. As per the new Acts requirement, all existing Section 124 Notices previously issued to earthquake prone buildings have been replaced with the new notice under section 133AL of the Building Act.

Levels of Service: Building Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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".	6.2	6.2		Actual score: 6.2 - on target. (Last year: 6.5 on target).
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.	96.5%	96%		Actual score: 98% - on target. (Last year: 95% - almost on target).
% of Code Compliance Certificates issued within 20 working days of receipt of application.	86%	90%		Actual score: 98% - on target. (Last year: 98% - on target).
% of swimming pools inspected annually.	15%	> 33.3%		Actual score: 33.5% - on target. (Last year: 16.1% - on target).
% of Building Warrants of Fitness audited annually.	20%	20%		Actual score: 5.77% - not achieved. (Last year: 1% - not achieved). Additional staff member from Dec 17 means site audits now increasing - 24 completed.
Provision of Land Information Memoranda.				
Number of liability claims made because of incomplete or inaccurate information supplied.	1	< 3		Actual score: 1 - on target. (Last year: 0 - on target).

MDC: Funding Impact Statement for 2017-18 for Building Control

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	483	500	753	755
Targeted rates	-	-	-	82
Subsidies and grants for operating purposes	-	-	-	143
Fees and charges	2,403	2,464	2,460	3,143
Internal charges and overheads recovered	-	-	-	4
Local authorities fuel tax, fines, infringement fees and other receipts	137	140	77	100
Total operating funding	3,023	3,104	3,290	4,227
Applications of operating funding				
Payments to staff and suppliers	2,011	2,052	2,487	2,608
Finance costs	-	-	-	-
Internal charges and overheads applied	980	1,018	1,163	1,181
Other operating funding applications	21	21	20	20
Total applications of operating funding	3,012	3,091	3,670	3,809
Surplus (deficit) of operating funding	11	13	(380)	418
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	-	-	-	-
Increase (decrease) in reserves	11	13	(380)	418
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	11	13	(380)	418
Surplus (deficit) of capital funding	(11)	(13)	380	(418)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	3,012	3,091	3,670	3,809
less - Internal charges and overheads recovered	-	-	-	(4)
Expenditure as per note 2.	3,012	3,091	3,670	3,805
Operating expenditure				
Building Control	2,828	2,904	3,469	3,590
LIMs	183	188	201	215

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Subsidies and grants for operating expenditure - higher than LTP due to Department of The Prime Minister and Cabinet contribution towards the control of earthquake prone buildings.
- Fees and charges - higher than LTP due to increased consent numbers as a result of greater housing demand and more subdivision activity.
- Payments to staff and suppliers – above LTP due to increased contract costs and additional staff to cover for the demands of the increased consent activity.

Activity: Environmental Health

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

Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, People, Economy, and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

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

Further information on what this Activity is about are contained in the 2018-28 Long Term Plan.

What we did in 2017-18

All food premises, hair salons, campgrounds, offensive trades and funeral directors were inspected or audited during the 2017-18 registration year.

Number of premises inspected	2017-18	2016-17
Registered Food premises (Food Hygiene Regulations)	114	137
Registration Food premises sites (Food Act 2014 sites)	230	116
Registered Hairdressers	52	51
Registered Camping Grounds	26	24
Registered Offensive Trades	12	11
Registered Funeral Directors	2	2










- 15 markets/events were inspected.
- In 2017-18, Environmental Health Officers carried out 114 compliance checks of the 121 on-licensed premises selling alcohol. This included a duty manager on site, availability of no-alcohol and low-alcohol drinks, food availability, transport options and signage.
- The Environmental Health Section has also investigated complaints regarding food and food premises, along with nuisances under the Marlborough District Council Bylaw 2010, Unreasonable Noise, Sale of Alcohol concerns and unsanitary housing.

The number of complaints received in 2017-18 are as follows:

Number of complaints received	2017-18	2016-17
Excessive noise	876	1139
Domestic smoke	21	35
Nuisance under the Bylaw or contravention of Bylaw	14	27
Unreasonable noise	16	22
Food hygiene or concern regarding premises operation	31	10
Sale of alcohol issues	7	10
Unsanitary living	8	15
Camping ground hygiene and registration	5	5
Hairdressers conduct and registration	1	2
Public Swimming Pool Sanitation	0	1

Levels of Service: Environmental Health

Performance Targets

Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment				
% of registered premises inspected once a year.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Number of annual inspection of markets and events with 10 or more food stalls.	≥ 12	≥ 12		Actual score: 15 - on target. (Last year: 14 - on target).
% of complaints of critical nature (food poisoning) actioned within one working day.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of complaints of a non-critical nature assessed within seven working days.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Administer Food Control Plans under the Food Act 2014.				
Register businesses required under Food Act 2014 in Food Control Plans and National Programmes.	New measure	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Audit registered business as scheduled in the Food Act 2014 and Regulations.	New measure	100%		Actual score: 93% - almost on target. (Last year: 79% - not achieved). Six business verified outside of timeframe but only up to 7 days late
Carryout the functions of Licensing Inspector controlling the sale and supply of alcohol to the public with the aim of				
% of "On Licences" ¹ inspected once a year.	90%	90%		Actual score: 94% - on target. (Last year: 90% - on target).
Provide a service for investigation of noise complaints.				
Report on performance of noise control contract.	New measure	30-Sep-17		Actual score: 12-Oct-17 - almost on target. (Last year: 13-Sep-16 - on target). Environment Committee in 2017 held in October rather than September
Assess complaints concerning unreasonable noise within one working day.	89%	90%		Actual score: 90% - on target. (Last year: 86% - almost on target).

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

MDC: Funding Impact Statement for 2017-18 for Environmental Health				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	130	137	161	161
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	10	11	356	459
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	337	346	14	13
Total operating funding	477	494	531	634
Applications of operating funding				
Payments to staff and suppliers	317	326	364	365
Finance costs	-	-	-	-
Internal charges and overheads applied	158	164	164	167
Other operating funding applications	-	-	-	0
Total applications of operating funding	475	490	528	532
Surplus (deficit) of operating funding	2	4	3	102
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	4	4	3	-
Increase (decrease) in reserves	(2)	-	-	102
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	2	4	3	102
Surplus (deficit) of capital funding	(2)	(4)	(3)	(102)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	475	490	528	532
plus - Depreciation and amortisation	3	3	3	3
Expenditure as per note 2.	478	493	531	535

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Fees and charges and Other receipts – Fees and charges were included in the Other receipts line in the LTP. If combined, these accounts are \$116,000 higher than LTP due to higher than budgeted liquor licencing revenue from an increased number of applications and due to higher food control plan revenue as a different fee structure was applied when the LTP budget was prepared.

Activity: Animal Control

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

Related Community Outcomes

This Activity contributes primarily to the Community Outcomes of Governance, Environment, People, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

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 also provides services in relation to wandering livestock on public land and roads. The Dog Control Act 1996 (DCA) is the primary legislative tool used in this Activity, together with related regulations including the Impounding Act 1955 and Council Bylaws. Council oversees the effective delivery of this service, which is delivered on a day-to-day basis under contract.

The objective for the activity is to encourage responsible dog ownership which allows owners to enjoy their dogs without infringing on the enjoyment and safety of others.

Further information on what this Activity is about is contained in the 2015-25 LTP.

What we did in 2017-18

There were 10,819 (2016-17: 10,701) dogs registered in the Marlborough District, including 2,848 (2016-17: 1,949) dogs registered as working dogs (including farm dogs primarily used for herding stock, disability assist dogs, Police dogs and companion dogs).

Information on various aspects of dog behaviour, care and responsible ownership are available from Animal Control with information on relevant topics distributed to owners of dogs that come to Animal Control's attention. There is also a wealth of information about dogs on Council's website.

A total of 2,156 (2016-17: 2,524) complaints were received in the 2017-18 year. A majority related to lost or found dogs or dog nuisance. There were 121 (2016-17: 59) complaints related to a dog attack or rush. All complaints were attended to, investigated and necessary action taken. There were 177 (2016-17: 166) complaints regarding livestock on roads.

There were 296 (2016-17: 367) dogs impounded for various reasons. The majority of these dogs were released to their owners. Dogs that were not claimed were either transferred to the SPCA or destroyed. All dogs that are surrendered or not claimed undergo an assessment by the Animal Control Officers. Those dogs determined to have the temperament and characteristics suitable for family environments are transferred to the SPCA for re-homing.

Final notices were issued for barking 6 (2016-17: 12), roaming 35 (2016-17: 55) and rushing 40 (2016-17: 23).

A total of 371 (2016-17: 292) infringement notices were issued with 298 (2016-17: 209) of these notices for unregistered dogs and 44 (2016-17: 26) were for uncontrolled or roaming dogs. The remainder were for a variety of other breaches.





Two dog owners were prosecuted for dog attacks on people and breaching their dangerous dog classification requirements.

Below are listed some of the other activities performed by Animal Control during the 2017-18 year:

- A dog safety education course was available to schools and groups of primary school aged children. The purpose of this course is to promote safety around dogs as well as responsible dog ownership and care. This programme is provided free of charge.
- Animal Control is also involved in a collaborative interactive safety programme that has developed from within the Marlborough Child Safety Group and is based on the "Clued up kids" project developed in Strathclyde, Scotland (2001). Year 5/6 students from Marlborough/Kaikoura Schools are taken in small groups of 4/8 on a 15 minute rotating circuit of eight safety sets scattered around Brayshaw Park ie; Police, St Johns, Rail safety, Water safety, Emergency Response, Personal safety, Dog safety,

Cycle safety, ATV safety, Home Hazards and Fire safety. This event goes for one week in November each year.

- The third survey was undertaken of all registered dog owners on satisfaction with Animal Control services and to identify areas where increased information is required and how information is best delivered (eg; Facebook, radio, website, newspaper etc). Of the 966 respondents 88.2% were either very satisfied or satisfied with Animal Control services.

Levels of Service: Animal Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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		Actual score: 7 - almost on target. (Last year: 7.4 - on target).
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. The key service specifications relate to Education, Unaccounted for Dogs and Complaints.	100%	100%		Actual score: 93% - almost on target. (Last year: 95.4% - almost on target). ~Education: 20% (30 presentations required 24 completed). Education Officer vacancy from 9-Nov-17 to 15-Mar-18 and since 19-Jun-18 ~Patrolling: 23% (20 hrs/officer/month required but not achieved in Dec-17) ~Complaints: 25% ~Unaccounted for dogs: 25%
Report on contract performance.	New measure	30-Sep-17		Actual score: 31-Aug-17 - on target. (Last year: 30-Sep-16 - on target).
Compliance with DCA requirements by preparing and publicising a report annually.	30-Sep	30-Sep-17		Actual score: 31-Aug-17 - on target. (Last year: 30-Sep-16 - on target).

MDC: Funding Impact Statement for 2017-18 for Animal Control

	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	134	137	143	143
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	573	586	572	631
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	26	26	25	25
Total operating funding	733	749	740	799
Applications of operating funding				
Payments to staff and suppliers	656	669	660	664
Finance costs	-	-	-	-
Internal charges and overheads applied	65	68	68	75
Other operating funding applications	9	9	9	6
Total applications of operating funding	730	746	737	745
Surplus (deficit) of operating funding	3	3	3	54
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	-	-	-	-
Increase (decrease) in reserves	3	3	3	54
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	3	3	3	54
Surplus (deficit) of capital funding	(3)	(3)	(3)	(54)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	730	746	737	745
plus - Depreciation and amortisation	3	3	2	3
Expenditure as per note 2.	733	749	739	748
Operating expenditure				
Dog Control	646	659	653	667
Other Animal Control	88	89	86	81
Capital expenditure				

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Fees and charges - above LTP due to more than anticipated dog registrations, impounding and infringement collections.

Activity: Harbours

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

Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, Economy, People, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

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

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












Further information on what this Activity is about is contained in the 2018-28 LTP.

What we did in 2017-18

- Council's Safety Management System (SMS), a requirement of the NZ Port and Harbour Marine Safety Code (the Code) was the subject of final recommendations provided by the Transport Accident Investigation Commission following the grounding of the Azamara Quest. The issues raised are being addressed as part of a full overhaul all components of the SMS.
- The navigation safety bylaws were revised and out forward for public consultation in October 2017. However, legal advice was received which strongly discouraged the intended approach of using Direction rather than bylaws to regulate commercial shipping. As such, new bylaws have been redrafted which include regulations for commercial ships and this draft bylaw is expected to be put forward for consultation in 2019.
- The Pilot Exemption Training Programme for MDC which lays the foundation for the training of all Ferry Masters was fully revised following extensive consultation with stakeholders and an intensive workshop. Maritime New Zealand approved the revised version (version 5) in December 2017. The plan is valid for 5 years.
- During 2017-18 the following projects were progressed to improve shipping safety. Installation of a weather station at the Northern Entrance to Queen Charlotte Sound, rationalisation of the Harbour Control Network, establishment AIS weather stations. These systems utilise the services of Vesper marine for routine traffic monitoring and ship communication which is a significant step forward in comparison to the previous supplier of services.
- Hydrographic survey work was completed for Queen Charlotte Sound and a new chart has been issued for Tory Channel. The chart includes a number of improvements to enhance navigation safety. Plans for a new Northern Entrance Chart have been established and this new chart will be published in the 2018-19 year.
- Council, in compliance with the Code has initiated a harbour risk assessment in 2005-06. The assessment was updated in 2009 and again in 2013 by simply looking at the identified risks, assessing the effect of the risk control measures and generating a revised ranked hazard list. A new risk assessment was started in the 2014-15 year and due to continuous delays it was not completed in the 2016-17 year as expected. A draft was received in August 2017 but was rejected by the Harbourmaster and the services of the consultant terminated. GBT international was employed to complete the work and delivery is expected late 2018.
- Funding was continued by Maritime for the safer boating initiative offering free skipper training workshops in Picton. These workshops have been well received and will continue to be provided for the foreseeable future.

- Funding was received by Maritime New Zealand to carry out a trial of LIDAR speed and range detection devices as means to regulate vessel speed. The trial received national and international media coverage and was a great success. Some work remains in order to employ these devices as part of our routine operations.
- A partnership with an innovative tech focused company enabled a fixed speed camera to be built and tested successfully in initial trials. This was achieved at minimal cost and should be fully operational during 2018-19.
- The cruise guide project has continued to develop with effort being made to improve the functionality of the app, its content and appeal. A number of major upgrades were carried out and photography and data collected for D'Urville Island and other areas. The app now contains an easy incident reporting portal for users to inform the Harbourmaster directly and it is intended that this will become the primary portal through which boat users interact with the harbours office.
- A working group to address safety concerns in relation to vessel operations on the Wairau River was established. The group intends to establish a management plan for navigation on the river in 2018-19.
- The Ngakuta Bay ski lane was closed for navigation safety reasons in the summer of 2017-18. The community responded by highlighting the significance and value of the lane as a recreational amenity. The Harbourmaster, in conjunction with GBT International worked with stakeholders to seek solutions to enable water-skiing in the bay to continue. It is hoped the lane will be operational in the summer of 2018-19.
- Summer patrols commenced on a weekend basis from labour weekend through to Easter with daily patrols being implemented from the week before Christmas through to the end of January. As in the previous year. Extra patrols were carried out in the Havelock/Pelorus Sound area.
- Close collaboration with Maritime New Zealand was achieved through the 'no excuses' campaign and reflects a further step forward toward common compliance.
- Council's Boat Safety and Tides brochure (formerly the Safe Sounds Boating brochure) was reviewed. Since Labour weekend 2017 a total of 7,500 have been distributed.
- Regular audits of marine farms were undertaken to ensure compliance with lighting and marking requirements. A total of 175 farms, compared to the target of over 200, were audited over the financial year.
- An oil spill response exercise was undertaken in May 2018 to ensure that trained oil spill responders maintain the necessary skill levels. Separate quarterly oil recovery vessel drills were undertaken. Oil spill response equipment was inspected and maintained in accordance with quarterly schedules. A positive development was the engagement and participation of the Marine Farming Industry.
- Comment in relation to navigation safety was provided on numerous as part of the routine resource consent processes.

Levels of Service: Harbours

Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
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	7.4		Actual score: 7.4 - on target. (Last year: 7.7 - on target).
Provide a safe environment for all users through effective public education.				
Number of patrols from Labour weekend through to end of Easter of the following year.	New measure	≥ 55		Actual score: 110 (Last year: 66 - on target).
% of navigation warnings issued within two hours of a reported event that may impact on navigation safety.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Ensure that Port and Harbour Safety Code requirements are met.				
% of funded mitigation measures completed.	80%	80%		Actual score: 0% - not achieved. (Last year: 80% - on target). Cannot be achieved until risk assessment review is completed by external provider. Expected completion November 2018
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		Actual score: 175 - almost on target. (Last year: 204 - on target).
Information regarding accidents and incidents is received and, where relevant, passed onto MNZ within five days.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
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)				
• Cat 1 = 99.8%	99.8%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
• Cat 2 = 99%	99%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
• Cat 3 = 97%	97%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of pre summer season inspections of swimming and water-ski lanes undertaken.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Number of inspections of swimming and water-ski lanes undertaken during the summer season.	4	4		Actual score: 4 - on target. (Last year: 6 - on target).

MDC: Funding Impact Statement for 2017-18 for Harbours				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	990	1,006	983	987
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	5
Fees and charges	443	454	432	445
Internal charges and overheads recovered	-	-	-	33
Local authorities fuel tax, fines, infringement fees and other receipts	159	159	143	244
Total operating funding	1,592	1,619	1,558	1,714
Applications of operating funding				
Payments to staff and suppliers	1,131	1,151	982	1,123
Finance costs	42	41	34	10
Internal charges and overheads applied	192	193	220	223
Other operating funding applications	1	1	1	-
Total applications of operating funding	1,366	1,386	1,237	1,356
Surplus (deficit) of operating funding	226	233	321	358
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	(5)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	-	-	-	(5)
Applications of capital funding				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	43	179	70	-
Capital expenditure to replace existing assets	64	32	142	171
Increase (decrease) in reserves	119	22	109	182
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	226	233	321	353
Surplus (deficit) of capital funding	(226)	(233)	(321)	(358)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	1,366	1,386	1,237	1,356
plus - Depreciation and amortisation	177	181	147	139
plus - Loss on sale of fixed assets	-	-	-	64
less - Internal charges and overheads recovered	-	-	-	(33)
Expenditure as per note 2.	1,543	1,567	1,384	1,525

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Other receipts – higher than LTP due to oil pollution claims and funding received from Maritime NZ to carry out the trial of speed and range detection devices for the regulation of vessel speed.
- Capital expenditure is higher due to an installation of a weather station at the northern entrance of Queen Charlotte Sound to improve shipping safety.

Activity Group: Regional Development

Activities in this Group:

This Activity Group comprises a single Activity; Regional Development.

Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

What is this Activity About?

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

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

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

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

Economic Development

In Marlborough, economic development comprises two activities:

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

Marlborough Smart+Connected is an industry and community focused initiative to develop strong leadership groups which develop and implement strategies. Council's role is to assist in the establishment, review and maintenance of the groups, and to participate in implementation where appropriate. (S+C community is discussed under the 'Community Support' Activity in the People Group.)

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

- Development advice
- Marlborough Food and Beverage Innovation Cluster
- Business Trust Marlborough
- Information resources
- International connections

Council is working with Nelson and Tasman on establishing a Te Tau Ihu Regional Growth Partnership. Similar partnerships have been established elsewhere in New Zealand, and the Top of the South were

invited to commence the process in late 2017. The process will lead to the development of a Top of the South economic strategy, action plan and governance/leadership group. Central government will also appoint a senior representative to ensure focused investment on the identified key priorities.

Regional Events Strategy

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

Marketing and Tourism

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

Marlborough Research Centre

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

Small Townships Programme

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

The purpose of this programme is to:

- design liveable towns with an attractive central space
- enable freedom of movement, connectivity and accessibility
- strengthen a sense of place and unique identity
- enhance the use, enjoyment and pride in outdoor public spaces

Parking

A large number of businesses are located in or close to the main town centres of Blenheim and Picton. The ability for customers, staff and visitors to access these businesses is supported by the provision of convenient and affordable car parks. Council provides, operates and maintains more than 1,900 on and off-street parks in Blenheim and Picton.

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

Irrigation

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

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

What we did in 2017-18

- Blenheim and Picton parking occupancies were assessed over the 2016-17 summer period and on-going weekly statistics were taken through to June 2018. The trends are showing lower occupancies reflecting a decline in demand. This could be attributed to the Kaikoura earthquake. It is

probable that new surveys will be carried out in the summer period 2018-19 once SH1 is fully operational again.

- Eighth Smart+Connected group established – Seddon/Awatere. The other seven groups are maintained. Hundreds of volunteers are now actively engaged across the steering and working groups.
- Full Sister Region relationship established with Ningxia, China, the agreement was signed in September 2018 in Yinchuan.
- Review of economic development, tourism and events was undertaken and completed. The main recommendation of 'enhanced status quo' was accepted by Council.
- Process to establish a Regional Growth Partnership across the Top of the South commenced.
- Business Events (conferences) delivery - \$1.7 million conference business won for Marlborough including the 2019 National Dog Show.
- Received 13 applications to the 2017-18 Commercial Events Fund totalling \$360,756. Eleven events totalling \$228,764 were approved by the Commercial Events Fund sub-committee.
- Post-earthquake areas of access tourism campaign delivery and SH1 reopening campaign.

Levels of Service: Regional Development				
Performance Targets				
Key Performance Indicators	LTP Baseline	2017-18 Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds residents' expectations.				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
● Economic Development	6.4	6.4		Actual score: 6.2 - almost on target. (Last year: 6.6 - almost on target).
● Tourism	7.2	7.2		Actual score: 6.9 - almost on target. (Last year: 7 - almost on target).
● Marlborough Research Centre	6.8	6.8		Actual score: 7.2 - on target. (Last year: 7.5 - on target).
● Parking	6.8	6.8		Actual score: 6.1 - almost on target. (Last year: 6.8 - on target).
● Irrigation	6.9	6.9		Actual score: 6.6 - almost on target. (Last year: 6.9 - on target).
Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.				
% of funded Action Plan targets achieved.	New measure	80%		Actual score: 89% - on target. (Last year: 89% - on target).
Manage Marlborough Research Centre contract to ensure service quality and value.				
Number of published research papers.	98	100		Actual score: 77 - not achieved. (Last year: 102 - on target). MRC's main research provider Plant and Food Research Ltd produces another 84 national presentations, popular articles, factsheets and confidential client reports.
Effective promotion of Marlborough as a visitor destination.				
% change in domestic and international visitors spending in Marlborough.	New measure	Equal or better than national trends		Actual score: On target (Last year: Not achieved). Marlborough visitor spend growth 11% compared to 9% nationally
% of achievement of Destination Marlborough business plan key performance measures.	80%	80%		Actual score: 94% - on target. (Last year: 92% - on target).
Provision of convenient and affordable car parks to support CBD businesses.				
Occupancy rates of off-street car parks in Blenheim ¹ :				
● Kerbside	65%	< 70%		Actual score: 72.7% - almost on target. (Last year: 58% - on target).
● Off street (Queen Street and Clubs only)	76%	< 85%		Actual score: 82% - on target. (Last year: 60% - on target).
● Parking building	30%	> 30%		Actual score: 56% - on target. (Last year: 41% - on target).
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.	≤ 1 event per annum	≤ 1		Actual score: 0 - on target. (Last year: 0).

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

MDC: Funding Impact Statement for 2017-18 for Regional development Activity Group				
	2016-17 Long-term plan \$000s	2017-18 Long-term plan \$000s	2017-18 Annual plan \$000s	2017-18 Actual \$000s
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,521	1,549	1,973	1,980
Targeted rates	1,609	1,640	1,571	1,554
Subsidies and grants for operating purposes	-	-	-	116
Fees and charges	1,857	1,904	1,739	1,635
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	232	232	249	228
Total operating funding	5,219	5,325	5,532	5,513
Applications of operating funding				
Payments to staff and suppliers	2,277	2,336	3,006	2,997
Finance costs	1,414	1,708	1,131	1,016
Internal charges and overheads applied	537	549	552	558
Other operating funding applications	371	375	437	499
Total applications of operating funding	4,599	4,968	5,126	5,070
Surplus (deficit) of operating funding	620	357	406	443
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	2,118	7,744	1,082	(1,101)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	31
Total sources of capital funding	2,118	7,744	1,082	(1,070)
Applications of capital funding				
Capital expenditure to meet additional demand	2,199	7,827	80	-
Capital expenditure to improve the level of service	176	-	2,355	-
Capital expenditure to replace existing assets	290	279	170	131
Increase (decrease) in reserves	73	(5)	(1,117)	(758)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding	2,738	8,101	1,488	(627)
Surplus (deficit) of capital funding	(620)	(357)	(406)	(443)
Funding balance	-	-	-	-
Reconciliation				
Total applications of operating funding	4,599	4,968	5,126	5,070
plus - Depreciation and amortisation	738	799	649	644
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	-
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	-
Expenditure as per note 2.	5,337	5,767	5,775	5,714
Operating expenditure				
Economic Development	488	498	1,021	1,020
Marketing and Tourism	946	958	1,005	989
Research Centre	136	137	286	286
Irrigation Schemes	1,599	1,990	1,469	1,622
Parking	2,167	2,185	1,995	1,797
Capital expenditure				
Economic Development	-	-	25	-
Irrigation Schemes	2,300	7,744	2,444	3
Parking	366	362	136	128

Explanation of the funding impact variance between 2018 (Actual) and 2018 (LTP)

- Subsidies and grants for operating expenditure - higher than LTP due to partial receipt of the Flaxbourne Irrigation development grant.
- Fees and charges - below LTP due to less than anticipated infringement collections and parking revenue.
- Payments to staff and suppliers - higher than LTP due to new position for a permanent Events Co-ordinator and investigations costs towards the Flaxbourne Irrigation Scheme project.
- Finance costs, Debt funding and Capital expenditure - all below LTP due to delays in the Flaxbourne Irrigation Scheme capital programme.



Part 3: Financial Statements

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



Statement of Comprehensive Revenue and Expense

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2017-18	2016-17	2017-18	2017-18	2016-17
		\$000s	\$000s	\$000s	\$000s	\$000s
Revenue:						
Rates, excluding targeted water rates	3	61,748	59,858	62,247	61,574	60,350
Targeted rates for metered water supply	3	1,931	2,147	2,171	2,481	2,412
Development and financial contributions	6	4,247	3,284	4,247	2,336	3,284
Subsidies and grants	6	13,589	10,149	13,589	10,079	10,149
Interest revenue		482	1,013	1,872	2,369	1,683
Gains	5	16,985	3,093	14,152	7,920	3,748
Other revenue	6	74,551	68,792	45,753	33,903	40,735
Total revenue	2	173,533	148,336	144,031	120,662	122,361
Expenditure:						
Personnel costs	7	28,032	26,127	21,457	21,644	19,830
Finance costs	4	4,157	1,489	3,192	2,322	1,574
Depreciation and amortisation	8	26,806	25,512	23,262	23,074	22,227
Other expenses	8	83,350	76,681	75,186	60,051	69,142
Total operating expenditure	2	142,345	129,809	123,097	107,091	112,773
Surplus before tax		31,188	18,527	20,934	13,571	9,588
Income tax expense	9	2,172	2,035	-	-	-
Surplus after tax		29,016	16,492	20,934	13,571	9,588
Other comprehensive revenue and expense:						
Gain on property revaluations		105,335	47,792	105,639	24,775	48,372
Impairment on property revaluation		(1,881)	(5,448)	(1,881)	-	(5,448)
Tax on property valuations		85	344	-	-	-
Total other comprehensive revenue and expense	23	103,539	42,688	103,758	24,775	42,924
Total comprehensive revenue and expense		132,555	59,180	124,692	38,346	52,512

Statement of Changes in Net Assets/Equity

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2017-18	2016-17	2017-18	2017-18	2016-17
		\$000s	\$000s	\$000s	\$000s	\$000s
Balance at 1 July		1,594,390	1,535,211	1,491,768	1,452,996	1,439,256
Total comprehensive revenue and expenses		132,555	59,180	124,692	38,346	52,512
Balance at 30 June	23	1,726,945	1,594,390	1,616,460	1,491,342	1,491,768

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

Statement of Financial Position

	note:	Group		Council		
		Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Assets:						
Non-current assets:						
Property, plant and equipment	10	1,705,742	1,568,727	1,610,674	1,503,887	1,472,150
Intangible assets	11	5,658	4,699	5,104	603	4,075
Forestry assets	12	16,369	14,855	16,369	14,773	14,855
Other financial assets:	13					
- Investment in subsidiaries		-	-	6,000	6,000	6,000
- Other		4,649	5,691	56,339	60,439	60,031
Investment property	14	86,885	79,221	2,300	2,150	2,150
Total non-current assets		1,819,303	1,673,193	1,696,786	1,587,852	1,559,261
Current assets:						
Cash and cash equivalents	15	7,465	13,409	5,840	486	10,033
Debtors and other receivables	16	13,133	13,157	11,232	6,199	11,229
Other financial assets	13	8,980	7,621	8,980	8,493	7,621
Inventory	17	9,490	7,343	9,190	394	7,047
Non-current assets land and buildings held for sale	18	969	793	969	393	793
Total current assets		40,037	42,323	36,211	15,965	36,723
Total assets		1,859,340	1,715,516	1,732,997	1,603,817	1,595,984
Liabilities:						
Non-current liabilities:						
Derivative financial instruments	28	3,971	3,319	1,328	-	870
Borrowings	19	74,547	63,053	74,547	96,000	63,053
Provisions	20	3,857	3,242	1,535	1,317	1,364
Deferred tax liability	9	10,994	11,697	-	-	-
Total non-current liabilities		93,369	81,311	77,410	97,317	65,287
Current liabilities:						
Creditors and other payables	21	18,056	16,153	19,259	13,019	16,724
Employee entitlements	22	3,301	3,255	2,390	2,139	2,278
Derivative financial instruments	28	150	106	-	-	-
Provisions	20	228	129	228	-	129
Current tax liabilities	9	41	374	-	-	-
Borrowings	19	17,250	19,798	17,250	-	19,798
Total current liabilities		39,026	39,815	39,127	15,158	38,929
Total liabilities		132,395	121,126	116,537	112,475	104,216
Net assets		1,726,945	1,594,390	1,616,460	1,491,342	1,491,768
Equity:						
Accumulated funds	23	677,594	646,098	616,134	597,699	592,714
Other reserves	23	1,049,351	948,292	1,000,326	893,643	899,054
Total equity	23	1,726,945	1,594,390	1,616,460	1,491,342	1,491,768

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

Statement of Cash Flows

note:	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Cash flows from operating activities:					
Receipts from rates revenue	63,728	62,071	64,467	64,055	62,828
Receipts from other revenue	87,980	76,627	57,665	40,804	46,686
Goods and Services Tax (net)	(464)	(102)	(464)	-	(102)
Interest received	448	1,016	1,872	2,369	1,683
Payments to suppliers and employees	(101,031)	(94,718)	(86,643)	(80,242)	(81,513)
Interest paid	(3,486)	(4,260)	(2,734)	(2,322)	(2,336)
Income tax paid	(3,122)	(1,866)	-	-	-
Net cash flow from operating activities	44,053	38,768	34,163	24,664	27,246
Cash flows from investing activities:					
Receipts from sale of property, plant and equipment	11,311	2,430	11,281	-	2,403
Sale of investments	17,784	23,562	17,784	28,274	23,561
Acquisition of investments	(18,101)	(8,581)	(18,101)	-	(8,581)
Advances received	-	153	3,371	-	725
Dividends received	11	10	1,798	874	1,267
Receipts from sale of non-current property held for sale	-	286	-	-	286
Purchase of investment property	(4,247)	(627)	-	-	-
Purchase of forestry assets	(352)	(501)	(352)	-	(501)
Purchase of intangible assets	(1,628)	(2,487)	(1,597)	-	(2,473)
Advances made	-	-	-	-	(54,340)
Purchase of property, plant and equipment	(63,721)	(40,581)	(61,486)	(62,269)	(36,709)
Net cash flow from investing activities	(58,943)	(26,336)	(47,302)	(33,121)	(74,362)
Cash flows from financing activities:					
Proceeds from borrowings	31,649	62,778	31,649	8,000	55,728
Repayment of borrowings	(22,703)	(64,782)	(22,703)	-	(877)
Net cash flow from financing activities	8,946	(2,004)	8,946	8,000	54,851
Net increase / (decrease)	(5,944)	10,428	(4,193)	(457)	7,735
Cash, cash equivalents and bank overdrafts:					
At the beginning of the year	13,409	2,981	10,033	943	2,298
At the end of the year	7,465	13,409	5,840	486	10,033

The accompanying notes form part of these financial statements.

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

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
Surplus after tax	29,016	16,492	20,934	9,588
Add/(less) non-cash items:				
Depreciation and amortisation expense	26,806	25,512	23,262	22,227
Decrease in forestry value due to harvest	3,719	3,228	3,719	3,228
Vested assets	(4,621)	(3,137)	(4,621)	(3,137)
Movement in deferred tax	(506)	295	-	-
Increase in runway seal provision	444	476	-	-
Increase in landfill aftercare provision	171	157	171	157
Carbon credits and other provisions	99	37	99	37
Gains in fair value of biological assets	(4,881)	(2,110)	(4,881)	(2,110)
(Gains)/losses in fair value of investment property	(2,983)	721	(150)	(30)
Losses on fair value of investments	-	140	-	140
Gains/(losses) on derivative financial instruments	695	(2,677)	458	(762)
	18,943	22,642	18,057	19,750
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment and non-current assets held for sale	(5,564)	1,089	(5,524)	1,115
(Increase)/decrease in capital creditors	2,593	(358)	2,593	(358)
Other	(1,147)	(380)	(721)	(572)
Dividend income	(11)	(10)	(1,798)	(1,266)
	(4,129)	341	(5,450)	(1,081)
Add/(less) movements in working capital items:				
(Increase)/decrease in debtors and other receivables	(335)	(3,878)	(3)	(4,307)
Increase in inventory	(2,147)	(62)	(2,143)	(35)
Increase in creditors and other payables	2,678	3,220	2,656	3,192
Income tax payable/(receivable)	(85)	(126)	-	-
Increase in employee entitlements	112	139	112	139
	223	(706)	622	(1,010)
Net cash inflow from operating activities	44,053	38,768	34,163	27,246

The accompanying notes form part of these financial statements.

Notes to Financial Statements

1. Statement of Accounting Policies for the year ended 30 June 2018

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

The Marlborough District Council Group (MDC or Group) consists of:

The ultimate parent, Marlborough District Council (Council).

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

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

These financial statements of MDC are for the year ended 30 June 2018. The results for Marlborough Housing for the Elderly Trust which are consolidated into these accounts are for the 15 months ended 30 June 2018 (2017: for 12 months ended 31 March 2017).

The financial statements were authorised for issue by Council on 26 October 2018.

1.1 Basis of Preparation

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

(i) Statement of Compliance

The financial statements of MDC have been prepared in accordance with the requirements of the LGA which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Tier 1 PBE Accounting Standards.

(ii) Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets.

(iii) Functional and Presentational Currency

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

(iv) Changes in Accounting Policies

There have been no other changes in accounting policies for the 2017-18 financial reporting year.

Accounting Policies not contained in the notes that follow on pages 120 to 162.

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

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and Group are:

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and Group have not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost

A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses

Revised hedge accounting requirements to better reflect the management of risks

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and Group have not yet assessed the effects of the new standard.

(ii) Critical Accounting Estimates and Assumptions and Critical Judgments in Applying Accounting Policies

The preparation of financial statements in conformity with NZ PBE Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, at the time. Actual results may differ from these estimates. The most significant is our estimate of the economic life of assets which impacts on depreciation. Further details are found in note 10. This year there are also estimates used for earthquake impairment and earthquake related contingent assets. Further details are found in note 30.

Summary of Significant Accounting Policies

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

(iii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Council and enterprises controlled by Council. The consolidated financial statements are prepared adding together like items on a line by line basis. All significant inter-company transactions and balances between group enterprises are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of Council's controlled enterprises to bring the accounting policies used into line with those used by other members of the Group.

(iv) Impairment of assets

At each balance sheet date the carrying amounts of tangible and intangible assets are reviewed 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 estimates are made of 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.

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 with the expense being recognised in the Statement of Comprehensive Revenue and Expense.

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.

(v) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST-inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

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

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

(vi) Cost Allocation

The costs of providing support services for Council are accumulated and are allocated to each Activity using appropriate allocation bases which reflect the usage and/or capacity for each significant Activity.

(vii) Budget Figures

The budget figures are those approved by Council in its 2017-18 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

(viii) Dividends

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

(ix) Exchange and non-exchange revenue

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

Professional judgement is exercised to determine whether the substance of a transaction is non-exchange or exchange.

For non-exchange revenue there is a recognition of a liability to the extent of unfulfilled conditions.

2. Summary Cost of Services

	Council		
	2017-18 Actual \$000s	2017-18 Budget \$000s	2016-17 Actual \$000s
Revenue:			
People	10,047	10,535	9,665
Community facilities	11,230	10,591	10,463
Roads and footpaths	24,375	21,231	20,235
Flood protection and control works	7,868	7,324	7,046
Sewerage	12,020	10,718	11,866
Stormwater drainage	2,778	2,370	3,135
Water supply	9,928	8,797	9,864
Solid waste management	11,777	8,995	10,274
Environmental management	8,597	8,882	8,256
Regulatory	9,307	7,941	7,175
Regional development	5,382	5,533	5,502
Total activity revenue	113,309	102,917	103,481
Plus other revenue (including forestry)*	37,820	25,371	25,474
Less internal revenue	(7,098)	(7,626)	(6,594)
Total revenue	144,031	120,662	122,361
Expenditure:			
Democractic process	3,002	3,129	3,121
Culture and heritage	2,725	2,682	3,397
Housing for seniors	1,329	1,154	1,407
Community support	2,904	2,426	2,534
Library	2,586	2,310	2,056
Emergency management	626	954	1,154
People group	13,172	12,655	13,669
Community facilities	14,591	9,832	11,207
Roads and footpaths	20,169	20,866	21,935
Flood protection and control works	6,318	5,000	5,228
Sewerage	11,119	10,910	10,507
Stormwater drainage	2,252	2,214	2,397
Water supply	9,667	8,660	8,648
Solid waste management	10,602	8,572	9,114
Environmental policy	2,402	1,778	1,491
Resource consents	2,791	2,649	2,530
Environmental science and monitoring	3,872	3,800	3,452
Environmental protection	1,456	1,260	1,242
Environmental management group	10,521	9,487	8,715
Biosecurity	2,229	1,632	1,536
Building control	3,805	3,671	3,261
Environmental health	535	530	499
Animal control	747	739	731
Harbours	1,525	1,384	1,376
Regulatory	8,841	7,956	7,403
Regional development	5,715	5,775	6,503
Total activity expenditure	112,967	101,927	105,326
Plus other expenditure (including forestry)*	17,228	12,790	14,041
Less internal expenditure	(7,098)	(7,626)	(6,594)
Total expenditure	123,097	107,091	112,773

*The "other revenue" and "other expenditure" in the summary cost of services includes revenue and expenditure of MRF and those areas of MDC which are not included in the Activity Grouping – specifically Property, Land Development and General Revenues. The latter captures all corporate financing revenue and expenditure and other Council wide items eg; rates remission.

3. Rates Activity

Rates, excluding rates for metered water supply:	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2017-18	2016-17	2017-18	2017-18	2016-17
	\$000s	\$000s	\$000s	\$000s	\$000s
People	8,233	7,673	8,233	8,147	7,673
Community facilities	8,531	7,904	8,531	8,498	7,904
Roads and footpaths	10,110	9,427	10,110	10,001	9,427
Flood protection and control works	4,072	3,903	4,072	4,043	3,903
Sewerage	7,973	8,028	7,973	7,939	8,028
Stormwater drainage	1,942	1,859	1,942	1,935	1,859
Water supply	5,845	6,717	5,845	5,212	6,717
Solid waste management	2,855	2,777	2,855	2,840	2,777
Environmental management	6,180	6,361	6,180	6,157	6,361
Regulatory	3,350	2,669	3,350	3,256	2,669
Regional development	3,158	3,030	3,158	3,544	3,030
Total activity rates	62,249	60,348	62,249	61,572	60,348
Plus non-activity rates	(2)	2	(2)	2	2
Less related party rates eliminated	(499)	(492)	-	-	-
Total gross rates revenue	61,748	59,858	62,247	61,574	60,350
Rates remissions	638	597	638	599	597
Rates, excluding targeted water rates net of remissions	61,110	59,261	61,609	60,975	59,753
Targeted Rates for Metered Water Supply					
Targeted rates for metered water supply	1,931	2,147	2,171	2,481	2,412

Accounting Policy

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

4. Finance Expenses

Finance costs:	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2017-18	2016-17	2017-18	2017-18	2016-17
	\$000s	\$000s	\$000s	\$000s	\$000s
Interest expense:					
Interest on borrowings	3,512	4,166	2,784	2,322	2,336
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	645	(2,677)	408	-	(762)
Total finance expense	4,157	1,489	3,192	2,322	1,574

Accounting Policy

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

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

5. Gains

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2017-18	2016-17	2017-18	2017-18	2016-17
	\$000s	\$000s	\$000s	\$000s	\$000s
Non-financial instruments:					
Property, plant and equipment gains on disposal	9,121	1,405	9,121	7,301	1,405
Non-current assets held for sale gains on disposal	-	203	-	-	203
Investment property revaluation gain/(loss) (note 14)	2,983	(721)	150	-	30
Forestry revaluation gain (note 12)	4,881	2,110	4,881	619	2,110
Other	-	96	-	-	-
Total gains	16,985	3,093	14,152	7,920	3,748

6. Other Revenue

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2017-18	2016-17	2017-18	2017-18	2016-17
	\$000s	\$000s	\$000s	\$000s	\$000s
Other revenue:					
User charges	20,028	17,618	20,030	15,780	17,620
Regulatory revenue	4,881	4,270	5,322	4,939	4,708
Infringements and fines	492	547	492	632	547
Vested assets	4,621	3,137	4,621	1,139	3,137
Land subdivision revenues	1,314	1,817	1,314	900	1,817
Rendering of services	21,101	20,246	-	-	-
Rental revenue from investment properties	10,299	9,832	158	168	163
MRF revenue	9,248	8,058	9,248	6,803	8,058
Other revenue	2,567	3,267	4,568	3,542	4,685
Total other revenue	74,551	68,792	45,753	33,903	40,735
Subsidies and grants:					
New Zealand Transport Agency roading subsidies	11,297	9,354	11,297	8,743	9,354
Other donations and grants	2,292	795	2,292	1,336	795
Total subsidies and grants	13,589	10,149	13,589	10,079	10,149
Development and financial contributions:					
Capital contributions	228	766	228	278	766
Other contributions	711	196	711	245	196
Development contributions	3,257	2,303	3,257	1,653	2,303
Development impact levies	51	19	51	160	19
Total development and financial	4,247	3,284	4,247	2,336	3,284

Accounting Policy

Subsidies and Grants

New Zealand Transport Agency roading subsidies (received in respect to maintaining and constructing the roading infrastructure) and other government grants/subsidies are recognised as revenue upon entitlement i.e. when conditions relating to eligible expenditure have been fulfilled. This revenue is shown as subsidy revenue. 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 Partial Cost Recovery/Subsidised

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

Provision of Services Full Cost Recovery

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

Vested Assets

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

Sales of Goods

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

Insurance Revenue

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

Financial/Development Contributions

Financial/development contributions are recognised as revenue when received. Development contributions are classified as part of "Other revenue". If the service for which the contribution is charged is not undertaken in the same year Financial/Development contributions received are allocated to the appropriate Reserve until such time Council provides, or is able to provide, the service.

7. Personnel

7.1 Personnel Costs

	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Salaries and wages and related entitlements	26,892	25,062	20,587	20,753	19,024
Defined contribution plan employer contributions	1,140	1,065	870	891	806
Total personnel costs	28,032	26,127	21,457	21,644	19,830

Accounting Policy

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund and the State Sector Retirement Savings Scheme which are defined contribution superannuation schemes, and are expensed.

7.2 Chief Executive

The incumbent Chief Executive received the following remuneration:

Salary	275	266
Vehicle, superannuation and other	17	17
Total Chief Executive compensation	292	283

7.3 Elected Representatives

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
Elected representatives received the following remuneration:				
Mayor:				
John Leggett*	144	104	133	94
Alistair Sowman*	-	44	-	41
Councillors:				
Jenny Andrews	38	37	38	37
Jamie Arbuckle	77	51	77	51
Jessica Bagge	-	11	-	11
Graeme Barsanti	-	20	-	20
Cynthia Brooks	45	42	45	42
Brian Dawson	38	38	38	38
Geoff Evans	39	41	39	41
Michael Fitzpatrick	38	26	38	26
Trevor Hook	112	53	101	53
Gerald Hope	38	27	38	27
Peter Jerram	-	14	-	14
John Leggett	-	20	-	20
David Oddie	72	59	72	59
Mark Peters	49	26	38	26
Laressa Shenfield	78	48	78	48
Terry Sloan	48	46	48	46
Nadine Taylor	46	28	46	28
Total elected representatives' remuneration	862	735	829	722

Remuneration includes payment for attendance at resource consent hearings.

*The Mayor, Councillors Mark Peters and Trevor Hook were directors of MDCH during the reporting periods 2017-18 and were paid directors' fees by MDCH of \$10,561 each (2017: \$10,320).

7.4 Staff Employed Full Time Equivalent

At balance date the Council employed 226 full time employees (2017: 218) with the balance of staff representing 35 (2017: 35) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

7.5 Individuals receiving total annual remuneration of:

	2017-18		2016-17
Less than \$60,000	114	Less than \$60,000	120
\$60,000 to \$79,999	65	\$60,000 to \$79,999	79
\$80,000 to \$99,999	67	\$80,000 to \$99,999	47
\$100,000 to \$119,999	17	\$100,000 to \$119,999	7
\$120,000 to \$139,999	8	\$120,000 to \$139,999	10
\$140,000 to \$179,999	6	\$140,000 to \$219,999	6
\$180,000 to \$299,999	6	\$220,000 to \$319,999	2
Total	283	Total	271

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

8. Other Expenses

	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Other expenses include:					
Fees to auditors:					
Audit New Zealand for:					
audit of financial statements	133	132	133	128	132
audit of the 2018-28 LTP	88	-	88	95	-
audit of financial statements 2016-17	-	-	20	-	-
audit of the 2018-28 LTP 2016-17	-	-	28	-	-
audit of MDCH financial statements	18	18	-	-	-
Deloitte for audit of PMNZL and MAL financial statements	87	60	-	-	-
Grants and donations	8,162	6,398	8,102	5,606	6,399
Insurance premiums	2,041	1,759	1,972	1,753	1,690
Impairment adjustment of receivables (note 16)	9	(16)	(1)	-	(16)
Directors' fees	273	268	-	-	-
Property plant and equipment loss on disposal	3,597	2,223	3,597	42	2,223
Investment properties direct operating expenses	3,893	3,292	158	-	17
Investment property revaluation loss (note 14)	-	721	-	-	-
Operating leases payments	596	443	572	477	419
Loss on fair value of investments	-	140	-	-	140
Depreciation and amortisation:					
Depreciation expense (note 10)	26,137	24,855	22,694	23,074	21,700
Amortisation of intangible assets (note 11)	669	657	568	-	527
Total depreciation and amortisation	26,806	25,512	23,262	23,074	22,227

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

9. Tax

9.1 Components of tax expense

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
Current tax expense	2,790	2,632	-	-
Deferred tax expense	(618)	(597)	-	-
Tax expense	2,172	2,035	-	-

9.2 Relationship between tax expense and accounting profit

Surplus before tax	31,188	18,527	20,934	9,588
Tax at 28% (2017: 28%)	8,733	5,187	5,862	2,685
Plus/(less) tax effect of:				
Non-deductible expenditure	52	73	-	-
Non-taxable income	(6,613)	(3,225)	(5,862)	(2,685)
Tax expense	2,172	2,035	-	-

9.3 Current tax asset/(liability)

Tax (payable)/receivable	41	(374)	-	-
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9.4 Group deferred tax asset/(liability)

	Council tax	Property, plant & equipment	Investment property	Intangibles	Financial instruments	Provisions	Total
	losses \$000s	\$000s	\$000s		\$000s	\$000s	\$000s
Balance at 1 July 2016	-	(12,151)	(2,184)	(144)	1,242	599	(12,638)
(Charged)/credited to surplus	892	248	(140)	(24)	(536)	157	597
Charged to other comprehensive income	-	344	-	-	-	-	344
Balance at 30 June 2017	892	(11,559)	(2,324)	(168)	706	756	(11,697)
(Charged)/credited to surplus	112	416	(122)	23	67	122	618
Charged to other comprehensive income	-	85	-	-	-	-	85
Balance at 30 June 2018	1,004	(11,058)	(2,446)	(145)	773	878	(10,994)

Council has not recognised a deferred tax asset in relation to tax losses of \$3,586 (2017: \$3,186). However, the asset has been recognised this year in the group figures.

Accounting Policy

Income Tax

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

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

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

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

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

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

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

10. Property, Plant and Equipment

	Current year													Carrying amount 30-Jun-2018 \$'000s
	Cost/ Accumulated depreciation 1-Jul-2017 \$'000s	Carrying amount 1-Jul-2017 \$'000s	WIP & other reclassifications Cost \$'000s		Additions \$'000s	Disposals \$'000s	Disposals depreciation adjustment \$'000s	Impairment \$'000s	Depreciation \$'000s	Transfer adjustment \$'000s	Revaluation cost adjustment \$'000s	Revaluation depreciation adjustment \$'000s	Cost/ Accumulated depreciation 30-Jun-2018 \$'000s	
			Cost \$'000s	Reclassification \$'000s										
2017-18 GROUP	1,266,085	1,264,310	(1,098)	45,617	(1,809)	(4)	(1,881)	18,851	39	77,946	(17,592)	1,384,899	3,030	1,381,869
10.1 Infrastructural assets														
Work in progress	7,225	7,225	(1,542)	22,267	(90)	-	-	-	-	-	-	27,860	-	27,860
Infrastructure land	14,484	14,484	-	-	-	-	-	-	-	213	-	14,697	-	14,697
Land under roads	135,931	135,931	-	791	-	-	-	-	-	-	-	136,722	-	136,722
Flood protection and controlled works	156,460	156,291	227	1,912	(64)	(1)	(377)	207	-	50,107	(375)	208,265	-	208,265
Road and footpaths	541,114	541,114	70	14,690	(757)	(3)	-	9,260	-	26,352	(9,257)	581,469	-	581,469
Sewerage schemes other	111,391	111,391	(3,800)	1,192	(226)	-	(1,379)	2,421	-	(607)	(2,421)	106,571	-	106,571
Sewerage treatment and facilities	41,289	41,289	3,800	112	-	-	-	605	-	275	(605)	45,476	-	45,476
Stormwater drainage schemes	73,122	73,122	-	1,482	(96)	-	(125)	1,433	-	1,898	(1,433)	76,281	-	76,281
Water supply schemes - other	124,512	124,512	(853)	3,138	(449)	-	-	2,743	-	(59)	(2,743)	126,289	-	126,289
Water treatment and facilities	16,466	16,466	1,000	33	(127)	-	-	758	-	(233)	(758)	17,139	-	17,139
Wharf infrastructure	44,091	42,485	-	-	-	-	-	1,424	39	-	-	44,130	3,030	41,100
	1,266,085	1,264,310	(1,098)	45,617	(1,809)	(4)	(1,881)	18,851	39	77,946	(17,592)	1,384,899	3,030	1,381,869
10.2 Operational assets														
Work in progress	5,600	5,600	(2,031)	2,130	(1,305)	-	-	-	(1,800)	-	-	2,594	-	2,594
Buildings	84,291	82,042	1,688	4,416	(1,076)	(16)	-	2,442	381	(1,573)	(1,981)	88,127	2,694	85,433
Forest crops	1,603	1,603	-	-	-	-	-	-	-	-	-	1,603	-	1,603
Improvements at fair/market value	17,153	15,906	-	683	-	-	-	757	268	(398)	-	17,706	2,004	15,702
Land	114,531	114,531	116	4,241	(728)	-	-	164	-	8,077	-	126,237	164	126,073
Landfill	5,936	2,432	-	272	-	-	-	413	-	-	-	6,208	2,845	3,363
Library/books	2,514	1,332	-	260	(646)	(542)	-	227	-	-	-	2,128	867	1,261
Other structures and improvements	35,081	31,770	1,305	5,717	(512)	(130)	-	1,252	-	-	-	41,591	4,433	37,158
Office equipment, furniture and fittings	5,065	3,537	-	757	(438)	(393)	-	475	-	-	-	5,384	3,619	1,765
Plant, machinery and equipment	18,707	9,931	-	818	(1,410)	(1,253)	-	1,379	1,031	-	-	19,146	10,057	9,089
	290,481	23,889	1,078	19,294	(6,115)	(2,334)	-	7,109	(120)	6,106	(1,981)	310,724	26,683	284,041
10.3 Restricted assets														
Buildings	9,265	174	20	225	-	-	-	177	-	(102)	(174)	9,408	177	9,231
Land	28,735	28,735	-	231	-	-	-	1,635	-	1,635	-	30,601	-	30,601
	38,000	174	20	456	-	-	-	177	-	1,533	(174)	40,009	177	39,832
Total operational and infrastructural	1,594,566	25,838	-	65,367	(7,924)	(2,338)	(1,881)	26,137	(81)	85,585	(19,747)	1,735,632	29,890	1,705,742

	Carrying amount		WIP & other reclassifications				Current year		Current year				Revaluation		Carrying amount	
	1-Jul-2016	30-Jun-2017	Cost	Accm dpn	Additions	Disposals	Disposals	Disposals	Impairment	Depreciation	Transfer adjustment	Transfers Dpn Adjustment	Cost adjustment	Depreciation adjustment	Cost /revaluation	Accumulated depreciation
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
2016-17 GROUP																
10.1 Infrastructural assets																
Work in progress	8,440	8,440	(4,081)	-	3,671	(805)	-	-	-	-	-	-	-	7,225	-	7,225
Infrastructure land	13,036	13,036	-	-	-	-	-	-	-	-	-	1,448	-	14,484	-	14,484
Land under roads	135,528	135,528	-	-	403	-	-	-	-	-	-	-	-	135,931	-	135,931
Flood protection and controlled works	156,510	156,510	42	-	1,531	(22)	-	(1,601)	169	-	-	-	-	156,460	169	156,291
Road and footpaths	512,382	512,382	601	4	9,236	(99)	(6)	(560)	9,089	-	-	19,554	(9,087)	541,114	-	541,114
Sewerage schemes other	111,318	111,318	643	-	838	(100)	-	(940)	2,444	-	-	(368)	(2,444)	111,391	-	111,391
Sewerage treatment and facilities	40,605	40,605	-	-	124	-	-	-	587	-	-	560	(587)	41,289	-	41,289
Stormwater drainage schemes	71,876	71,876	675	-	1,341	(212)	-	(649)	1,470	-	-	91	(1,470)	73,122	-	73,122
Water supply schemes - other	121,967	121,967	(216)	-	4,709	(39)	-	(755)	2,738	-	-	(1,154)	(2,738)	124,512	-	124,512
Water treatment and facilities	13,080	13,080	2,342	-	2,174	-	-	-	693	-	-	(1,130)	(693)	16,466	-	16,466
Wharf infrastructure	46,789	46,789	-	-	140	(67)	-	-	1,369	151	64	(2,922)	-	44,091	1,606	42,485
	1,231,531	240	1,231,291	6	24,167	(1,344)	(73)	(4,505)	18,559	151	64	16,079	(17,019)	1,266,085	1,775	1,264,310
10.2 Operational assets																
Work in progress	5,356	5,356	(4,566)	-	7,797	(279)	-	-	-	(2,708)	-	-	-	5,600	-	5,600
Buildings	82,297	79,493	1,839	-	1,328	(149)	(2)	(506)	2,544	(587)	(9)	69	(3,088)	84,291	2,249	82,042
Forest crops	1,603	1,603	-	-	-	-	-	-	-	-	-	-	-	1,603	-	1,603
Improvements at fairmarket value	17,233	476	16,757	-	352	-	-	-	771	659	-	(1,091)	-	17,153	1,247	15,906
Land	104,030	609	4	-	200	(493)	(10)	-	97	549	220	10,241	(916)	114,531	-	114,531
Landfill	3,280	2,098	1,182	-	61	-	-	-	334	-	-	-	-	5,936	2,432	3,504
Library books	2,258	968	1,290	-	256	-	-	-	214	-	-	-	-	2,514	1,182	1,332
Other structures and improvements	30,003	2,975	27,028	(4)	5,696	(103)	(21)	(500)	361	(10)	-	-	-	35,081	3,311	31,770
Office equipment, furniture and fittings	4,713	3,190	1,523	-	469	(107)	(98)	-	455	(10)	(10)	-	-	5,065	3,537	1,528
Plant, machinery and equipment	19,165	10,147	9,018	-	2,502	(2,209)	(1,472)	-	1,339	(751)	(83)	-	-	18,707	9,931	8,776
	269,938	23,267	246,671	(143)	18,661	(3,340)	(1,603)	(1,006)	6,115	(2,846)	118	9,219	(4,004)	290,481	23,889	266,592
10.3 Restricted assets																
Buildings	10,382	168	10,214	-	230	(698)	(6)	(437)	180	-	-	(212)	(168)	9,265	174	9,091
Land	26,175	-	26,175	2	1,087	(32)	-	-	-	-	-	1,503	-	28,735	-	28,735
	36,557	168	36,389	2	1,317	(730)	(6)	(437)	180	-	-	1,291	(168)	38,000	174	37,826
Total operational and infrastructural assets	1,538,026	23,675	1,514,351	(135)	44,145	(5,414)	(1,682)	(5,948)	24,864	(2,697)	182	26,589	(21,191)	1,594,566	25,838	1,568,728

2017-18 COUNCIL	Current year														Carrying amount 30-Jun-2018 \$'000s		
	Cost/valuation 1-Jul-2017 \$'000s	Accumulated depreciation 1-Jul-2017 \$'000s	Carrying amount 1-Jul-2017 \$'000s	Current year										Carrying amount 30-Jun-2018 \$'000s			
				WIP & other reclassifications Cost \$'000s	Additions \$'000s	Disposals \$'000s	Disposals depreciation adjustment \$'000s	Disposals \$'000s	Impairment \$'000s	Depreciation \$'000s	Transfer adjustment \$'000s	Revaluation cost adjustment \$'000s	Revaluation depreciation adjustment \$'000s			Cost/valuation 30-Jun-2018 \$'000s	Accumulated depreciation 30-Jun-2018 \$'000s
10.1 Infrastructural assets																	
Work in progress	7,225	-	7,225	(1,542)	22,267	(90)	-	-	-	-	-	-	-	-	27,860	-	27,860
Infrastructure land	14,484	-	14,484	-	-	-	-	-	-	-	-	213	-	-	14,697	-	14,697
Land under roads	135,931	-	135,931	-	791	-	-	-	-	-	-	-	-	-	136,722	-	136,722
Flood protection and controlled works	156,460	169	156,291	227	1,912	(64)	(1)	(377)	207	208,265	(3)	50,107	(375)	208,265	208,265	-	208,265
Road and footpaths	541,114	-	541,114	70	14,690	(757)	(3)	(1,379)	9,260	581,469	(1)	26,352	(9,257)	581,469	-	581,469	
Sewerage schemes other	111,391	-	111,391	(3,800)	1,192	(226)	-	(1,379)	2,421	106,571	-	(607)	(2,421)	106,571	-	106,571	
Sewerage treatment and facilities	41,289	-	41,289	3,800	112	-	-	-	605	45,476	-	275	(605)	45,476	-	45,476	
Stormwater drainage schemes	73,122	-	73,122	-	1,482	(96)	-	(125)	1,433	76,281	-	1,898	(1,433)	76,281	-	76,281	
Water supply schemes - other	124,512	-	124,512	(853)	3,138	(449)	-	-	2,743	126,289	-	(59)	(2,743)	126,289	-	126,289	
Water treatment and facilities	16,466	-	16,466	1,000	33	(127)	-	-	758	17,139	-	(233)	(758)	17,139	-	17,139	
	1,221,994	169	1,221,825	(1,098)	45,617	(1,809)	(4)	(1,881)	17,427	1,340,769	(4)	77,946	(17,592)	1,340,769	-	1,340,769	
10.2 Operational assets																	
Work in progress	5,301	-	5,301	(2,031)	357	(1,305)	-	-	-	-	-	-	-	-	2,322	-	2,322
Buildings	68,478	1,981	66,496	1,688	4,416	(1,105)	(6)	-	1,822	72,211	(6)	(1,266)	(1,981)	70,395	1,816	70,395	
Forest crops	1,603	-	1,603	-	-	-	-	-	-	1,603	-	-	-	1,603	-	1,603	
Improvements at fair/market value	4,018	748	3,270	-	682	-	-	-	257	4,302	-	(398)	-	3,297	1,005	3,297	
Land	93,177	-	93,177	116	3,933	(728)	-	-	-	104,575	-	8,077	-	104,575	-	104,575	
Landfill	5,935	2,432	3,506	-	272	-	-	-	413	6,207	-	-	-	3,362	2,845	3,362	
Library books	2,515	1,182	1,332	-	258	(646)	-	(542)	227	2,127	-	-	-	867	867	1,260	
Other structures and improvements	35,081	3,311	31,770	1,305	5,717	(512)	(130)	(130)	1,252	41,591	-	-	-	44,333	4,433	37,158	
Office equipment, furniture and fittings	5,064	3,537	1,527	-	757	(438)	(393)	(393)	475	5,383	-	-	-	1,764	3,619	1,764	
Plant, machinery and equipment	9,142	4,624	4,518	-	590	(723)	(596)	(596)	644	9,009	-	-	-	4,337	4,672	4,337	
	230,314	17,815	212,500	1,078	16,982	(5,457)	(1,667)	(1,881)	5,090	249,330	(4)	6,413	(1,981)	230,073	19,257	230,073	
10.3 Restricted assets																	
Buildings	9,265	174	9,091	20	225	-	-	-	177	9,408	-	(102)	(174)	9,231	177	9,231	
Land	28,735	-	28,735	-	231	-	-	-	-	30,601	-	1,635	-	30,601	-	30,601	
	38,000	174	37,826	20	456	-	-	-	177	40,009	-	1,533	(174)	39,832	177	39,832	
Total operational and infrastructural	1,490,308	18,158	1,472,151	-	63,055	(7,266)	(1,671)	(1,881)	22,694	1,630,108	(1,881)	85,892	(19,747)	1,610,674	19,434	1,610,674	

	WIP & other reclassifications										Current year				Revaluation				Carrying amount 30-Jun-2017 \$000's
	Carrying amount 1-Jul-2016		Cost/ Accumulated depreciation 1-Jul-2016		Disposals		Disposals		Disposals		Transfer adjustment		Cost adjustment		Depreciation adjustment		Cost /revaluation 30-Jun-2017		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
2016-17 COUNCIL																			
10.1 Infrastructural assets																			
Work in progress	8,440	-	(4,081)	-	3,671	(805)	-	-	-	-	-	-	-	-	-	-	7,225	-	7,225
Infrastructure land	13,036	-	-	-	-	-	-	-	-	-	-	-	1,448	-	-	-	14,484	-	14,484
Land under roads	135,528	-	-	-	403	-	-	-	-	-	-	-	-	-	-	-	135,931	-	135,931
Flood protection and controlled works	156,510	-	42	-	1,531	(22)	(1,601)	169	(6)	169	(560)	9,089	19,554	(9,087)	-	-	156,460	169	156,291
Road and footpaths	512,382	-	601	4	92,336	(99)	(560)	(940)	(6)	(940)	(940)	2,444	(368)	(2,444)	-	-	541,114	-	541,114
Sewerage schemes other	111,318	-	643	-	838	(100)	-	-	-	-	-	-	560	(587)	-	-	111,391	-	111,391
Sewerage treatment and facilities	40,605	-	-	-	124	-	-	-	-	-	-	-	91	(1,470)	-	-	41,289	-	41,289
Stormwater drainage schemes	71,876	-	675	-	1,341	(212)	(649)	1,470	-	1,470	(755)	2,738	(1,154)	(2,738)	-	-	73,122	-	73,122
Water supply schemes - other	121,967	-	(216)	-	4,709	(39)	-	-	-	-	-	-	(1,130)	(693)	-	-	124,512	-	124,512
Water treatment and facilities	13,080	-	2,342	-	2,174	-	-	-	-	-	-	-	-	-	-	-	16,466	-	16,466
	1,184,742	-	6	4	24,027	(1,277)	(4,505)	17,190	(6)	(1,277)	(4,505)	17,190	(19,001)	(17,019)	169	169	1,221,994	169	1,221,825
10.2 Operational assets																			
Work in progress	5,018	-	(4,566)	-	5,128	(279)	-	-	-	-	-	-	(381)	(1,871)	-	-	5,301	-	5,301
Buildings	66,396	1,870	1,839	-	1,279	(149)	(506)	1,984	(2)	(149)	-	-	-	-	-	-	68,478	1,981	66,497
Forest crops	1,603	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,603	-	1,603
Improvements at fairmarket value	4,758	476	-	-	351	-	-	272	-	-	-	-	(1,091)	-	-	-	4,018	748	3,270
Land	83,090	-	4	-	82	(483)	-	-	-	-	-	-	-	-	-	-	93,177	-	93,177
Landfill	3,280	2,098	2,995	-	60	-	-	334	-	-	-	-	-	-	-	-	5,935	2,432	3,503
Library books	2,258	968	-	-	257	-	-	214	-	-	-	-	-	-	-	-	2,515	1,182	1,332
Other structures and improvements	30,003	2,975	(15)	(4)	5,696	(103)	(500)	361	(21)	(103)	(500)	455	-	-	-	-	35,081	3,311	31,770
Office equipment/furniture and fittings	4,702	3,180	-	-	469	(107)	(98)	709	(98)	(107)	-	-	-	-	-	-	5,064	3,537	1,527
Plant, machinery and equipment	9,511	5,264	-	-	1,674	(2,043)	(1,349)	4,329	(1,470)	(2,043)	(1,006)	4,329	9,012	(1,871)	-	-	9,142	4,624	4,518
	210,619	16,831	(143)	(4)	14,996	(3,164)	(1,006)	4,329	(1,470)	(3,164)	(1,006)	4,329	9,012	(1,871)	17,815	17,815	230,314	17,815	212,499
10.3 Restricted assets																			
Buildings	10,382	168	-	-	230	(698)	(437)	180	(6)	(698)	(437)	180	(212)	(168)	-	-	9,265	174	9,091
Land	26,175	-	2	-	1,087	(32)	-	-	-	(32)	-	-	1,503	-	-	-	28,735	-	28,735
	36,557	168	2	-	1,317	(730)	(437)	180	(6)	(730)	(437)	180	1,291	(168)	174	174	38,000	174	37,826
Total operational and infrastructural assets	1,431,918	16,999	(135)	-	40,340	(5,171)	(5,948)	21,699	(1,482)	(5,171)	(5,948)	21,699	29,304	(19,058)	18,158	18,158	1,490,308	18,158	1,472,150

10.1 Council Core Infrastructure Asset Disclosures

2017-18 COUNCIL	Closing Book	Additions		Most Recent Replacement Cost
		Constructed	Vested	
	\$000s	\$000s	\$000s	\$000s
Asset Class				
Flood protection and controlled works	208,265	2,139	-	214,932
Road and footpaths	581,469	12,814	1,946	772,384
Sewerage schemes-other	106,570	567	625	185,656
Sewerage treatment and facilities	45,477	112	-	51,308
Stormwater drainage	76,281	683	799	125,018
Water schemes-other	126,291	2,678	460	199,547
Water treatment and facilities	17,138	33	-	32,162

2016-17 COUNCIL	Closing Book	Additions		Most Recent Replacement Cost
		Constructed	Vested	
	\$000s	\$000s	\$000s	\$000s
Asset Class				
Flood protection and controlled works	156,290	1,993	-	162,458
Road and footpaths	541,114	9,613	803	722,816
Sewerage schemes-other	111,391	4,344	330	186,810
Sewerage treatment and facilities	41,289	471	-	46,583
Stormwater drainage	73,123	339	1,170	119,876
Water schemes-other	124,512	4,686	371	196,908
Water treatment and facilities	16,466	2,533	-	31,737

The Flood Protection and Controlled Works in the above tables does not include additional assets held in other classes, for example land.

10.2 Council Depreciation and Amortisation by Group of Activities

	2017-18 \$000s	2016-17 \$000s
People	761	665
Community facilities	1,952	1,110
Roads and footpaths	9,117	8,948
Flood protection and control works	209	170
Sewerage	3,027	3,032
Stormwater drainage	1,435	1,472
Water supply	3,176	3,133
Solid waste management	700	539
Environmental management	112	108
Regulatory	149	152
Regional development	644	633
Total depreciation	21,282	19,962

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

10.3 Work in Progress

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

Group	2017-18 \$000s	2016-17 \$000s
Asset Class		
Roads and footpaths	2,057	1,180
Sewerage treatment and facilities	573	347
Sewerage other	19,372	3,837
Water other	1,293	348
Water treatment and facilities	3,619	359
Stormwater	42	168
Flood protection and control works	642	463
Buildings	444	1,781
Office equipment, furniture and fittings	-	-
Landfill	23	-
Other structures and improvements	291	789
Land	1,975	3,238
Wharf infrastructure	65	179
Plant machinery and equipment	58	33
Land improvements	-	103
Total work in progress	30,454	12,825

The larger work in progress items in the table for 2018 are as follows:

- In Roading the main items are the Waihopai HPMV rehabilitation and Northbank Road staircase seal extension;
- In Sewerage other the main item is Picton trunk sewer upgrade;
- In Water the main item is the Seddon water treatment upgrade; and
- In Land the items are mainly the Boulevard on Taylor subdivision stage 6.

Accounting Policy

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and any impairment losses.

MDC has the following classes of property, plant and equipment:

- Infrastructural assets
- Operational assets
- Restricted assets

Infrastructural Assets

Infrastructural assets usually display some of all of the following characteristics: part of a system or network, specialised in nature and usually do not have alternative uses, immovable and they may be subject to constraints on disposal. Examples are road networks, sewer systems and water systems.

Operational Assets

Operational assets are acquired to enable the ongoing operations.

Restricted Assets

Land and buildings in this category are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977) or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used).

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

Accounting Policy

intended use. Certain infrastructural assets and land have been vested in Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation which is their deemed cost. Vested infrastructural assets are initially valued based on the actual quantities of infrastructural components vested and the current "in the ground" cost of providing identical services and this is their deemed cost.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation of these assets commences when the assets are ready for their intended use. Depreciation rates and useful lives are reviewed annually. Depreciation on assets is charged to the surplus and deficit.

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

Infrastructural assets	Life	Rate
Work in progress	Not depreciated	
Infrastructure land	Not depreciated	
Land under roads	Not depreciated	
Flood protection and controlled works (pump stations, dams)	25 - 100 years	1 - 4%
Roads and footpaths	4 - 110 years	0.9 - 25%
Sewerage oxidation ponds	Not depreciated	
Sewerage treatment	10 - 100 years	1 - 10%
Stormwater drainage schemes	25 - 100 years	1 - 4%
Water supply schemes – other	20 - 100 years	1 - 5%
Water treatment and facilities	20 - 100 years	1 - 5%

Operational assets	Life	Rate
Work in progress	Not depreciated	
Buildings	30 - 100 years	1 - 3.33%
Forest crops	Not depreciated	
Land	Not depreciated	
Landfill	6.9 - 40 years	2.5 - 14.5%
Library books	13.33 years	7.50%
Other structures and improvements	10 - 100 years	1 - 10%
Office equipment, furniture and fittings	5 - 13.33 years	7.5 - 20%
Plant, machinery and equipment	5 - 20 years	5 - 20%

Restricted assets	Life	Rate
Buildings	30 - 100 years	1 - 3.33%
Land	Not depreciated	

Disposals

On the 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 surplus or deficit.

Revaluation of property, plant and equipment is accounted for on a class of asset basis

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation Reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation Reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously recognised in other comprehensive revenue and expense.

Impairment

Impairment losses of \$1.881 million (2017: \$5.948 million) were recognised this year with all (2017: \$5.193 million) due to the Kaikoura earthquake. These relate mainly to mainly relating to infrastructural assets including earthenware pipes, and stop-banks. The impairment losses were recognised through the appropriate revaluation reserve and through other comprehensive revenue and expense.

Please refer to note 30 for impacts of the Kaikoura earthquake on the Property, plant and equipment.

Infrastructural Assets

Roads, bridges, carparks, wharves, street lighting, street berms and street furniture assets were independently valued at optimised depreciated replacement cost as at 30 June 2018 by Jaimie Cable and William Wallace of Opus International Consultants Ltd.

River control and drainage assets were valued at optimised depreciated replacement cost as at 30 June 2018. The river control and drainage valuation was performed by Council's Rivers and Drainage Engineer and Alexander Hayward Ltd conducted an independent peer review of the valuation.

Water, sewer and stormwater assets were valued at depreciated replacement cost and optimised depreciated replacement cost where possible as at 30 June 2018. The valuation was performed by Council engineering staff directly associated with managing these assets. An independent review of the valuation was conducted by Alexander Hayward Ltd.

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

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction. Unit rates can vary based on asset location, topography and ground conditions.
- Contracts in the region for similar assets.
- Estimates are made when determining the remaining useful life over which the assets will be depreciated. These estimates can be affected by local conditions, for example, weather patterns, and traffic growth. If useful lives do not reflect the consumption of the benefits of the asset, then Council could be under or over estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Council has determined the infrastructural asset useful lives with reference to NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of Councils' asset management planning activities, which gives Council further assurance over its useful life estimates.
- The physical deterioration and condition of the assets, for example Council could be carrying an asset at an amount that does not reflect its physical condition. This is particularly so for those assets, which are not visible for example stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a number of physical inspections and condition modelling assessments of assets.

Land under roads was valued on a fair value basis as at 30 June 2009 by Lex Hayward of Alexander Hayward Ltd. There is no intention to revalue these assets again.

Land and Buildings including Restricted Land and Buildings

Council land was independently valued by QV Valuations (Registered Valuers) as at 1 July 2017. The basis of valuation is fair value with reference to highest and best use as at 1 July 2017.

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

Buildings were independently valued by Alexander Hayward Ltd (Registered Valuers) as at 1 July 2017. The basis of valuation was fair value. Assets acquired subsequent to valuation are shown at cost less depreciation.

Council's forest (soil erosion prevention) was independently valued at 30 June 2016 by Merrill & Ring New Zealand Ltd.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely. Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For Council's earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates are applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake-prone buildings and the associated lost rental during the time to undertake the strengthening work.

Improvements on Land

These are generally in the nature of playground equipment and other similar recreational structures on Council land and MRF improvements. MRF improvements are stated at fair value while other assets are stated at cost less any accumulated depreciation and impairment losses.

Landfill

Council has amortised the cost of the Blenheim landfill development over its remaining 51 year life and charged the amortisation to operating costs. The amortisation rate is based on volume utilisation divided by the estimated capacity of the landfill site.

Library Books and Parking Meters

These are stated at cost less accumulated depreciation plus additions at cost.

11. Intangible Assets

An Intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected.

	Group			Council		
	Group total \$000s	Carbon \$000s	Software \$000s	Council \$000s	Carbon \$000s	Software \$000s
Cost:						
Balance at 1 July 2016	6,536	604	5,932	5,280	604	4,676
Additions	2,590	490	2,100	2,576	490	2,086
Disposals	(292)	(103)	(189)	(292)	(103)	(189)
Balance at 30 June 2017	8,834	991	7,843	7,564	991	6,573
Additions	1,789	-	1,789	1,758	-	1,758
Disposals	(350)	(161)	(189)	(161)	(161)	-
Balance at 30 June 2018	10,273	830	9,443	9,161	830	8,331
Accumulated amortisation and impairment:						
Balance at 1 July 2016	3,667	87	3,580	3,151	87	3,064
Amortisation expense	657	-	657	527	-	527
Disposals	(189)	-	(189)	(189)	-	(189)
Balance at 30 June 2017	4,135	87	4,048	3,489	87	3,402
Amortisation expense	480	-	480	568	-	568
Balance at 30 June 2018	4,615	87	4,528	4,057	87	3,970
Carrying amount:						
Balance at 1 July 2016	2,869	517	2,352	2,129	517	1,612
Balance at 30 June 2017	4,699	904	3,795	4,075	904	3,171
Balance at 30 June 2018	5,658	743	4,915	5,104	743	4,361

Accounting Policy

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs, maintenance and web related costs are recognised in the surplus or deficit when incurred.

Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are de-recognised when they are used to satisfy carbon emission obligations.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of Computer software, the major classes of intangible assets, is 3 to 5 years 20% to 33.3%.

12. Forestry Assets (including jointly held assets)

Forestry assets are predominantly owned and managed by MRF.

The forestry estate is managed through a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (KDC) (11.5%). The MRF estate covers 3,097 stocked hectares as at 30 June 2018 (2017: 3,156).

	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Balance at 1 July	14,855	15,472	14,855	15,472	15,472
Increase due to additions	352	501	352	182	501
Gains arising from changes attributable to physical changes (note 5)	1,661	1,552	1,661	619	1,552
Gains arising from changes attributable to price changes (note 5)	3,220	558	3,220	-	558
Decreases due to sales	(3,719)	(3,228)	(3,719)	(1,500)	(3,228)
Balance at 30 June	16,369	14,855	16,369	14,773	14,855

Accounting Policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Council's share of jointly controlled assets and any liabilities incurred jointly with KDC are recognised on a proportionate basis and classified according to their nature.

The stocked area consists predominantly of radiata pine with small areas planted in other species. The estate consists of six forest blocks - Para, Pukaka, Strachan Peak, Koromiko, Waikakaho and Speeds. The age distribution forecast as at 30 June 2018 of the MRF estate ranges from 1-14 years 79%; 15-28 years 12% and 29-45 years 9% (2017: 1-14 years 78%, 15-28 years 13% and 29-44 years 9%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2018. Buck Forestry Service Ltd has prepared the forestry crop valuations as at 30 June 2018 based on methodology recommended by the New Zealand Institute of Forestry. For this valuation a discount rate of 8%, applied to pre-tax cashflows, has been used in line with rates used by similar forest valuations within New Zealand. The sensitivity of crop value to discount rate is shown below:

	as at 30 June 2018			as at 30 June 2017		
	7%	8% (as used)	9%	7%	8% (as used)	9%
Discount rate:						
Tree crop value (\$000s)	21,634	18,496	15,950	19,446	16,785	14,648
MDC's 88.5% share (\$000s)	19,146	16,369	14,116	17,210	14,855	12,963

Key financial risks arise from increase in costs associated with logging/loads and cartage harvesting costs. Also there is a risk in sale price for forestry. Future yields in certain areas have shown lower volumes than expected which have been incorporated in the valuations.

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.

MRF Joint Venture	Council and Group	
	2017-18	2016-17
	\$000s	\$000s
Current assets	950	2,373
Non-current assets	25,211	25,837
Current liabilities	452	1,234
Income	14,133	10,260
Expenses	8,408	7,487

13. Other Financial Assets

	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Current portion:					
Term deposits and bonds with maturities of 4-12 months	8,980	7,621	8,980	8,493	7,621
Total current portion	8,980	7,621	8,980	8,493	7,621
Non-current portion:					
Term deposits and bonds with maturities 12 months plus	3,355	4,397	3,355	4,705	4,397
Unlisted shares in subsidiaries (investment in CCOs)	-	-	6,000	6,000	6,000
Advance to MDCH	-	-	51,690	55,000	54,340
Shares: NZ Local Government Insurance Corporation and the LGFA	1,293	1,293	1,293	734	1,293
Shares other	1	1	1	-	1
Total non-current portion	4,649	5,691	62,339	66,439	66,031
Total other financial assets	13,629	13,312	71,319	74,932	73,652

The carrying value of term deposits, bonds, and community loans approximates their fair value.

Financial assets are classified into the following categories for the purpose of measurement:

- Term deposits and bonds which are held to maturity investment
- Loans and receivables and investments in Council Controlled Organisations and similar entities

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Accounting Policy

Investments in Subsidiaries and Similar Entities

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

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. These include long and short term deposits with the bank. Council has a policy of holding investments to maturity and does not engage in the trading of investments. These investments are measured at their amortised cost, using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised and then are recognised in the deficit.

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit. 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. MDC has no impairment for the year ended 30 June 2018 (30 June 2017: Nil).

14. Investment Property

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2017-18	2016-17	2017-18	2017-18	2016-17
	\$000s	\$000s	\$000s	\$000s	\$000s
Balance at 1 July	79,221	76,518	2,150	2,150	2,120
Additions from acquisition	4,600	654	-	-	-
Additions arising from work in progress	-	(110)	-	-	-
Transfer from property plant and equipment	81	2,880	-	-	-
Fair valuation gains/(losses) (notes 5 and 8)	2,983	(721)	150	-	30
Balance at 30 June	86,885	79,221	2,300	2,150	2,150

Accounting Policy

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

The fair value of MDC's investment property at 30 June 2018 has been arrived at on the basis of an independent valuation carried out at that date by Hadley Hayward of Alexander Hayward Ltd, independent registered valuers not related to the Group.

The fair value of the MDCH Group's investment property at 30 June 2018 has been arrived at on the basis of a valuation carried out at that date by Crighton Anderson Property and Infrastructure Ltd trading as Colliers International (2017: Colliers International), independent registered valuers not related to the Group.

The fair value of investment property has been determined using the capitalisation of net income and discounted cash flow methods. These methods are based upon assumptions including future rental income, anticipated maintenance costs and appropriate discount rates. The rates adopted are post tax and range between 7.5% and 9.0% (2017: 8.0% and 9.0%)

Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision effects only that period or the period of the revision and future periods if the revision effects both current and future periods.

15. Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

16. Debtors and Other Receivables

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
16.1 Debtors and other receivables from non-exchange transactions				
Rates receivables	891	940	891	940
GST	1,322	858	1,322	858
Other	2,414	1,626	2,414	1,626
Total non-exchange debtors and other receivables	4,627	3,424	4,627	3,424
16.2 Debtors and other receivables from exchange transactions				
Trade receivables	4,219	3,527	4,219	3,527
Related party receivables	-	-	326	-
Prepayments	291	735	291	735
Other	4,071	5,537	1,774	3,549
Gross exchange debtors and other receivables	8,581	9,799	6,610	7,811
Less provision for impairment	(75)	(66)	(5)	(6)
Total exchange debtors and other receivables	8,506	9,733	6,605	7,805
16.3 Total debtors and other receivables				
Gross total debtors and other receivables	13,208	13,223	11,237	11,235
Less provision for impairment	(75)	(66)	(5)	(6)
Total debtors and other receivables	13,133	13,157	11,232	11,229

Accounting Policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

There is no concentration of credit risk with respect to receivables as the Group has a large number of customers (refer to note 28.3).

Council has provided a sum of \$4,940 (2017: \$5,936) for the impairment of trade debtors. The provision has been based on an analysis of previous year's losses and a review of specific debtors.

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
16.4 Impairment information				
Individual impairment	75	66	5	6
Total provision for impairment	75	66	5	6
Past due 1-60 days	-	-	-	-
Past due 61-120 days	70	60	-	-
Past due >120 days	5	6	5	6
Total individual impairment	75	66	5	6
At 1 July	66	82	6	22
Additional provisions made during the year	75	66	5	6
Provisions reversed during the year (note 8)	(66)	(82)	(6)	(22)
At 30 June	75	66	5	6

16.5 Ageing profile of total receivables	2017-18			2016-17		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Group						
Not past due	12,782	-	12,782	12,282	-	12,282
Past due 1-60 days	312	-	312	314	-	314
Past due >61-120 days	114	70	44	627	60	567
Past due >120 days	-	5	(5)	-	6	(6)
Total	13,208	75	13,133	13,223	66	13,157
Council						
Not past due	10,811	-	10,811	10,294	-	10,294
Past due 1-60 days	312	-	312	314	-	314
Past due 61-120 days	114	-	114	627	-	627
Past due >120 days	-	5	(5)	-	6	(6)
Total	11,237	5	11,232	11,235	6	11,229

17. Inventory

	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Held for distribution inventory:					
Goods held for maintenance	300	296	-	-	-
Commercial inventory:					
Quarry rock and gravel	267	241	267	394	241
Other:					
Inventory Queen Street Property	8,923	6,806	8,923	-	6,806
Total inventory	9,490	7,343	9,190	394	7,047

Accounting Policy

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

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolescence for inventories held for maintenance purposes, where applicable.

The Queen Street property continues to be in the process of being prepared for sale and is expected to be sold in the 2018-19 year. Other small inventories are held of goods for maintenance and quarry rock and gravel.

18. Non-current assets land and buildings held for sale

Accounting Policy

Non-current assets (or disposal groups) classified as held for sale are separately disclosed in the Statement of Financial Position at the lower of their carrying amount and fair value less costs to sell.

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

19. Borrowings

Accounting Policy

All borrowing costs are recognised as an expense in the period in which they are incurred and are calculated using effective interest method.

All loans and borrowings are initially recognised at fair value of the consideration received net of issue costs associated with the borrowing.

Council

Westpac Facility

Secured loans can be raised under a \$20 million (2017: \$20 million) wholesale advance facility agreement with Westpac New Zealand Ltd (Westpac). The loans are secured via security stock issued by Council under a Debenture Trust Deed. Council has the option to renew the facility in December 2019.

From the \$20 million facility Council had \$11.5 million drawdown as at 30 June 2018 at a rate of 2.85% (2017: Nil).

New Zealand Local Government Funding Agency Ltd

Total borrowing with the New Zealand Local Government Funding Agency Ltd (LGFA) is \$80.3 million (2017: \$82.9 million). \$17.3 million (2017: \$19.9 million) of this is current and \$63 million (2017: \$63 million) is non-current.

The current \$17.3 million portion was borrowed as a short fixed term debt at 2.10%. (2017 rate: 2.07%)

The non-current \$63 million portion is a fixed term borrowing with \$35 million issued at a variable rate and \$28 million issued at a fixed rate, with fixed interest or fixed by a swap. The variable rates ranged between 2.40% and 2.85% (2017: 2.49% - 2.77%) and the fixed rates ranged between 4.05% and 6% (2017: 4.05% - 6%).

Council has an interest rate swap of \$14 million (2017: \$14 million) in place fixed at 4.05% (2017: 4.05%) maturing 18 March 2025 and has entered into a forward interest rate swap contract of \$10 million which was traded on the 15 May 2018 and is effective from 15 March 2019 at a rate of 3.24%.

MDCHL

During the year interest rates ranged between 2.10% and 5.21% (2017: 2.07% - 5.21%).

MDCHL facility with ASB Ltd (ASB) matured in December 2017 and has not been renewed as the Group plans to utilise the LGFA facility when required (2017: \$10 million).

Internal Borrowings

Information about internal borrowings is provided in Activity Funding Group Impact Statement sections. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

20. Provisions

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
Current portion:				
Weathertightness claims	-	25	-	25
Carbon credits	228	104	228	104
Total current portion	228	129	228	129
Non-current portion:				
Landfill aftercare provision	1,535	1,364	1,535	1,364
Runway reseal provision	2,322	1,878	-	-
Total non-current portion	3,857	3,242	1,535	1,364
Total provisions	4,085	3,371	1,763	1,493

	Weather-tightness claims	Carbon credits	Landfill aftercare	Council	Runway reseal	Group
Balance at 30 June 2017	25	104	1,364	1,493	1,878	3,371
Additional provisions made	-	228	192	420	444	864
Amounts used	(25)	(104)	(21)	(150)	-	(150)
Balance at 30 June 2018	-	228	1,535	1,763	2,322	4,085

Accounting Policy

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.

Weathertightness Claims

No new claims have been lodged with the Weathertight Homes Resolution Service (WHRS) in the year to 30 June 2018 (2017: Nil).

No provision has been made for weathertightness issues of homes in the Marlborough District Council area that name Council as well as other parties in the year to 30 June 2018 (2017: \$25,000). There are no existing claims left with the last building related claim been fully settled in 2017-18.

Emission Trading Scheme Provision

This provision recognises \$227,602 (2017: \$103,669) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2018.

Landfill Closure and Aftercare Liability

The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements and an inflation factor of 2.0% (2017: 2.0%) and a discount rate of 6.0% (2017: 6.0%).

Council has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. Post-closure responsibilities include: treatment and monitoring of leachate, groundwater and surface monitoring, gas monitoring and recovery, implementation of remedial measures such as needing for cover and control systems, ongoing site maintenance for drainage systems, and final cover and vegetation. The uninflated cash outflows for landfill post-closure monitoring and maintenance are estimated at an average of \$53,800 per annum to occur in perpetuity (2017: \$46,200).

Council renewed a resource consent in 2009 for seven of its closed landfill sites. The remaining site was consented in 1998.

Current Landfill

Council gained a resource consent in November 1995 to operate the Bluegums landfill. Closure responsibilities occur at the closure of each stage of the landfill and upon final closure. Council has provided for closure of the stage currently in use and closure of the entire landfill in 2070.

The cash outflows for landfill post-closure are expected to occur in 52 to 82 years' time (ie: between 2070 and 2100). The estimated liability for closure and post-closure is \$1.47 million (2017: \$1.68 million).

The following major assumptions have been made in calculating the provision:

- The remaining capacity of the site is 203 cubic metres (2017: 208 cubic metres) (refuse, clean fill and cover);
- The estimated remaining life is 52 years (2017: 53 years) based on historical volume information;
- The granting of resource consent renewals.

To provide for these estimated costs of aftercare of the currently used Blenheim landfill, a charge is made each year based on the net present value of the after care cost which it is estimated will be incurred following the closure of the landfill.

Runway Reseal

The provision reflects Marlborough Airport Ltd's obligation to maintain the runway under their licence agreement with New Zealand Defence Force.

The provision for resealing was reviewed in December 2014 by Beca Ltd which undertook a desktop feasibility assessment and prepared a high level Rough Order Cost (ROC) estimate of the surfacing of the runway. Business and Economic Research Limited (BERL) price level adjustors plus a 4.0% interest factor were applied to the ROC to calculate the amount to be provided each year up until 2025, when the runway is expected to be resealed.

21. Creditors and Other Payables

	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Creditors and other payables from and non exchange transactions					
Trade payables	11,979	9,877	10,328	6,550	8,351
Accrued expenses	1,758	2,247	1,758	1,880	2,247
Income in advance	2,493	2,136	2,493	993	2,136
Deposits	1,201	1,032	1,201	1,540	1,032
Other	627	861	3,479	2,056	2,958
Total creditors and other payables	18,058	16,153	19,259	13,019	16,724

Accounting Policy

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

22. Employee Entitlements

	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Current portion					
Accrued pay	574	530	574	446	530
Annual leave and sick leave	2,434	2,439	1,523	1,414	1,462
Retirement and long service leave	293	286	293	279	286
Total current portion	3,301	3,255	2,390	2,139	2,278
Total employee entitlements	3,301	3,255	2,390	2,139	2,278

Accounting Policy

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 (e.g. 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 that are expected to be settled within 12 months of balance date are classified as current.

23. Equity and Capital Management

	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Accumulated funds					
Balance at 1 July	646,088	628,344	592,710	587,049	582,516
Transfers (to)/from Reserves	1,924	2,186	1,924	(3,836)	2,186
Transfers (to)/from Restricted Reserves	(2,067)	(2,495)	(2,067)	915	(2,495)
Transfers from property Revaluation Reserves on disposal	2,630	1,572	2,630	-	918
Surplus for the year	29,019	16,492	20,937	13,571	9,588
Balance at 30 June	677,594	646,099	616,134	597,699	592,713
Ordinary and Council created Reserves					
Balance at 1 July	54,949	57,125	52,333	40,691	54,509
Transfers (to)/from accumulated funds	(1,924)	(2,176)	(1,924)	3,836	(2,176)
Balance at 30 June	53,025	54,949	50,409	44,527	52,333
Restricted Reserves					
Balance at 1 July	4,033	1,538	4,033	315	1,538
Transfers (to)/from accumulated funds	2,067	2,495	2,067	(915)	2,495
Balance at 30 June	6,100	4,033	6,100	(600)	4,033
Restricted Reserves consists of:					
Development Contribution Reserve	1,807	798	1,807	(1,458)	798
Land Subdivision Reserve	4,293	3,235	4,293	858	3,235
Property Revaluation Reserve					
Balance at 1 July	889,318	848,204	842,689	824,941	800,691
Net revaluation gains	103,453	42,336	103,758	24,775	42,916
Income tax recognised directly in other comprehensive revenue and expense	85	344	-	-	-
Transfers to accumulated funds on disposal of property	(2,630)	(1,573)	(2,630)	-	(918)
Balance at 30 June	990,226	889,311	943,817	849,716	842,689
Total Reserves	1,049,351	948,292	1,000,326	893,643	899,055
Total equity	1,726,945	1,594,390	1,616,460	1,491,342	1,491,768

		Opening Balance 1 July \$000s	Transfer to reserve \$000s	Transfer from reserve \$000s	Closing Balance 30 June \$000s
Ordinary Reserves	Activities to which the reserve is applied				
Emergency events	Infrastructural assets including roading network and Wairau floodplain river protection.	10,162	3,194	(2,729)	10,627
PMNZL special dividend	All activities.	4,313	259	(259)	4,313
Infrastructure upgrade	Infrastructure such as water and sewerage and other activities as determined by Council from time to time.	5,867	3,362	(3,596)	5,633
Forestry and land development	All activities.	2,586	16,634	(7,872)	11,348
Land subdivision loan reserve	Blenheim swimming pool loan.	(800)	400	-	(400)
People	People focused services including youth, elderly, community services, housing and energy efficiency, democratic participation, safety	(1,113)	1,341	(1,907)	(1,679)
Community facilities	Community facilities.	1,757	619	(2,156)	220
Roads and footpaths	Roads and footpaths.	5,118	5,475	(5,434)	5,159
Flood protection	Flood protection.	3,907	1,508	(2,994)	2,421
Sewerage	Sewerage.	4,537	3,720	(8,579)	(322)
Stormwater drainage	Stormwater drainage.	3,810	1,435	(178)	5,067
Water supply	Water supply.	4,599	3,586	(4,913)	3,272
Solid waste management	Solid waste management.	1,818	1,949	(3,581)	186
Environmental management	Environmental management.	387	(188)	(209)	(10)
Regulatory	Regulatory.	696	271	(88)	879
Regional development	Regional development.	588	384	(920)	52
Other non-activity	All activities.	4,101	2,559	(3,017)	3,643
Total Ordinary Reserves 2018		52,333	46,508	(48,432)	50,409

		Opening Balance 1 July \$000s	Transfer to reserve \$000s	Transfer from reserve \$000s	Closing Balance 30 June \$000s
Restricted Reserves	Activities to which the reserve is applied				
Land subdivision	Community Facilities	3,235	1,982	(924)	4,293
Sewerage	Development contribution	760	1,253	(780)	1,233
Stormwater	Development contribution	1	1	-	2
Water supply	Development contribution	37	535	-	572
Total Restricted Reserves 2018		4,033	3,771	(1,704)	6,100

Purpose of each Reserve Fund

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

Emergency Events Reserve: This Reserve is to protect Council's infrastructural assets: roads, water, sewerage, and river protection.

The Forestry and Land Development Reserve: Receives revenue from MRF, surpluses from Boulevard Park on Taylor Land development, and sale of Non-Activity assets for funding any projects approved by Council.

Infrastructure Upgrade Reserve: To be used to fund up to 50% of essential infrastructure.

Land Subdivision Reserve: To provide for Reserve Contributions and their utilisation in accordance with the provisions of the Local Government Act 2002.

Port Marlborough NZ Ltd Special Dividend Reserve: Unspent elements of a \$10 million special dividend available to the Blenheim Vicinity, Picton Vicinity and General Rural geographic rating areas, or the interest on any unspent balance to be used to subsidise general rates in those areas.

People, Community Facilities, Roads and Footpaths, Flood Protection, Sewerage, Stormwater, Water Supply, Solid Waste Management, Environmental Management, Regulatory, Regional Development, and other Non-Activity Reserves are for 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, which may be used to fund capital expenditure or repayment of debt raised to fund capital expenditure
- **Landfill Aftercare Reserve:** to accumulate "dump fees" charged from the operation of the landfill (or of a stage) required to fund its closure and management once it is fully utilised
- **Development Contribution Reserve:** to accumulate development and financial contributions to fund qualifying capital expenditure

Accounting Policy

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

Equity is the community's interest in MDC 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 surpluses. The components of equity are:

- Accumulated Funds
- Ordinary Reserves
- Restricted Reserves
- Property Revaluation Reserves

Accumulated funds

Accumulated funds are the capital fund made up of accumulated surpluses and deficit. A surplus in any year is added to the fund and is a deficit in any year and deducted from the fund.

Ordinary Reserves are Reserves created by Council decision. Council may alter the purpose of a Reserve without reference to a third party or the Courts. Transfers to and from these Reserves is at the discretion of Council.

Restricted Reserves

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

Property revaluation Reserves

Property revaluation Reserves relate to the revaluation of property, plant and equipment to fair value.

24. Capital Commitments and Operating Leases

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
Capital commitments:				
Property, plant and equipment	19,018	25,186	16,062	24,455
Total capital commitments	19,018	25,186	16,062	24,455
Operating leases as lessee:				
Not later than one year	488	510	437	459
Later than one year and not later than five years	892	1,297	892	1,297
Later than five years	-	59	-	59
Total non-cancellable operating leases	1,380	1,866	1,329	1,815

Operating Leases

MDC leases motor vehicles in the normal course of its business. All operating lease contracts contain market review clauses in the event that the option to renew is exercised. MDC does not have an option to purchase the leased asset at the expiry of the lease period.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. All operating lease contracts contain review clauses in the event that 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 revenue on a straight-line basis over the term of the relevant lease.

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
Operating leases as lessor:				
Not later than one year	13,829	8,257	4,224	3,566
Later than one year and not later than five years	34,809	24,048	14,946	12,980
Later than five years	44,699	37,442	34,103	27,897
Total non-cancellable operating leases	93,337	69,747	53,273	44,443

Group operating leases relate to rental property owned by Port Marlborough NZ Ltd with lease terms of up to 30 years, with provision for renewal. All operating lease contracts contain market review clauses in the event that Port Marlborough NZ Ltd exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

MDC leases its investment property, some non-current assets held for sale and some land and buildings held for service delivery purposes under operating leases. The majority of these leases have a non-cancellable term of more than five years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are detailed above.

25. Contingent Assets and Liabilities

25.1 Contingent Assets

Earthquake Insurance Claim Revenue

There is an unquantifiable contingency asset for earthquake insurance claim revenue. Please refer to note 30.

25.2 Contingent Liabilities

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
Uncalled capital in MDC Holdings Ltd	-	-	70,000	70,000
Uncalled capital in LGFA	-	-	200	200
Financial guarantees	20	2,852	20	2,852
Total contingent liabilities	20	2,852	70,220	73,052

Contingent liabilities are liabilities that may or may not occur as they are dependent on another uncertain event. Judgement is exercised in determining whether the uncertain event is probable, possible or remote.

New Zealand Local Government Funding Agency Ltd (LGFA)

Council is a shareholder and guarantor of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a local currency credit rating from Standard and Poor's of AA+ and a foreign currency rating of AA.

Council is one of 31 Local Authority Shareholders and 15 Local Authority guarantors of the LGFA. When Council's LGFA uncalled capital is aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of a proportion of LGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2018 LGFA had borrowings totalling \$8.194 billion (2017: \$7.946 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. Council's share of this guarantee is 1.3% (2017:1.3%). We believe the 2018 fair value of the liability to be less than \$1.5 million (2017: less than \$2 million). Council has not recognised this and consider it extremely unlikely to ever be called on.

Financial Guarantees

Council is listed as sole guarantor for a small number of community organisation bank loans. Council is obligated under each guarantee to make loan payments in the event that the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. At balance date, Council expects it will not be called upon by banks for these financial guarantees. The possibility of any call on these guarantees is remote.

The Council has guaranteed three Marlborough Civic Theatre Trust (the Trust) loans. Initially, loans by the ASB (\$3.1 million) and Rata Foundation (\$0.5 million) were approved in May 2015. An additional guarantee of \$1.5 million was approved by Council in March 2016. The Trust has fully repaid the loans on the 6 July 2018 (30 June 2017: \$2.8 million).

Local Authority Protection Programme (LAPP)

Council is a member of the Local Authority Protection Programme (LAPP) The Trust Deed of LAPP provides that the Trustees may adopt or determine such methods of setting Extra Contributions for coverage for any part of portion of a year. Council is not aware of any request for Extra Contributions from LAPP in the current year.

26. Related Parties Transactions

The consolidated financial statements include the results and assets and liabilities of Council and other entities in which Council has a controlling interest. Any related party disclosures also have been made for transactions with entities within the Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Any related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable

than those that is it reasonable to expect Council and Group would have adopted in dealing with the party at arms-length in the same circumstances.

	Council	
	2017-18	2016-17
Key management personnel	\$000s	\$000s
Councillors including the Mayor:		
Remuneration	829	722
Full-time equivalent members	14	14
Senior management team including the Chief Executive:		
Remuneration	2,204	1,646
Full-time equivalent members	12	9
Total remuneration	3,033	2,368
Total full-time equivalent members	26	23

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with MDC (such as payment of rates, purchase of rubbish bags etc). These goods and services were supplied on normal commercial terms.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2017: Nil).

27. Severance Payments

For the year ended 30 June 2018 Council made no severance payments to employees, (2017: Nil), that required disclosure under the Local Government Act 2002.

28. Financial Instruments

28.1 Financial instrument categories

The accounting policies for financial instruments have been applied to the financial instrument asset categories of term deposits and bonds, cash and cash equivalents, debtors and other receivables, shares and community loans and to the financial instrument liability categories of derivative financial liability instruments, creditors and other payables, and secured loans. The carrying amount is the approximate fair value for each of these classes of financial instruments, as shown in the Statement of Financial Position.

28.2 Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets. Financial instruments quoted at market price (level 1) for the Group and Council are \$12.34 million (2017: \$12.02 million).

Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. Financial derivatives valued as observable inputs (level 2) for the Group are \$4.12 million (2017: \$3.42 million) and for Council are \$1.33 million (2017: \$870,000).

Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable. There are no financial instruments classified under this category for Council or the Group.

28.3 Financial instrument risks

(a) Credit risk

Credit risk is the risk that a third party will default on its obligation to MDC causing it to incur a loss. Financial Instruments which potentially subject Council to credit risk principally consist of bank accounts, local authority stock and accounts receivable.

Council (both itself and through its funds manager) places its cash and short term deposits in high rating financial institutions. Council's Treasury policy results in a spread of investments with limitations placed on the level of credit exposure to any one financial institution.

A potential concentration of credit risk exists in respect of amounts owing from NZTA of \$2.24 million (2017: NZTA \$1.40 million). This receivable is considered to be fully recoverable. Other accounts receivable balances are spread over a large customer base, therefore, minimising exposure to credit risk in respect of these debtors.

Council has a series of policies to manage the risks associated with financial instruments. These policies can be found on the MDC website. The web address is:

<https://www.marlborough.govt.nz/your-council/long-term-and-annual-plans-policies-and-reports/treasury-management-policies>

Council and the Group hold no other collateral or credit enhancements for financial instruments that give rise to credit risk.

MDC's maximum credit exposure for each class of financial instrument is as follows:

	Group		Council	
	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
i) Maximum exposure to credit risk				
Cash at bank and term deposits and bonds	19,800	25,427	18,175	22,050
Debtors and other receivables	13,203	13,157	11,232	11,229
Financial guarantees	20	2,852	20	2,852
Total credit risk	33,023	41,436	29,427	36,131
ii) Credit quality of financial assets				
Counterparties with credit ratings - cash at bank and term deposits:				
AA	-	514	-	514
AA-	19,278	23,896	17,653	20,519
A	522	-	522	-
BBB +	-	1,017	-	1,017
Total	19,800	25,427	18,175	22,050

(b) Liquidity risk

(i) Management of liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

MDC manages its liquidity in accordance with its funding and financial policies, which include cashflow forecasting, maintaining its financial market investments in liquid instruments, and a debt maturity policy to avoid concentrations of debt maturity dates. The Council has an AA credit rating with Standard and Poors and banks have indicated that they want to do business with Council.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. The LGFA have a billion dollar facility. See their website at <http://www.lgfa.co.nz/about-lgfa/lgfa-news/news-lgfa-aims-to-arrange-1b-in-debt>.

These policies were adopted in 2014-15 and can be found on the Council website. The web address is: <https://www.marlborough.govt.nz/your-council/long-term-and-annual-plans-policies-and-reports/treasury-management-policies>

(ii) Contractual maturity analysis of financial liabilities

This table analyses MDC's financial liabilities into maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying Amount \$000s	Contractual Cashflow \$000s	< than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5+ years \$000s
Group 2017						
Creditors and other payables	16,154	16,154	16,154	-	-	-
Secured loans	82,851	94,372	22,225	6,325	43,700	22,122
Interest rate swaps	3,425	3,426	106	303	833	2,184
Total financial liabilities	102,430	113,952	38,485	6,628	44,533	24,306
Group 2018						
Creditors and other payables	18,058	18,058	18,058	-	-	-
Secured loans	91,797	102,073	23,732	14,287	37,712	26,342
Interest rate swaps	4,120	4,120	150	694	33	3,244
Total financial liabilities	113,975	124,251	41,940	14,981	37,745	29,586
Council 2017						
Creditors and other payables	16,725	16,725	16,725	-	-	-
Secured loans	82,851	94,372	22,225	6,325	43,700	22,122
Interest rate swaps	870	870	-	-	-	870
Total financial liabilities	100,446	111,967	38,950	6,325	43,700	22,992
Council 2018						
Creditors and other payables	19,259	19,259	19,259	-	-	-
Secured loans	91,797	102,073	23,732	14,287	37,712	26,342
Interest rate swaps	1,327	1,327	-	-	-	1,328
Total financial liabilities	112,383	122,659	42,991	14,287	37,712	27,670

(iii) Contractual maturity analysis of financial assets

The table following analyses MDC's financial assets into maturity groupings based on the remaining period to the contractual maturity date as at the balance date.

	Carrying Amount \$000s	Contractual Cashflow \$000s	< than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5+ years \$000s
Group 2017						
Cash and cash equivalents	13,410	13,410	13,410	-	-	-
Debtors and other receivables	13,157	13,157	13,157	-	-	-
Other financial assets:						
Term deposits	12,018	12,018	7,891	1,064	3,063	-
Local Authority stock and government bonds	1,203	1,203	-	82	707	414
Total financial assets	39,788	39,788	34,458	1,146	3,770	414
Group 2018						
Cash and cash equivalents	7,465	7,465	7,465	-	-	-
Debtors and other receivables	13,133	13,133	13,133	-	-	-
Other financial assets:						
Term deposits	12,335	12,715	9,245	2,239	1,231	-
Local Authority stock and government bonds	1,206	1,206	82	206	643	275
Total financial assets	34,139	34,519	29,925	2,445	1,874	275

	Carrying Amount	Contractual Cashflow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Council 2017						
Cash and cash equivalents	10,033	10,033	10,033	-	-	-
Debtors and other receivables	11,229	11,229	11,229	-	-	-
Other financial assets:						
Term deposits	12,018	12,018	7,891	1,064	3,063	-
Local Authority stock and government bonds	1,203	1,203	-	82	707	414
Total financial assets	34,483	34,483	29,153	1,146	3,770	414
Council 2018						
Cash and cash equivalents	5,840	5,840	5,840	-	-	-
Debtors and other receivables	11,232	11,232	11,232	-	-	-
Other financial assets:						
Term deposits	12,335	12,715	9,245	2,239	1,231	-
Local Authority stock and government bonds	1,206	1,206	82	206	643	275
Total financial assets	30,613	30,993	26,399	2,445	1,874	275

(c) **Sensitivity analysis**

The table following illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) impact for reasonable possible market movements, with all other variables held constant, based on MDC's financial instrument exposures at balance date.

	2017-18		2016-17	
	-50bps	+50bps	-50bps	+50bps
	\$000s	\$000s	\$000s	\$000s
Interest rate risk:				
Group				
Financial assets				
Other financial assets - term deposits	(76)	76	(70)	70
Financial liabilities				
Borrowings:				
Secured loans	296	(296)	240	(240)
Interest rate swaps	(1,693)	1,461	(769)	2,039
Total sensitivity to interest rate risk	(1,473)	1,241	(599)	1,869
Council				
Financial assets				
Other financial assets - term deposits	(62)	62	(60)	60
Financial liabilities				
Borrowings:				
Secured loans	389	(389)	344	(344)
Interest rate swaps	(787)	752	284	1,218
Total sensitivity to interest rate risk	(460)	425	568	934

(d) **Interest rate risk**

Interest rate risk is the risk that MDC may be affected by changes in the general level of interest rates. MDC is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swaps contracts.

Under interest rate swap contracts the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year. The following table

detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2017-18 %	2016-17 %	2017-18 \$000s	2016-17 \$000s	2017-18 \$000s	2016-17 \$000s
Outstanding fixed for floating:						
Group						
Less than one year	4.01%	4.72%	10,000	7,400	(150)	(106)
1 to 2 years	4.77%	4.01%	12,500	10,000	(694)	(303)
2 to 5 years	3.96%	4.52%	900	13,400	(33)	(833)
Greater than 5 years	4.01%	4.20%	51,400	41,400	(3,244)	(2,185)
Total sensitivity to interest rate risk	4.14%	4.28%	74,800	72,200	(4,121)	(3,427)
Council						
Greater than 5 years	3.71%	4.05%	24,000	14,000	(1,328)	(870)
Total sensitivity to interest rate risk	3.71%	4.05%	24,000	14,000	(1,328)	(870)

(e) Cash flow interest rate risk

Cash flow interest rate risk is the risk that cash flows from an instrument will vary due to fluctuations in interest rates. A balance is achieved through having variable terms that spreads the risk of fluctuating interest rates. Council's subsidiaries mitigate exposure to fair value and cash flow interest rate risk by having a mixture of floating and fixed loans and by the use of interest rate swaps.

	Group		Council		
	Actual 2017-18 \$000s	Actual 2016-17 \$000s	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Actual 2016-17 \$000s
Current liability portion:					
Interest rate swaps	150	106	-	-	-
Non-current liability portion:					
Interest rate swaps	3,971	3,319	1,328	-	870
Total derivative financial instruments liabilities	4,121	3,425	1,328	-	870

(f) Currency risk

Council and the Group have minimal currency risk given that financial instruments are transacted in New Zealand dollars.

29. Insurance

Council has assessed its maximum probable loss from either, earthquake, tsunami or flood to be about \$485 million (2017: \$485 million).

Council has taken the approach of a mix of full insurance, risk sharing and self-insurance for any applicable excess taking into account the following:

- Not all assets are likely to be impacted on one event, given their diverse nature and location
- Immediate replacement of all damaged assets will not be required, immediately following an event
- The balance between premium costs and risk
- Councils do not generally insure roads or other land Roads reinstatement is subject to NZTA subsidies
- Council has an Emergency Events Reserve, currently at \$10.6 million (2017: \$10.2 million).

	note:	2017-18 Assets Value at Cost \$000s	2017-18 Maximum cover \$000s	2016-17 Assets Value at Cost \$000s	2016-17 Maximum cover \$000s
Council insurance					
Total value of assets covered by insurance contracts and maximum amount to which they are insured	(a)	229,433	473,369	198,994	453,746
Total value of assets covered by financial risk arrangements and the maximum available under these arrangements	(b)	515,430	56,000	465,487	50,000
Total value of self-insured assets and value of any fund held for that purpose	(c)	618,951	10,627	572,246	10,162
Land	(c)	294,263	-	277,952	-
TOTAL		1,658,077	539,996	1,514,679	513,908

- (a) The total value of assets held by the local authority that is covered by insurance contracts are insured to a maximum replacement value of \$473 million (2017: \$454 million).

Community assets: with a few exceptions, this replacement cover is for community assets on Council or Council controlled land, for example water treatment plant, WIP, sewerage treatment plant, buildings, library books, computers and office equipment.

Vehicles: All vehicles including the leased fleet, mowers, trucks, mobile pumps are insured at replacement value for \$3.8 million (2017: \$3.5 million).

Council has an 88.5% share in the MRF. Their assets and standing timber are insured at replacement/ reinstatement value of \$20.6 million (2017: \$21.1 million).

- (b) **Underground reticulation and flood protection assets:** These assets are covered by the financial risk sharing arrangement, the Local Authority Protection Programme, with the replacement value of \$655 million (2017: \$565 million). The cover is for \$56 million (2017: \$50 million) for a first event. A further 60% of central government funding is available for eligible events.

- (c) The total value of all assets that Council has self-insured is \$619 million (2017: \$572 million) and a further \$294 million (2017: \$278 million) for land.

Land: includes MRF land valued at \$11.5 million (2017: \$9.4 million) and land under roads \$137 million (2017: \$136 million).

Roading and footpath and carpark assets excluding most bridges: These activities have a value of \$763 million (2017: \$714 million) and are not insured. Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%. Most bridges are uninsured.

Bridges: Uninsured bridges have a value of \$42 million (2017: \$51 million). Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%.

30. Earthquake impacts

The 14 November 2016 Kaikoura earthquake caused significant damage in our region, resulting in insurance and subsidy claims. Damage assessment work is ongoing and repair work will continue for a number of years.

Estimated repair costs based on current investigation work is approximately \$26.5 million, i.e. no change from 30 June 2017. Works have either been carried out or are required across roading, wastewater, storm water, flood protection and community facilities.

Council has completed the majority of works in relation to repairing river protection and is currently in pre-claim lodgement process with central government and insurers. These costs were within the original estimates. Roading repairs were largely completed in the previous financial year.

For Sewerage reticulation (earthenware pipes) Council has identified the priority repairs relating to sections of pipe with higher levels of exfiltration, which in turn contributes to ground water contamination. These repairs are packaged as phase one and are currently being tendered. When the costs are known from this phase they will form part of the first claim to central government and insurers.

The Council is continuing to discuss with insurers the level of claims and recoveries. Until discussions with insurers progress sufficiently to provide a higher level of certainty, we are unable to recognise further insurance proceeds. However, Council has disclosed an unquantifiable contingent asset per note 25.1.

Work is also being undertaken to repair and strengthen Community Facilities, with the largest item being Stadium 2000 with a budget for the work being in excess of \$4.0 million.

In 2017-18 Council has recognised a further \$1.9 million (2016-17: \$5.2 million) of asset impairments due to earthquake damage. This further impairment primarily recognises the damage to the Picton earthenware sewer reticulation assets which was identified following CCTV investigations. The impairment estimates are based on the reduced expected useful life of the assets given their damaged condition. These impairment estimates do not include additional costs for seismic strengthening upgrades to improve resilience of infrastructure and buildings. Asset impairment includes impairment in the categories Flood protection and controlled works, Sewerage schemes and Stormwater drainage (refer to note 10).

	Council	
	2017-18	2016-17
	\$'000	\$'000
Earthquake related transactions		
REVENUE		
Sutherland Self Help Trust contribution towards Seddon and Ward memorials repairs	20	-
Deposits on claim payments from insurers	-	701
NZTA earthquake related road repair subsidy	603	2,841
Aquatic centre contribution towards repairs	400	-
EXPENSES		
Earthquake damage Seddon and Ward memorials repairs and maintenance	(102)	
Earthquake damage repairs and maintenance	(1,414)	(650)
Earthquake damage roading repairs and maintenance	(1,108)	(4,082)
Earthquake grant paid to strengthen Stadium 2000	(2,387)	(155)
Net costs	(3,988)	(1,345)
IMPAIRMENT		
Impairment in other expenses	-	(500)
Impairment through revaluation reserves	(1,881)	(4,693)
Asset impairment recognised	(1,881)	(5,193)

31. Variance Explanation

Explanations for major budget variances from the Council budget figures in the Annual Plan are as follows:

	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Variance \$000s	Comments
Rates including targeted water rates	62,247	61,574	673	Rates increases includes subdivision growth and increased uptake of the Energy Efficiency rate partially offset by less than anticipated metered water sales.
Development and financial contributions	4,247	2,336	1,911	Development Contributions are higher due to increased subdivisonal activity.
Subsidies and grants	13,589	10,079	3,510	Mainly due to government subsidies received for the street LED light replacement project (\$2 million), Seddon Water Treatment plant (\$761,000) and the Wilding Conifer Programme (\$755,000).
Interest revenue	1,872	2,369	(497)	Interest revenue is under budget due to continuing low interest rates.
Gains	14,152	7,920	6,232	Gains are higher mainly due to higher than budget gains on revaluation of Marlborough Regional Forestry crop (\$4.26 million) and sale of sections (\$1.82 million).
Other revenue	45,753	33,903	11,850	Other revenue is higher in several categories. Vested assets and land subdivision revenue are higher due to increased subdivisonal activity (\$3.90 million). User charges are up by \$4.25 million mainly due to increased dump fees (\$2.74 million), commercial property rentals (\$1.05 million) and higher consent numbers (\$0.62 million) as a result of greater housing demand and more subdivision development. Revenue from our Marlborough Regional Forestry joint venture was \$2.45 more than budget as export log prices and demand have continued at record levels with strong demand in the domestic sector on the back of export prices.
Other expenses	75,186	60,051	15,135	The significant contributors to the higher expenditure are loss on sale of assets of \$3.56 million, which includes \$1.04 million for the disposal of the old Picton Library, \$2.39 million grant to Stadium Lines for Earthquake repair recorded as capital costs in budget and \$2.09 million in increased expenditure for Marlborough Regional Forestry. Further items are increase in contracts (\$2.36 million), consultancy (\$1.85 million), repairs and maintenance (\$1.59 million), minor contracts works (\$0.82 million) and the energy efficiency scheme (\$0.61 million).

	Actual 2017-18 \$000s	Budget 2017-18 \$000s	Variance \$000s	Comments
Property, plant and equipment	1,610,674	1,503,887	106,787	The revaluation was higher than budget by \$100 million. The majority of this variance is due to: - Rivers (\$48.5 million) - revaluation was brought forward a year due to the increased replacement costs for stock banks identified after the Kaikoura earthquake repairs; and - Roads (\$42.6 million) due to increased marked rates for pavement assets which was influenced by the huge amount of road construction activity following the Kaikoura earthquake.
Intangible Assets	5,104	603	4,501	Intangible assets are above budget as assets have been reclassified from PPE in budget to intangible assets in actual. These include intangible assets such as the \$1.5 million Multibeam Marlborough Sounds seabed mapping project, \$0.84 million Resource Consent system and the \$0.22 million assets sytem.
Other financial assets - non-current	62,339	66,439	(4,100)	Other financial assets have decreased due to lower than budget advances made to MDC Holdings Ltd.
Cash and cash equivalents	5,840	486	5,354	Cash and cash equivalents are higher due to section sales ahead of budget resulting in short-term term deposits.
Debtors and other receivables	8,414	6,199	2,215	Debtors are higher mainly due to \$1.96 million of Development Contribution invoices issued in June for the Omaka Landing subdivision.
Other financial assets - current	8,980	8,493	487	Other financial assets are higher than budget due to surplus cash held in short term investments.
Inventory	9,190	394	8,796	Inventory is higher as the Queen Street building is being held in inventory while it is being prepared for sale.
Non-current assets held for sale	969	392	577	Higher than budget as Stage 6 of The Boulevard on Taylor sections were transferred to land held for sale.
Creditors and other payables	16,441	13,019	3,422	Other payables are higher than budgeted due to inter company account with MDC Holdings Ltd being at \$1.31 million above budget and due to \$0.26 million of Building Control inspections accruals. The remainder is spread across many suppliers.
Total borrowings	91,797	96,000	(4,203)	Borrowings have decreased due to lower than budget advances made to MDC Holdings Ltd.

32. Events after the balance date

Council has guaranteed three Marlborough Civic Theatre Trust (the Trust) loans. Initially, loans by the ASB (\$3.1 million) and Rata Foundation (\$0.5 million) were approved in May 2015. An additional guarantee of \$1.5 million was approved by Council in March 2016. The Trust has fully repaid the loans on the 6 July 2018 (30 June 2017: \$2.8 million) with the deed of guarantee been released by ASB on the 6 July 2018 (refer to note 25.2).

Funding Impact Statement

Marlborough District Council: Funding Impact Statement for 2017-18				
	Annual Plan	Annual Report	Annual Plan	Actual
	2016-17	2016-17	2017-18	2017-18
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	39,246	39,357	41,744	41,892
Targeted rates	20,337	21,784	20,915	22,864
Subsidies and grants for operating purposes	5,323	6,968	5,375	5,916
Fees and charges	15,959	17,554	16,518	18,802
Interest and dividends from investments	1,596	2,949	4,170	3,670
Local authorities fuel tax, fines, infringement fees, and other receipts	15,986	19,502	15,464	19,415
Total Operating funding	98,446	108,114	104,186	112,559
Applications of operating funding				
Payments to staff and suppliers	73,940	72,476	75,551	76,340
Finance costs	2,157	2,336	2,322	2,868
Other operating funding applications	3,594	13,639	5,588	16,622
Total applications of operating funding	79,691	88,451	83,460	95,830
Surplus of operating funding	18,755	19,663	20,726	16,729
Sources of capital funding				
Subsidies and grants for capital expenditure	4,294	3,764	4,704	7,722
Development and financial contributions	1,410	3,599	1,813	4,594
Increase (decrease) in debt	11,000	(0)	8,000	8,946
Gross proceeds from sale of assets	8,765	6,014	11,275	11,281
Lump sum contributions	-	-	-	5,007
Total sources of capital funding	25,470	13,377	25,792	37,550
Applications of capital funding				
Capital expenditure to meet additional demand	14,943	13,941	17,046	19,060
Capital expenditure to improve the level of service	18,075	15,649	27,181	15,609
Capital expenditure to replace existing assets	16,068	9,485	17,621	30,144
Increase (decrease) in reserves	(2,792)	654	(14,830)	(3,179)
Increase (decrease) of investments	(2,070)	(6,689)	(500)	(7,355)
Total applications of capital funding	44,225	33,040	46,518	54,279
Deficit of capital funding	(18,755)	(19,663)	(20,726)	(16,729)
Funding balance	-	-	-	-

Marlborough District Council: Funding Impact Statement for 2017-18

	Annual Plan	Annual Report	Annual Plan	Actual
	2016-17	2016-17	2017-18	2017-18
	(\$000)	(\$000)	(\$000)	(\$000)
Reconciliation				
Total operating funding	98,446	108,114	104,186	112,559
plus - Subsidies and grants for capital expenditure	4,294	3,764	4,704	7,722
plus - Development and financial contributions	1,410	3,599	1,813	4,594
plus - Lump sum contributions	-	-	-	5,006
plus - Contributions vested assets	2,395	3,137	2,039	-
plus - Gain on sale of fixed assets	1,824	1,609	7,920	9,121
plus - Fair value gains	-	30	-	201
plus - Forestry asset revaluation gain	-	2,110	-	4,881
Revenue as per Statement of Comprehensive Revenue and Expense	108,370	122,364	120,662	144,084
Total applications of operating funding	79,691	88,451	83,460	95,830
plus - Depreciation and amortisation	20,883	22,221	23,590	23,262
plus - Loss on sale of fixed assets	109	2,223	42	3,597
plus - Impairment of fixed assets	-	500	-	-
plus - Fair value losses	-	140	-	-
plus - Fair value movement (gain) loss on SWAP	-	(762)	-	459
Expenditure as per Statement of Comprehensive Revenue and Expense	100,683	112,773	107,092	123,148
Surplus of operating funding	18,755	19,663	20,726	16,729
less - Depreciation and amortisation	(20,883)	(22,221)	(23,590)	(23,262)
less - Loss on sale of fixed assets	(109)	(2,223)	(42)	(3,597)
less - Impairment of fixed assets	-	(500)	-	-
less - Fair value losses	-	(140)	-	-
less - Fair value movement gain (loss) on SWAP	-	792	-	(459)
plus - Subsidies and grants for capital expenditure	4,294	3,764	4,704	7,722
plus - Development and financial contributions	1,410	3,599	1,813	4,594
plus - Lump sum contributions	-	-	-	5,006
plus - Contributions vested assets	2,395	3,137	2,039	-
plus - Gain on sale of fixed assets	1,824	1,609	7,920	9,121
plus - Fair value gains	-	-	-	201
plus - Forestry asset revaluation gain	-	2,110	-	4,881
Surplus as per Statement of Comprehensive Revenue and Expense	7,687	9,590	13,570	20,936



Part 4: Policies

- Maori Capacity Development Policy
- Council Controlled Organisations



Statement on Contributions to Decision-making Processes by Māori

Introduction

Council provides a wide range of services which make important contributions to the many communities in Marlborough. People should have the opportunity to participate in decisions about those services that affect them.

Context

Council recognises the uniqueness accorded to Māori as tangata whenua.

There are a wide range of Māori, iwi, hapū, business and community organisations in the Marlborough District as well as social and cultural organisations.

Māori make up more than 10% of the population of the Marlborough region (2013 Census), of which a significant number are mana whenua. Iwi authorities are an increasingly significant component of the Marlborough economy, following Te Tau Ihu Tiriti settlements.

There are 9 iwi groups within Marlborough, who have completed Te Tiriti settlements. Most of these iwi have interests across Te Tau Ihu o Waka a Māui—

- Ngāti Kuia, Rangitāne o Wairau, and Ngāti Apa ki te Rā Tō (from the *Kurahaupō* waka)
- Ngāti Koata, Ngāti Rārua and Ngāti Toa (from the *Tainui* waka)
- Te Ātiawa (from *Aotea* or *Kurahaupō*)
- Ngāi Tahu (Ngāti Kuri hapū)
- Ngāti Tama ki te Tau Ihu (Tainui/Taranaki)

Marlborough's tangata whenua iwi have all signed Deeds of Settlement with the Crown to address breaches of Te Tiriti o Waitangi. The historic claims of each of Marlborough's tangata whenua iwi have now been settled.

Council recognises and respects the Crown's responsibility to take appropriate account of the principles of Te Tiriti, and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

Contributions to decision-making

Council is charged with the responsibility to promote opportunities for Māori and tauwi (other members of the public) to contribute to its decision-making processes.

These obligations apply to all Māori in the district. Council acknowledges that Māori other than tangata whenua may be resident in the area.

In the normal course of things, Council engages with the iwi authorities that have settled.

A number of key themes emerge from the various pieces of legislation including:

- (a) in Council decision-making processes:
 - i. To consider Te Tiriti o Waitangi principles;
 - ii. Facilitating iwi participation;
 - iii. Recognising and understanding Māori cultural values and perspectives including mātauranga Māori (Māori knowledge), tikanga Māori (Māori principles and protocols); and kaitiakitanga (Māori guardianship).

- (b) Council's duty to contribute to Māori capacity and to enable and promote Māori well-being as part of a comprehensive and effective long-term strategy of the Council; and
- (c) the Māori contribution to the social, economic, environmental, and cultural well-being of Marlborough.

Council has identified three main areas on which it needs to focus:

- (a) Assist Māori to build capacity to engage with Council;
- (b) Developing contributions to decision-making processes by iwi;
- (c) Building Council capacity.

Assist iwi to build capacity

Council needs to find out how it can help with resourcing so that iwi can better engage in Council processes and decision-making.

To do this, Council needs to understand from iwi:

- What are their aspirations
- What are their expectations of Council

Council has historically provided assistance to iwi through their Tiriti settlement negotiation processes. Council provides information to iwi on infrastructure provision and various economic development opportunities. However, post-settlement there may be more that Council can do.

Together we can assess what iwi need to be able to fully participate in Council decision-making processes.

Council decision-making

Iwi are entitled to be involved in Council decision-making across Council. This requires us to develop relationships of mutual respect, co-operation and goodwill.

Council will engage with iwi to ensure that its decision-making processes provide opportunities for iwi to take part.

Strong on-going personal relationships and structural arrangements can assist with this.

Regular relationship meetings with key iwi stakeholders allow Council and iwi at governance and management levels to focus on long-term strategic engagement, understanding each other's goals and aspirations.

Council will also review how iwi can have influence at the governance level.

In particular, Council continues to:

- (a) Invite iwi authorities to take part in its annual and three-yearly strategic planning to develop the Annual Plan and the Long-Term Plan;
- (b) Have positions available for iwi on Council's main standing committees;
- (c) Consult on new and revised bylaws and other regulatory or planning instruments;
- (d) Attend and assist to organise the Cook Strait Forum; and

(e) Engage with iwi over Policy statements and Plans under the RMA.

Build Council capacity

Council needs to have a good understanding of Māori in our community, their aspirations and expectations. Knowing about and respecting tikanga, kawa, tē reo, tē Ao Māori will aid in developing relationships for effective engagement.

Council can do some basic things that will make staff and Councillors more at ease in moving in a Māori world.

Council will:

- Train staff and Councillors in Council's obligations, basic te reo, tikanga, and an understanding of tē Ao Māori
- Develop resources for Councillors and staff when engaging in the Māori world
- Promote appreciation and understanding of tē Ao Māori

Council Controlled Organisations

Marlborough District Council operates the following Council Controlled Organisations (CCO's):

- MDC Holdings Ltd.

Marlborough Housing for the Elderly Trust would be a CCO but Council has exempted it under section 7(3-6) of the Local Government Act 2002.

The Local Government Act 2002 (Schedule 10 section 7) requires Council to include in the Long Term Plan information on CCO's, including:

- The nature and scope of the activities to be provided by the CCO;
- Council's significant policies and objectives in relation to the ownership and control of the organisation; and
- The key performance targets and other measures by which performance is to be judged.

MDC Holdings Ltd

MDC Holdings Ltd is 100% owned by Marlborough District Council. Council established MDC Holdings Ltd for the purposes of:

- Separating commercial trading activities from the other functions it carries out;
- Bringing Council's main trading activities into one structure; and
- Obtaining commercial borrowing facilities at the most attractive rate attainable.

MDC Holdings Ltd wholly owns the subsidiaries Port Marlborough New Zealand Ltd and Marlborough Airport Ltd.

Port Marlborough New Zealand Ltd undertakes all the activities typically associated with a port and also wholly owns subsidiaries PMNZ Marina Holdings Ltd and Waikawa Marina Trustee Ltd.

Marlborough Airport Ltd is responsible for the maintenance of the runways and taxiways used by civil aircraft by means of an operating lease from the New Zealand Defence Force. It is also responsible for the provision of a terminal facility and associated minor freight handling.

The significant policies in place for MDC Holdings Ltd are:

- That it operate in a commercial manner;
- Decisions to:
 - Acquire assets, the value of which is more than 10% of the value of the company's assets before acquisition;
 - Dispose of any shares in Port Marlborough New Zealand Ltd and Marlborough Airport Ltd require the prior written approval of Council as the major shareholder; and
- That it distribute by way of dividend, subject to solvency requirements, all the net tax paid profit available.

Consistent with an entity operating in a commercial manner, there is only one significant target which is to generate a long-term tax paid return on opening shareholder funds at 7.0%. The return achieved for 2017-18 was 27% (2016-17: 22%).

Marlborough Housing for the Elderly Trust

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



Part 5: Statement of Compliance and Audit Report



Statement of Compliance

Compliance

Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act have been complied with.

Responsibility

Council and management of Marlborough District Council accept responsibility for the presentation of the annual report, including the Financial Statements and the judgments used in them.

Council and management of Marlborough District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and management of Marlborough District Council, the annual report for the year ended 30 June 2018 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group.



MARK WHEELER
CHIEF EXECUTIVE
26 October 2018



JOHN LEGGETT
MAYOR
26 October 2018

Independent Auditor's Report

To the readers of Marlborough District Council and Group's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of Marlborough District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 26 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 116 to 162:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 163 to 164, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the performance information on pages 24 to 114:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 24 to 114, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 24 to 114, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 20 to 22, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit 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 and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the performance information, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 19 and 166 to 169 and 176, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



Appendix

- MDC Directory



MDC Directory

Contact Details

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

Facsimile: (03) 520 7496

Email: mdc@marlborough.govt.nz

Web: www.marlborough.govt.nz

Addresses

District Administration Building

15 Seymour Street, Blenheim 7201

Picton Service Delivery Centre (includes Library)

2 Dublin Street, Picton

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

Westpac, Blenheim

Auditor

Andy Burns, Audit New Zealand, Christchurch on behalf of the Auditor-General

General Statistics

Population (Census count March 2013) 46,302

Population (Usually Resident March 2013) 43,416

Inter-Census Population Movement (+) 2.0%

District Area 17,517 square kilometres

as at 30 June 2018

Rateable Land Value \$9,153,611,300

Rateable Capital Value \$19,403,406,000

Number of Rate Assessments 26,433

as at 30 June 2017

Rateable Land Value \$7,539,824,550

Rateable Capital Value \$15,538,464,800

Number of Rate Assessments 26,154