

# 2018-19 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 2018-19 performance against the policies, activities, objectives, performance targets and financial details contained in its 2018-19 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

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- Chief Executive's Report
- Elected Council Members as at 30 June 2019
- Key Achievements and Performance Overview
- Financial Overview
- Annual Report Disclosure Statement for Year Ended 30 June 2019

## Mayor's Report



Marlborough District Council has continued to focus on its core infrastructure including the reinstatement of stopbanks, sewers and roading. A welcome highlight this year was the opening of the long-awaited Seddon water treatment plant, celebrated in March this year. Work on the ultra-modern plant began in January 2018 after years of discussion with the local community on the best way to deliver safe drinking water to the town.

Seddon also celebrated the reopening of the Awatere Memorial Community Hall, which has served the Awatere East Coast community for nearly 40 years. The earthquakes in 2013 and 2016 forced its closure after it failed to meet the building code requirements. Again, the renovation came about after extensive consultation with locals.

Continuing with the Community Facilities theme, Picton's Library and Service Centre - Waitohi Whare Mātauranga - took out top honours in the Public Architecture section at this year's Top of the South New Zealand Institute of Architects Incorporated Local Awards. As visitor numbers continue to increase, up 20,900 on the previous year, it's pleasing to see people using the building for a wide variety of programmes and activities. Blenheim's District Library and Art Gallery is also progressing well, with all land purchases completed and detailed design commenced. Based on the experience with Picton, a similar lift in activity in this part of Blenheim is expected.

Work to upgrade Blenheim's Marlborough Lines Stadium 2000 was completed in May. Council approved a remedial plan in early 2017 to bring the stadium up to the new building standard. While the upgrade was precautionary, seismic strengthening is important given the facility's popularity, which caters for over 500,000 users a year.

Blenheim's Seymour Square received a prestigious Green Flag Award, endorsing it as one of the best green spaces in the world. A new, modern entranceway to Pollard Park was opened in November, which will also facilitate tourist visitors by providing bus parking. Marlborough's parks are second to none.

This year Council began a Climate Change Integrated Work Programme, which brings together the many strands of our climate change work. The Council has been addressing climate change for many years through its Infrastructure Strategy and Long Term Plan, but this programme will provide even more focus.

In an effort to ensure a collaborative approach to addressing Marlborough's labour market pressures, we established a Smart+Connected Labour and Skills Group, bringing together industry organisations, community groups and government agencies.

Working with the Graeme Dingle Foundation Marlborough, the Council sponsored a free work opportunities conference for high school students. Marlborough is at the cutting edge of many industries - the best opportunities for our young people could be right here.

Marlborough District Council's strong financial management has been confirmed by S&P Global Ratings, with Council retaining its "AA - Positive Credit Watch" long term credit rating. In February this year, this Council was one of just seven in New Zealand to improve its rating from a stable to positive outlook. The assessment takes into account the financial position of the Council Group, which includes MDC Holdings Ltd, Port Marlborough NZ Ltd and Marlborough Airport Ltd.

I'm pleased to report that the annual satisfaction survey of residents indicates the community is generally well satisfied with the service it gets. Marlborough District Council is well ahead of New Zealand's national benchmark for satisfaction on all services measured.



John Leggett  
MAYOR

## Chief Executive's Report



It's been another strong performance by the Council over the last 12 months, with a number of significant projects delivered on time and on budget. The breadth of our work is outlined in this annual report. Whilst there were a number of significant new facilities constructed or renovated, there were also many hundreds of smaller projects, upgrades and initiatives that were successfully delivered across the spectrum of Council's operations.

Budgeted operating expenditure was \$127 million; actual spend was \$128.9 million. The difference was due mainly to contributions to strengthen the Marlborough Lines Stadium 2000, losses on damaged sewerage, water and waste assets, and road and footpath emergency

reinstatement. Budgeted revenue was \$140.9 million with the actual amount received being \$149.2 million. This is an extra \$8.3 million. The largest contributors to the increase were Marlborough Regional Forestry's revaluation gains, the value of vested assets as a result of increased subdivision activity (both non-cash) and insurance proceeds received for damage caused by the 2016 Kaikoura earthquake and a fire at the Blenheim Transfer Station.

Projects with a value of \$73.8 million were planned together with a further \$35.8 million of projects continuing from the previous year, a total of \$109.6 million. Actual spending was \$49.3 million. While below budget, this is the second highest level of capital expenditure historically achieved by Council and within the \$60 million financial provision made for capital expenditure. Further financial details are contained in the Financial Overview.

Significant infrastructure projects which advanced this year include planning the upgrade of Renwick's water supply, designing a new water treatment plant in Havelock, and building new water and sewerage infrastructure in Picton. A highlight was the opening of the Seddon Water Treatment Plant in March. In Blenheim, Council is significantly upgrading its stormwater and wastewater network in the town's north-west to support residential section development. Planning and development work has continued on Blenheim's new District Library and Art Gallery and the Lansdowne Park Sports Hub.

The final approved step in the programme to restore parts of the Ōpaoa River to its pre-earthquake condition was completed. An extensive dredging operation, aimed at restoring the river's old water level through Blenheim, dealt with the channel narrowing and sediment build up down to Malthouse Road on the Lower Ōpaoa, to bring water levels in town down further during wet weather.

We completed the roll out of stage one of the new Pay by Plate parking meters. The new system allows more flexibility for drivers and caters for businesses wanting to have parking charged to a single business account. We also completed an extensive seabed habitat mapping programme of Tōtaranui/Queen Charlotte Sound.



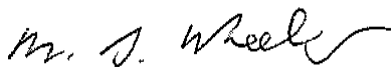
Two new Smart+Connected groups were established, one for the Seddon/Awatere community and the other for Labour and Skills. The Labour and Skills group will bring together relevant organisations from the private sector, central government, industry training organisations and the education sector, to develop strategies to address Marlborough's labour and skills shortage.

The Council took decisive action in the courts in relation to environmental damage. In April, a forestry management company was convicted and fined \$71,000 after their actions led to significant sediment pollution in South East Bay of Pelorus Sound/Te Hoiere, in the Marlborough Sounds. The company pleaded guilty to two charges laid under the Resource Management Act. Environmental offending is taken seriously by this Council and in circumstances where the offending and culpability are sufficiently serious, Council has a responsibility to escalate enforcement action.

The process of hearing submissions and making decisions on the MEP continued. By April this year, submissions on all 23 topics had been heard, and 386 presentations were made by submitters to the Hearings Panel. The panel is now deliberating.

Our resident satisfaction survey shows that the public by and large appreciates the services they receive from the Council. It's pleasing to see such high satisfaction levels across our activities. Marlborough District Council's strong financial management was confirmed by S&P Global Ratings, with Council retaining its "AA - Positive Credit Watch" long term credit rating.

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 2019



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

More information about service performance and variances to budget can be found in Part 2 of the Annual Report. The variances to budget were calculated using Note 2 Activity Expenditure figures (page 148). An explanation of the variances can be found below each Activity FIS.

## Council Overall

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #28a745; border-radius: 50%; padding: 2px 5px; color: white;">147</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffc107; border-radius: 50%; padding: 2px 5px; color: white;">38</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #dc3545; border-radius: 50%; padding: 2px 5px; color: white;">20</span>            Not            achieved            (&lt; 80%)         </div> </div> <p>Overall we achieved 72% of our targets for the 2018-19 year. We achieved 147 and almost achieved 38 of the 205 targets associated with the key performance indicators (KPI's).</p>	<div style="background-color: #ffc107; padding: 5px;"><b>Almost achieved</b></div> <p>The overall Activity spending was 8.9% (or \$9.6 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• 2017-18 carryover grants for the completion of the Marlborough Lines Stadium EQ strengthening (\$2.4 million);</li> <li>• Loss on disposal of assets of \$4.2 million, including decommissioned sewerage pipes, water reticulation assets written off and the write off of Blenheim Transfer Station assets affected by the fire earlier in the year; and</li> <li>• Roading emergency reinstatement works due to several flood events (\$2.3 million). This expense was off-set by contributions received from NZTA.</li> </ul>

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

## People

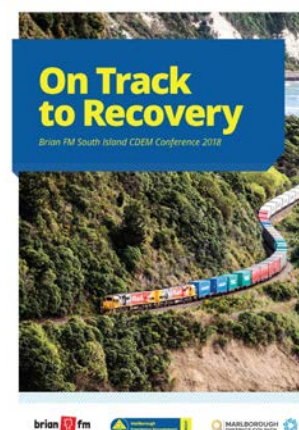
### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green;">28</span>      <span style="color: orange;">7</span>      <span style="color: red;">3</span>            On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)         </p> <p>We achieved 28 and almost achieved 7 of the 38 targets associated with the KPI's for the 2018-19 year.</p>	<p><b>Almost achieved</b></p> <p>The overall Activity spending was 6.7% (or \$0.9 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• a Community Support grant of \$400,000 to the Marlborough Youth Hub for fit out costs being original budgeted in Commercial Property (non-activity of Council); and</li> <li>• higher than anticipated uptake of Energy Efficiency services provided by the Community Support Activity.</li> </ul>

### Achievements

- Art and Heritage operating grants were provided to key organisations in Marlborough.
- Funding provided to the Totaranui Trust towards co-ordination and activities that commemorate 250 years since the Cook Landings.
- Completed a number of projects including external painting, refurbishment, kitchen and bathroom extraction fans fitting of Council owned Housing for Seniors units.
- Seniors Expo held on 9 April 2019 at the Convention Centre and was well attended by older people in the community.
- Blenheim bus service transported 22,652 passengers during the year (21,317 in 2017-18).
- Picton Library and Service Centre Waitohi Whare Mātauranga received accolades from locals and visitors to the facility. Visitor numbers increased by 20,900 on the previous year. Also the libraries App was launched, it allows library members to check their own account and that of other family members, renew and place holds, search for items and use digital services where ever they are.
- The South Island CDEM Conference was held in Blenheim with a theme of "On Track to Recovery". One hundred and thirty delegates attended with about 40 coming from the North Island



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

## Community Facilities

### Activities in this Group

This Activity Group comprises a single Activity: Community Facilities.

Performance targets	Budget
<p> <span style="color: green;">10</span>      <span style="color: orange;">1</span>      <span style="color: red;">1</span>            On track (100%)    Almost achieved (<math>\geq 80\%</math>)    Not achieved (<math>&lt; 80\%</math>)         </p> <p>We achieved 10 and almost achieved 1 of the 12 targets associated with the KPI's for the 2018-19 year.</p>	<p style="background-color: red; color: white; padding: 2px;"><b>Not achieved</b></p> <p>The overall Activity spending was 24.5% (or \$2.7 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>2017-18 carryover grants for the completion of the Marlborough Lines Stadium EQ strengthening (\$2.4 million); and</li> <li>increased contract costs, materials and repairs and maintenance including trees and vandalism costs all more than anticipated. Also higher than expected servicing contracts for the many reserves, halls, cemeteries and public conveniences.</li> </ul>

### Achievements



- Pollard Park entranceway refresh completed. New playground with accessible play pieces and new barbecues installed.
- Awatere Memorial Hall earthquake repairs completed.
- Lansdowne Park – new bollards installed along Lansdowne Street
- Earthquake strengthening completed at Stadium 2000.
- Marina to Marina track from Picton to Waikawa completed.
- Repairs to the Seddon and Ward War memorials post the Kaikoura earthquake completed.

## Roads and Footpaths

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green;">12</span>      <span style="color: orange;">1</span>      <span style="color: red;">2</span>            On track (100%)    Almost achieved (<math>\geq 80\%</math>)    Not achieved (<math>&lt; 80\%</math>)         </p> <p>We achieved 12 and almost achieved 1 of the 15 targets associated with the KPI's for the 2018-19 year.</p>	<p style="background-color: orange; padding: 2px;"><b>Almost achieved</b></p> <p>The overall Activity spending was 7.7% (or \$1.6 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>roading emergency reinstatement works due to several flood events (\$2.3 million). This expense was off-set by contributions received from NZTA and several other items that were under budget by small amounts.</li> </ul>

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

## Achievements

- Completed the upgrading of structures on the Waihopai Valley Road to bring the route up to full HPMV (suitable for High Productivity Motor Vehicles) standard.
- Replacement of Musgraves Bridge on the Waihopai Valley Road and Butterfly Bridge on the Waikakaho Road.
- Constructed 3.3km of seal widening on Waihopai Valley Road.



## Flood Protection and Control Works

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green;">12</span>    <span style="color: orange;">0</span>    <span style="color: red;">1</span>                      On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)                      We achieved 12 of the 13 targets associated with the KPI's for the 2018-19 year.                 </p>	<p style="background-color: red; color: white; padding: 5px;"><b>Not achieved</b></p> <p>The overall Activity spending was 12.8% (or \$0.7 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>earthquake damage reinstatement mainly the dredging of Ōpaoa River, rock protection works, increased contracts and repairs including drain spraying, pump and pump station maintenance in the drainage network.</li> </ul>

## Achievements

- A full annual asset maintenance programme was completed including watercourse and larger river fairway clearing, comprehensive drainage network maintenance, and rock repairs and strengthening at a number of sites on the Wairau River.
- Stopbank upgrades at Park Terrace, construction of the first stage of major stormwater upgrades at Caseys Creek and the design and landowner consultation for the planned major Town Branch Drain upgrade continue to progress.
- Work continued on the Wither Hills soil conservation included ongoing nassella tussock, Chilean needle grass and gorse/broom control, track maintenance and cleaning out of various sediment traps.



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

## Sewerage Including Treatment and Disposal

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green;">6</span>      <span style="color: orange;">0</span>      <span style="color: red;">1</span>                      On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)                 </p> <p>We achieved 6 of the 7 targets associated with the KPI's for the 2018-19 year.</p>	<p style="background-color: red; color: white; padding: 2px;"><b>Not achieved</b></p> <p>The overall Activity spending was 12% (or \$1.4 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>loss on disposal of decommissioned sewerage pipes offset by internal recharges recoveries of sewerage development contributions and vested assets from stage 6 Boulevard Park on Taylor subdivision.</li> </ul>

### Achievements



- Progress continued with the detailed design of a major project to renew the sewer between McLauchlan Street and the Bomford Street.
- Considerable effort continued on sewer mains assessment and rehabilitation post the Kaikoura earthquake.
- Completed the Picton Sewer Mains upgrades project with mains from Dublin Street to Beach Road. Also upgraded or replaced the Dublin Street, Fisherman's Reserve (in Waikawa Road), Surrey Street and Beach Road pump stations.
- The Blenheim wetlands tertiary treatment and effluent irrigation system was operated throughout the summer when conditions allowed.

## Stormwater Drainage

### Activities in this Group

This Activity Group comprises a single Activity: Stormwater.

Performance targets	Budget
<p> <span style="color: green;">6</span>      <span style="color: orange;">0</span>      <span style="color: red;">0</span>                      On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)                 </p> <p>We achieved all the 6 targets associated with the KPI's for the 2018-19 year.</p>	<p style="background-color: orange; padding: 2px;"><b>Almost achieved</b></p> <p>The overall Activity spending was 22.6% (or -\$0.5 million) below budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>lower than budgeted reticulation mains and open drain maintenance; and</li> <li>internal recharges recoveries of sewerage development contributions and vested assets from stage 6 Boulevard Park on Taylor subdivision.</li> </ul>

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

## Achievements

- Completed the Mills Street, Seddon stormwater main renewal in conjunction with the State Highway 1 upgrades.
- New piping installed in Hampden Street, Picton replacing an open drain which had subsided during the 2016 earthquakes.
- A 70 metre length of 760 mm diameter stormwater main through the High Street carpark was relined utilising no-dig technology.



## Water Supply

### Activities in this Group

This activity group comprises a single activity: Water Supply.

Performance targets	Budget
<p> <span style="color: green;">22</span>      <span style="color: orange;">6</span>      <span style="color: red;">4</span>                      On track (100%)    Almost achieved (<math>\geq 80\%</math>)    Not achieved (<math>&lt; 80\%</math>)                 </p> <p>We achieved 22 and almost achieved 6 of the 32 targets associated with the KPI's for the 2018-19 year.</p>	<p style="background-color: yellow;"><b>Almost achieved</b></p> <p>The overall Activity spending was 7.6% (or \$0.7 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>increased blackflow prevention costs (some off- set by revenue received), higher reticulation connections and toby maintenance costs off-set by internal recharges recoveries of sewerage development contributions and vested assets from stage 6 Boulevard Park on Taylor subdivision.</li> </ul>

## Achievements

Completed and commissioned the Seddon Water Treatment Plant and associated water mains upgrade, the plant is now providing water that meets the Drinking Water Standards 2008.

- Refurbished the Upton Downs booster pump station in Marama Road with new pumps and electrical upgrades.
- A new 1530 m3 reservoir for treated water is under construction in Renwick and due for completion mid-2020.



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



## Solid Waste Management

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green;">4</span>      <span style="color: orange;">4</span>      <span style="color: red;">1</span>                      On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)                 </p> <p>We achieved 4 and almost achieved 4 of the 9 targets associated with the KPI's for the 2018-19 year.</p>	<p><b>Not achieved</b></p> <p>The overall Activity spending was 13.3% (or \$1.3 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>increased contract costs and levy payments as a consequence of higher waste tonnage and minor works to the landfill site; and</li> <li>increased levies paid to the Ministry of the Environment as a consequence of increased waste tonnage.</li> </ul>

### Achievements



- Completed the Marlborough Litter Project.
- Completed a capping contract at Bluegums landfill in areas where the waste has reached final level.
- Processed 21,178 cubic metres of greenwaste at the Blenheim site.
- Recycled 1,193 items of e-waste and recovered 562,684 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

Performance targets	Budget
<p> <span style="color: green;">15</span>      <span style="color: orange;">4</span>      <span style="color: red;">2</span>                      On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)                 </p> <p>We achieved 15 and almost achieved 4 of the 21 targets associated with the KPI's for the 2018-19 year.</p>	<p><b>Almost achieved</b></p> <p>The overall Activity spending was 7.4% (or \$0.7 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>increased Environmental Policy consultancy, contracts, travel, accommodation and meeting costs to assist with the development of the Marlborough Environmental Plan; and</li> <li>higher than expected Environmental Protection legal expenses relating to enforcement orders and prosecutions which were partially off-set by compliance infringements fee revenue.</li> </ul>

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

## Achievements

- Assisting the process of hearing submissions and making decisions on the MEP. By April 2019, submissions on all 23 topics had been heard, 386 discrete presentations were made by submitters to the Hearings Panel.
- Completed a water quality characterisation study for the Linkwater Area to determine the cause of water quality degradation and to better understand the cause and help support land users future improvements.
- Monitoring carried out in the Blenheim air shed showed concentrations that breached the NES for air quality on seven occasions with six exceedances of the target range. Management measures to reduce Pm10 to meet the NES have been proposed in MEP.
- Completed seabed habitat mapping of the entire Tōtaranui/Queen Charlotte Sound.



## Regulatory

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green;">28</span>    <span style="color: orange;">9</span>    <span style="color: red;">3</span>            On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)         </p> <p>We achieved 28 and almost achieved 9 of the 40 targets associated with the KPI's for the 2018-19 year.</p>	<p><b>Almost achieved</b></p> <p>The overall Activity spending was 7.8% (or \$0.6 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>increased Biosecurity contract costs in relation to the National Wilding Conifer Control programme and Top of the South marine biosecurity projects;</li> <li>additional Building Control contract costs and staff to cover for the demands of the increased consent activity; and</li> <li>legal fees in regards to prosecutions which were also higher than budgeted.</li> </ul>

## Achievements

- Completed a new RPMP under the Biosecurity Act 1993.
- Continued investment in research and monitoring associated with biological control agents that target the more widely established invasive plant species such as old man's beard and Japanese honeysuckle.
- Carried out 122 compliance checks of the 133 on-licensed premises selling alcohol.

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



- Undertaken survey of all registered dog owners on satisfaction with Animal Control services, to identify areas where increased information is required and how information is best delivered.
- Successfully undertook oil rig float on and off operations in Admiralty Bay.
- Installed new leading lights in the Havelock Channel to support the safe navigation of large mussel vessels.
- Improvements to the Cruise Guide app continued and a marketing programme was established.
- Regular audits of mussel farms were undertaken to ensure compliance with lighting and marking requirements.
- An MOU was signed with the Marine Farming Association with regard to the provision of vessels and personnel in the event of a major oil spill.

## Regional Development

### Activities in this Group

This Activity Group comprises a single Activity: Regional Development.

Performance targets	Budget
<p> <span style="color: green;">4</span>      <span style="color: orange;">6</span>      <span style="color: red;">2</span>            On track (100%)    Almost achieved (≥ 80%)    Not achieved (&lt; 80%)         </p> <p>We achieved 4 and almost achieved 6 of the 12 targets associated with the KPI's for the 2018-19 year.</p>	<p style="background-color: green; color: white; padding: 2px;"><b>Achieved</b></p> <p>The overall Activity spending was 9.1% (or -\$0.6 million) below budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• lower than budgeted Southern Valley's irrigation pump station and reticulation expenses;</li> <li>• commercial event grants not yet invoiced;</li> <li>• legal and maintenance expenditure less than anticipated; and</li> <li>• lower than budgeted finance costs due to delays delays in the Flaxbourne Irrigation Scheme capital programme.</li> </ul>

### Achievements

- Completed Pay by Plate meters project Stage one. The new system allows more flexibility for parkers and caters for businesses wanting to have parking charged to a single business account.
- Established Smart +Connected group in Seddon/Awatere.
- Ninth Smart+Connected group established – Labour and Skills.
- Participated in the Te Taihu Intergenerational Strategy development process with other partners across the Top of the South Island.
- Undertook further investigation work for the development of the Flaxbourne Irrigation Scheme with the purpose of obtaining resource consent.

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

# Financial Overview

Overall, Council continues in very good financial health as evidenced by the “AA Long Term –Positive Credit Watch” 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;
- Capital expenditure; and

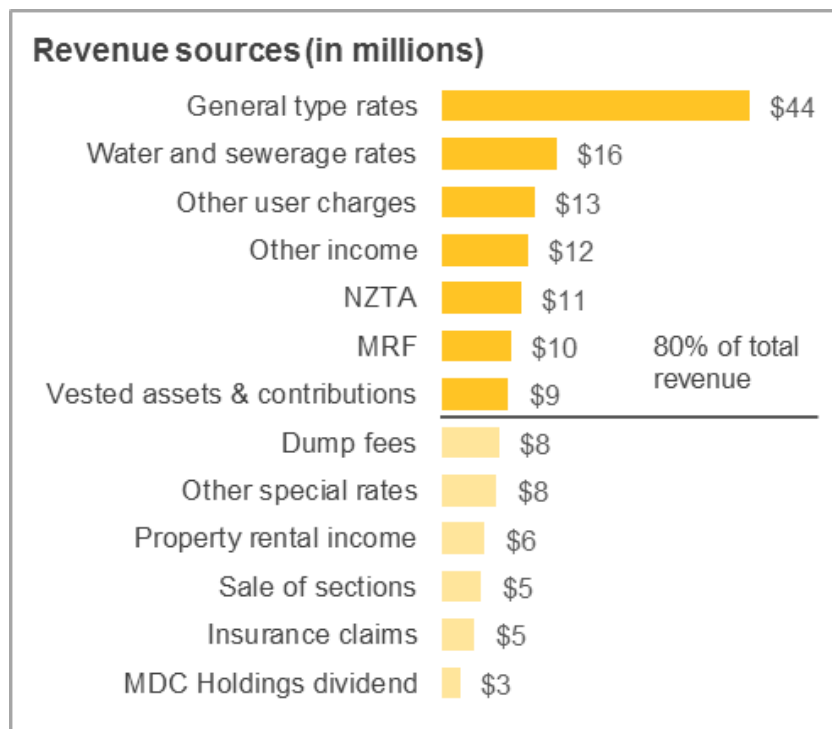
comparing actual results for the year to the budget contained in the 2018-28 Long Term Plan (pages 236 – 263).

Council’s 2018-28 Long Term Plan also contains 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 45% of Council’s income, each activity has its own mix of income sources. This is explained in the “Funding Impact Statement” section on page 193.

Budgeted revenue was \$140.9 million and actual \$149.2 million – an extra \$8.3 million. The three largest contributors to the increase in Revenue are:

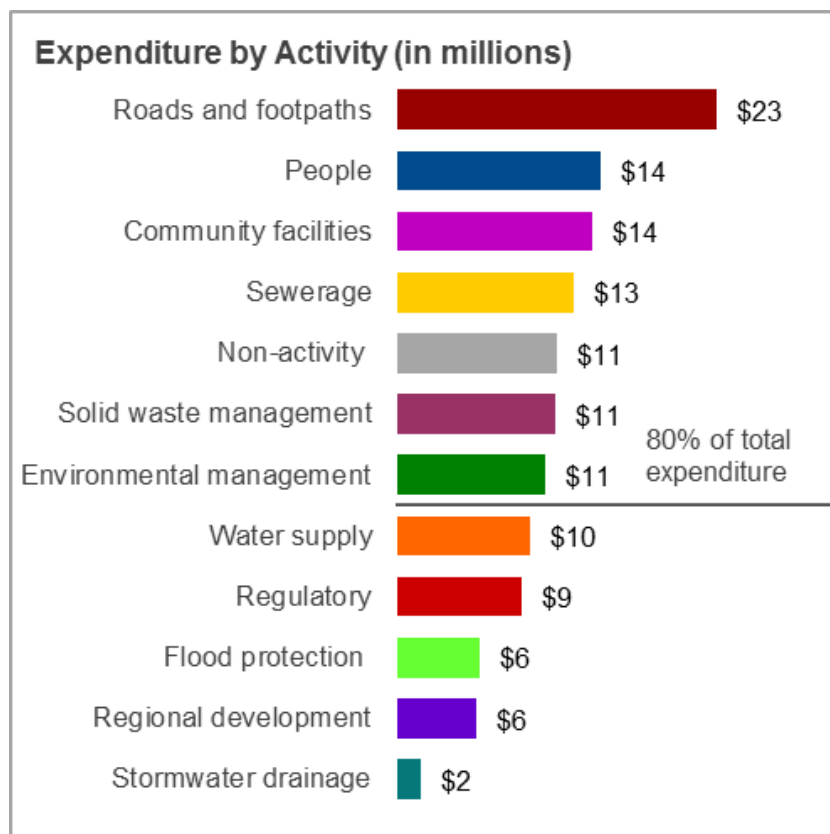
- Marlborough Regional Forestry’s revaluation gains mainly due to increase in crop value (\$3.4 million);
- the value of vested assets as a result of increased subdivision activity (\$3.3 million); and
- insurance proceeds received for damages caused by the 2016 Kaikoura earthquake (\$3.2 million) and for the Blenheim Transfer Station assets lost in a fire earlier this year (\$1.6 million).

Those increases were off-set by lower than expected revenue across a number of Activities. Note 31 on page 189 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. 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 \$127.0 million and actual \$128.9 million – \$1.7 million higher. The three largest contributors to the increase in Expenditure are:

- Community facilities (\$2.4 million) primarily as a result of the 2017-18 carryover grants contributions made to strengthen the Marlborough Lines Stadium;
- Loss on assets disposed/impaired of \$4.2 million, including decommissioned sewerage pipes (\$2.2 million), water reticulation assets written off (\$0.9 million) and the write off of Blenheim Transfer Station assets affected by the fire earlier in the year (\$0.7 million); and

- Roads and footpaths emergency reinstatement (\$2.4 million) due to several flood events. This expense is off-set by NZTA contribution.

Those increases were off-set by under expenditure spread over several other areas. Note 31 on page 189 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**” – contain a Summary Cost of Services statement (note 2) and explanations of major variances from budget for each of Council’s Activities (below each Funding Impact Statement).

## Council Surplus

The \$20.3 million surplus shown in the Statement of Comprehensive Revenue and Expense is determined in accordance with set accounting conventions. While this number appears high, it does not represent an operating surplus as it includes revenue that can only be used for capital expenditure, non-cash revaluations and vested asset transfers. The surplus includes:

- Non-cash values like vested assets (\$4.3 million) and revaluation gains (\$4.0 million). Vested assets are typically the value of roads, water, sewerage, stormwater etc, that are 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 (\$2.5 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 (\$5.5 million). Similar to dividends, section sales proceeds are allocated to Reserves, which in turn are allocated to fund future capital projects;
- Development and financial contributions (\$4.9 million) and subsidies and grants (\$12.4 million) which are legally required to fund specific capital as compared to operating items, like the Ministry payments for Seddon water, the responsible camping campaign and public conveniences upgrades; and
- Rates designated for debt repayment.

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

## Capital Spending

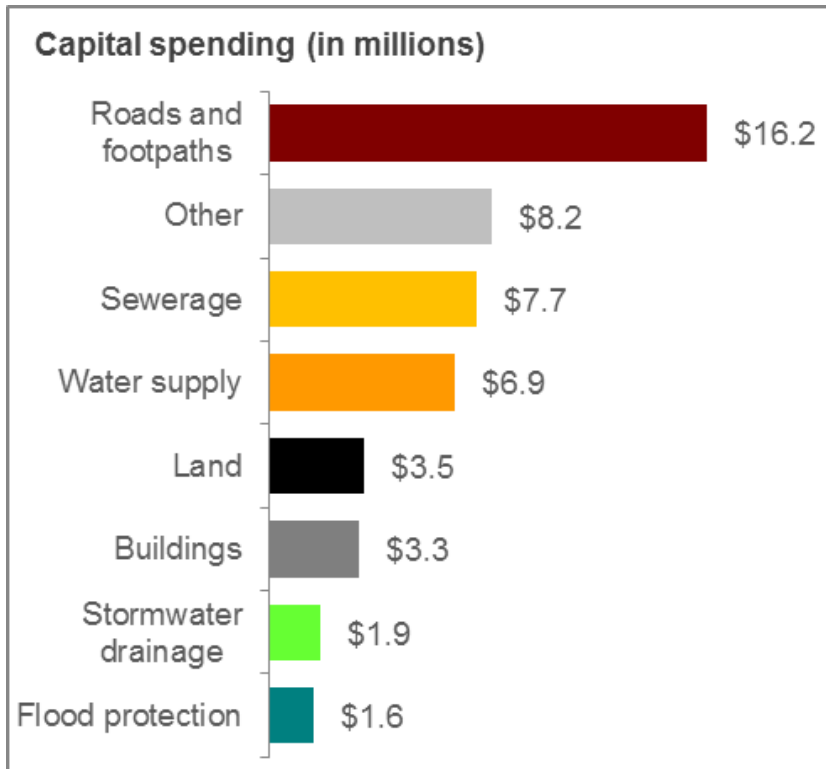
Capital spending buys assets to maintain or improve the service to ratepayers. Major projects are highlighted on the “Key Achievements and Performance Overview”.

Projects with a value of \$73.8 million were planned together with a further \$35.8 million of projects continuing from the previous year, a total of \$109.6 million. Actual spending was \$49.3 million. While below budget, this is the second highest level of capital expenditure historically achieved by Council and within the \$60 million financial provision made for capital expenditure. Further financial details are contained in the Financial Overview.

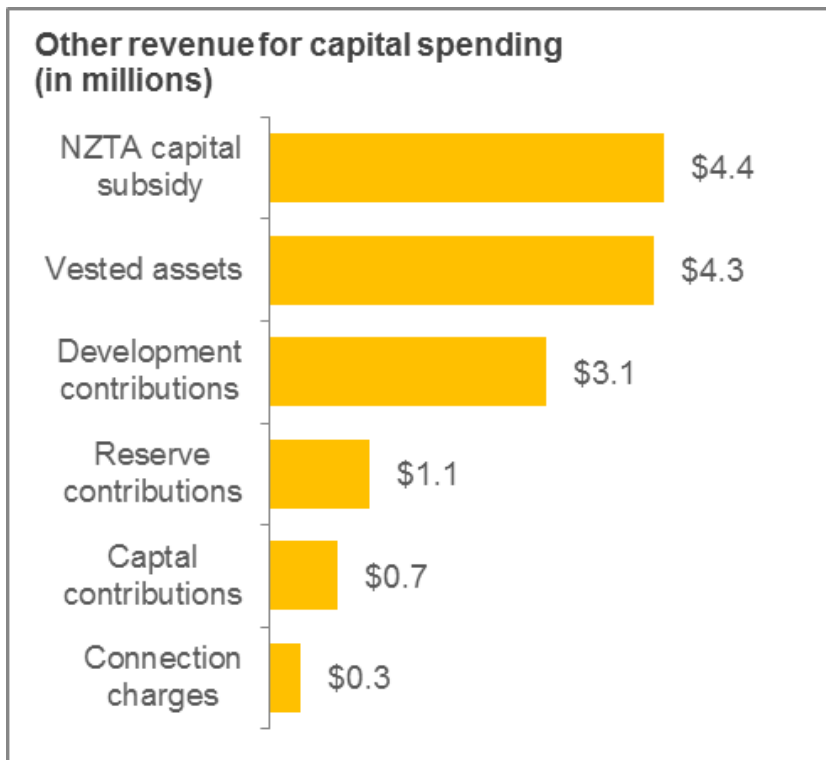
The primary reasons capital expenditure was below budget were:

- Delayed Flaxbourne irrigation project due to further investigations been undertaken;
- Blenheim, Picton and Riverlands sewerage upgrades due to delays in design and consent preparation;
- Renwick water scheme due to delays in the design of the reservoir and treatment plant;

- Blenheim stormwater due to need re-tender as initial tender; and
- Lower Wairau Diversion flood protection control works due to delays in resolving geotechnical and access issues.

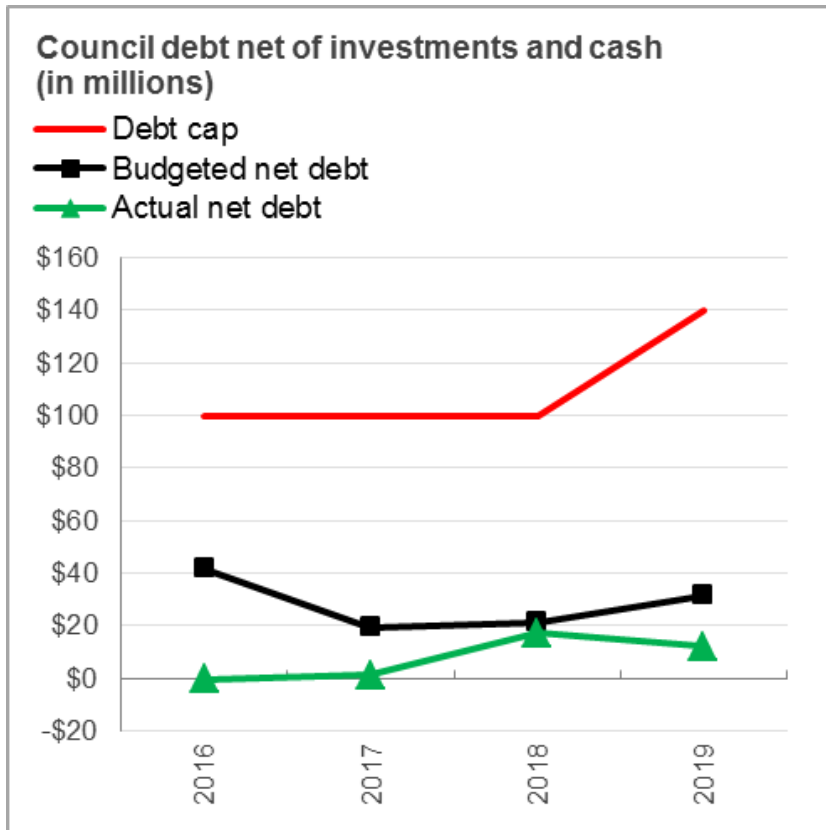


Capital expenditure is mainly funded by loans and Depreciation Reserves. However, other revenue sources such as the ones described in the graph below are also utilised to fund capital assets:



## Net Debt Levels

Council has a “net debt cap” of \$140 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 high 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
<b>Local Government Funding Agency Covenants</b>	Net debt as a % of Total Revenue	< 250%	8.6%	yes
	Net Interest as a % of Total Revenue	< 20%	0.9%	yes
	Net Interest as a % of Rates Revenue	< 30%	1.8%	yes
	Liquidity	> 110%	216.5%	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 \$1.8 billion.



# Annual Report Disclosure Statement for Year Ended 30 June 2019

## What is the Purpose of this Statement?

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

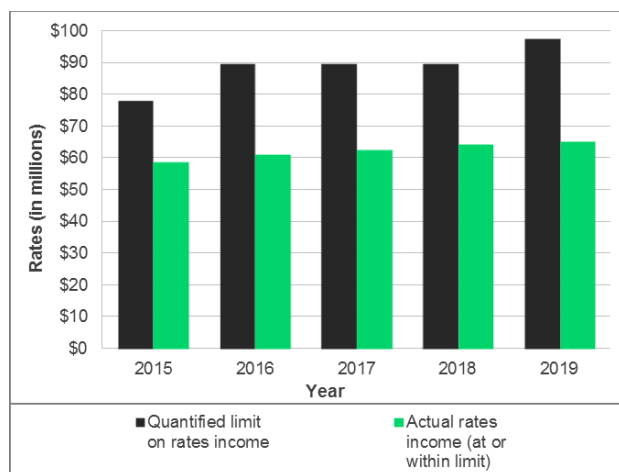
Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information including definitions of some of the terms used in this statement.

## Rates Affordability Benchmark

Council meets the rates affordability benchmark if:  
 - its actual rates income equal or is less than each quantified limit on rates; and  
 - its actual rates increases are equal to or less than each quantified limit on rates increases;

## Rates Income Benchmark

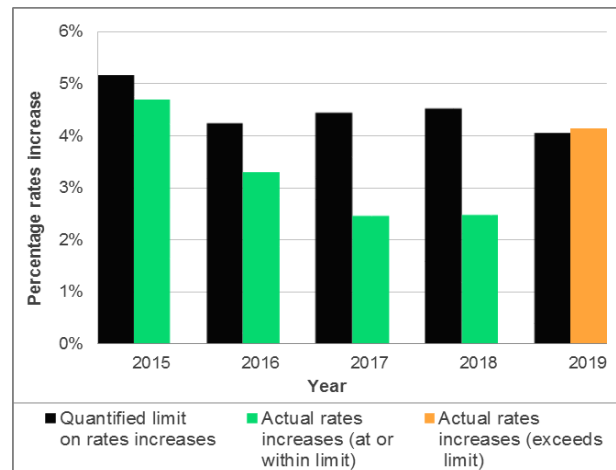
The following graph compares Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2019 is \$97.5 million.



## Rates Increases Benchmark

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

2%. In 2019 Council has slightly exceeded the benchmark by 0.09%.

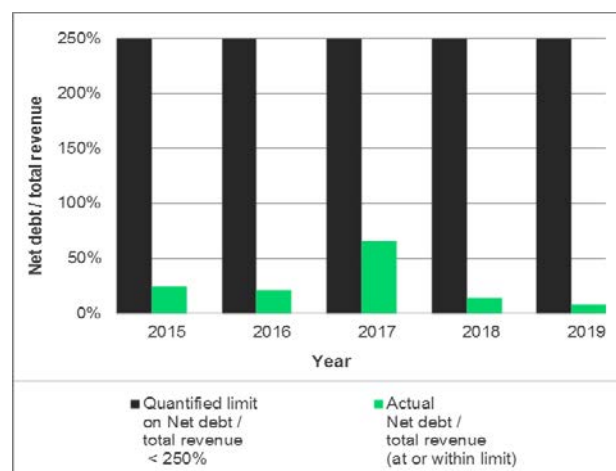


## Debt Affordability Benchmark

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

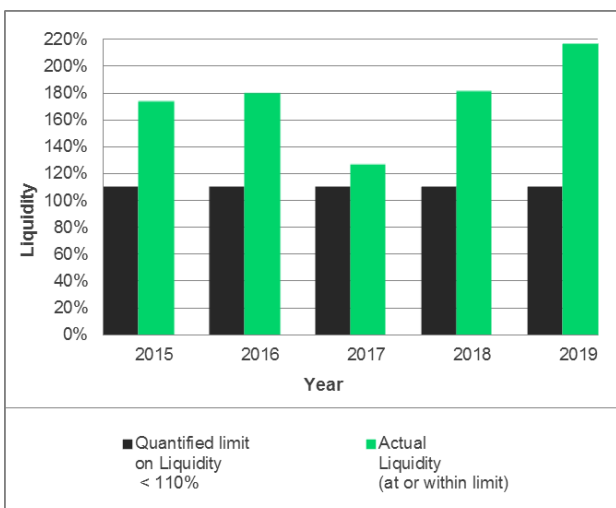
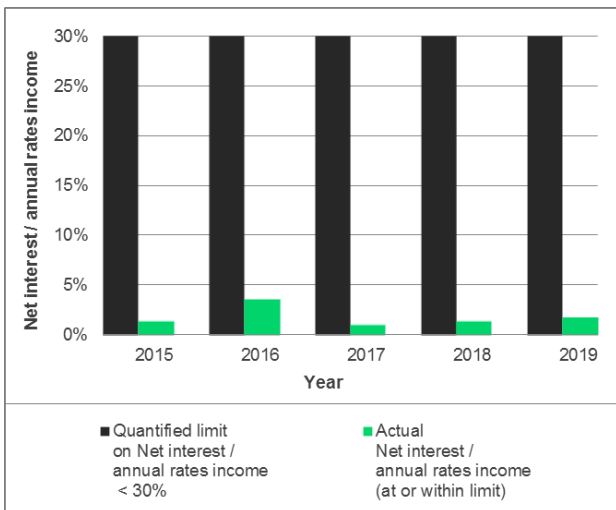
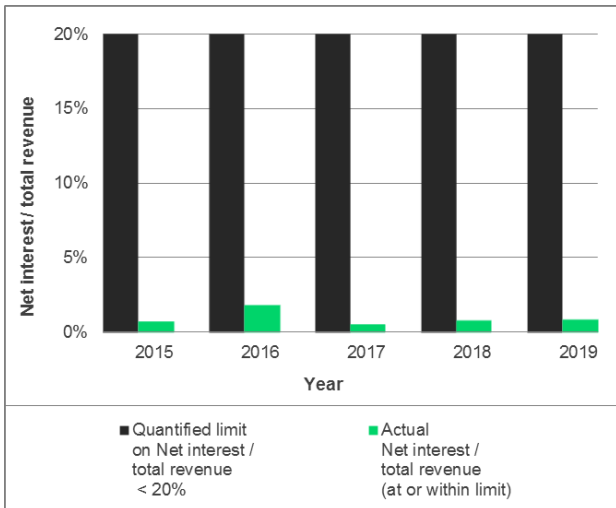
The following graphs compare Council's actual debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan.

The quantified limits are Net debt as a proportion of total revenue up to a maximum of 250%, Net interest as a proportion of total revenue up to a maximum of 20%, Net interest as a proportion of annual rates income up to a maximum of 30% and Liquidity of at least 110%. Council has met all of its Debt Affordability Benchmarks.



Note: Net debt is defined as a total consolidated debt less liquid financial assets and investments; Total revenue excludes development contributions, financial contributions, vested

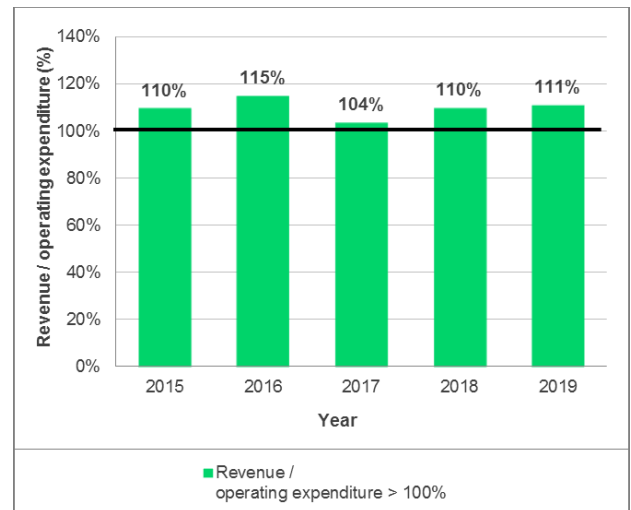
assets, gains on derivative financial instruments, and revaluations of property, plant or equipment.



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

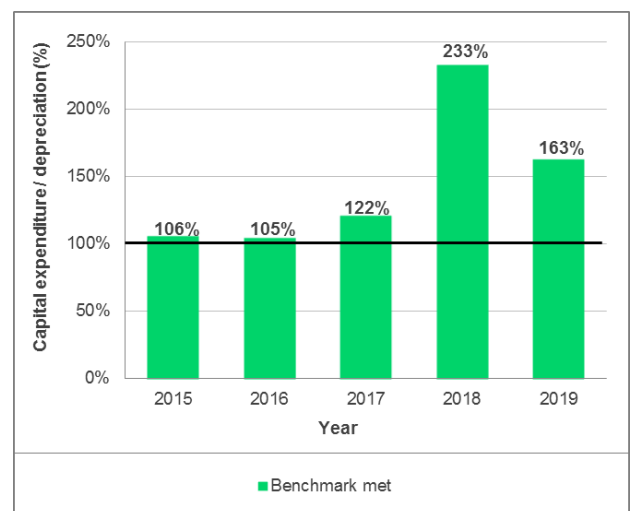
## Balance Budget Benchmark

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



## Essential Services Benchmark

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

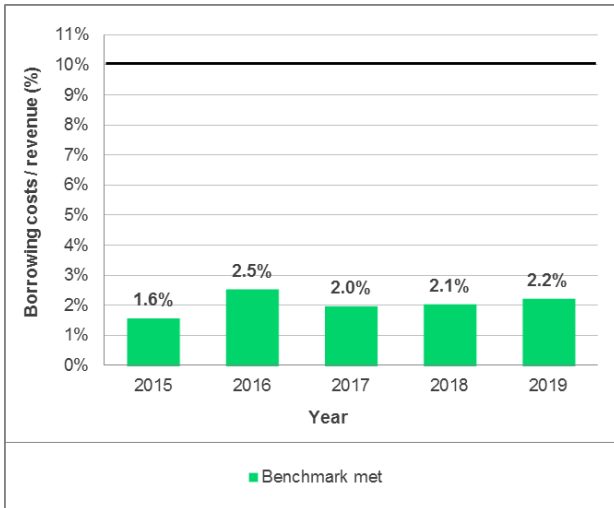


Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

## Debt Servicing Benchmark

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

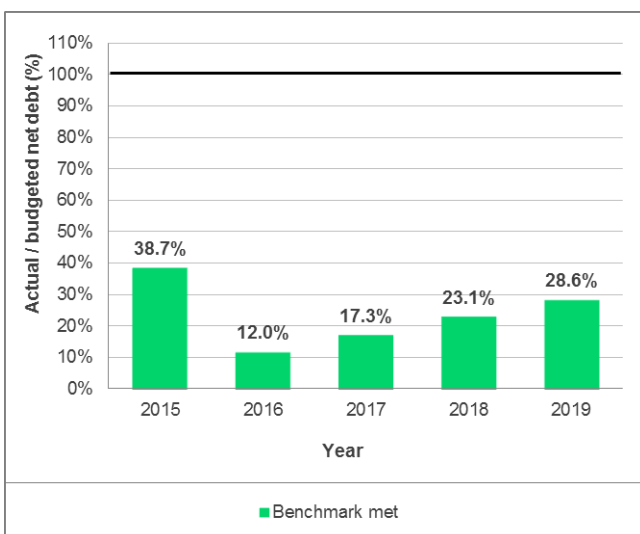
development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment). Because Statistics New Zealand projects Council's population will grow more slowly than the national population growth, it meets the debt servicing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



### Debt Control Benchmark

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

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

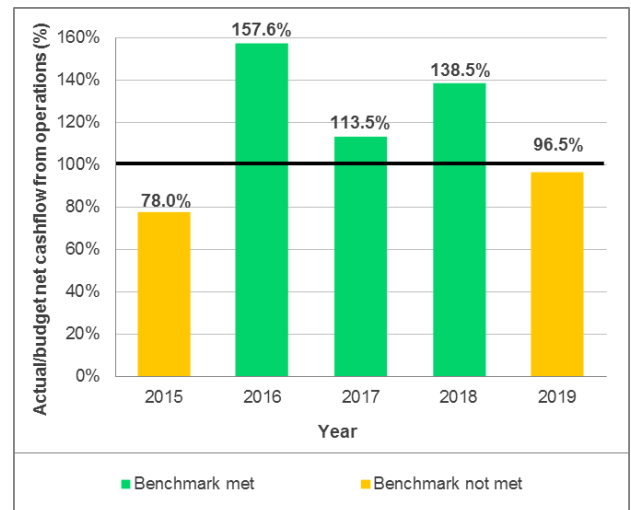


### Operations Control Benchmark

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 target because the Queen Street building purchase was budgeted as investing activity while in actual it was accounted for as inventory and an operating cash outflow; 2018-19 was also below budget due to the Queen Street building as Council had budgeted for the sale in the current year, however, the building is still held in inventory and is now expected to be sold in 2019-20.







## Part 2: Our Business

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

# Introduction

The Local Government Act states the purpose of local government is 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

Each year the Council commissions an independent survey to identify the level of resident satisfaction with Council services. Most services have targets for resident satisfaction set in the Council's Long Term Plan and reported in this Annual Report.

Residents' satisfaction levels with Marlborough District Council's services rated highly again this year, with libraries, drinking water and sewerage the top three performers. Sports fields, parks and reserves, swimming pools, cemeteries, walkways and cycleways also rated very highly. Where comparisons with New Zealand council benchmarks are available, all of Marlborough District Council scores are higher, with many significantly higher.

While the satisfaction level with overall performance was down from 77.8% in 2018 to 73.8% this year, the long term trend has been one of improvement. Most services showed very close satisfaction ratings when compared to 2018.

## Satisfaction at a glance

		
Public Libraries	Drinking water	Car parking
MDC 2019: 91% / 8.2	MDC 2019: 87% / 8.0	MDC 2019: 61% / 6.0
MDC 2018: 81% / 7.3	MDC 2018: 89% / 8.2	MDC 2018: 66% / 6.1
NZB 2019: 72% / 7.1	NZB 2019: 61% / 6.2	NZB 2019: 46% / 5.4
		
Stormwater drainage	Animal control	Sports fields
MDC 2019: 71% / 6.7	MDC 2019: 74% / 6.9	MDC 2019: 85% / 7.5
MDC 2018: 73% / 6.7	MDC 2018: 77% / 7.0	MDC 2018: 91% / 7.8
NZB 2019: 49% / 5.5	NZB 2019: 51% / 5.9	NZB 2019: 72% / 6.8
		
Park and reserves	Waste management*	Swimming pools
MDC 2019: 85% / 7.6	MDC 2019: 71% / 6.7	MDC 2019: 88% / 7.7
MDC 2018: 86% / 7.6	MDC 2018: 81% / 7.3	MDC 2018: 90% / 7.9
NZB 2019: 73% / 7.0	NZB 2019: 53% / 5.7	NZB 2019: 62% / 6.4
		
Resource consent management	Building consent	Public toilets
MDC 2019: 49% / 5.5	MDC 2019: 50% / 5.7	MDC 2019: 72% / 6.5
MDC 2018: 61% / 5.9	MDC 2018: 63% / 6.2	MDC 2018: 74% / 6.7
NZB 2019: 36% / 5.2	NZB 2019: 39% / 5.2	NZB 2019: 54% / 5.8
		
Walkways and Cycleways	Roads**	Footpaths
MDC 2019: 82% / 7.4	MDC 2019: 56% / 5.9	MDC 2019: 64% / 6.3
MDC 2018: 87% / 7.4	MDC 2018: 64% / 6.0	MDC 2018: 73% / 6.6
NZB 2019: 59% (cycleways) / 6.2	NZB 2019: 43% / 5.1	NZB 2019: 47% / 5.5
		
Street lighting	Sewerage	Resource Recovery Centre
MDC 2019: 79% / 7.2	MDC 2019: 92% / 8.0	MDC 2019: 77% / 7.1
MDC 2018: 81% / 7.2	MDC 2018: 90% / 7.9	MDC 2018: 86% / 7.5
NZB 2019: 66% / 6.6	NZB 2019: 63% / 6.4	NZB 2019: 45% / 5.7
		
Cemeteries	Overall satisfaction	Communication
MDC 2019: 82% / 7.4	MDC 2019: 74% / 6.6	MDC 2019: 71% / 6.5
MDC 2018: 91% / 7.8	MDC 2018: 78% / 6.7	MDC 2018: 75% / 6.7
NZB 2019: 69% / 6.9	NZB 2019: 47% / 5.4	NZB 2019: 46% / 5.3

\* Includes Kerbside rubbish and Regional Waste Transfer stations

\*\* Includes sealed and unsealed roads

# Activity Group: People

*Operating costs for this Group of Activities represent approximately 12.3% of total Group expenditure.*

## Activities in this Group:

- Democratic Process.
- Culture and Heritage (including support for the arts and museums).
- Housing for Seniors.
- Community Support (including events management, 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 2018-19 for People Activity Group

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	7,177	8,330	8,331
Targeted rates	187	325	412
Subsidies and grants for operating purposes	348	420	329
Fees and charges	25	36	17
Internal charges and overheads recovered	-	-	64
Local authorities fuel tax, fines, infringement fees and other receipts	2,092	2,264	2,185
<b>Total operating funding</b>	9,829	11,375	11,338
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,869	6,018	6,744
Finance costs	179	126	111
Internal charges and overheads applied	2,951	2,925	3,100
Other operating funding applications	1,329	3,664	3,804
<b>Total applications of operating funding</b>	9,328	12,733	13,759
<b>Surplus (deficit) of operating funding</b>	501	(1,358)	(2,421)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	10	10	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	6,299	432	(61)
Gross proceeds from sale of assets	-	-	197
Lump sum contributions	-	-	201
<b>Total sources of capital funding</b>	6,309	442	337
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	3,675	1,000	-
Capital expenditure to improve the level of service	25	220	40
Capital expenditure to replace existing assets	380	425	472
Increase (decrease) in reserves	2,730	(2,561)	(2,596)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	6,810	(916)	(2,084)
<b>Surplus (deficit) of capital funding</b>	(501)	1,358	2,421
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	9,328	12,733	13,759
plus - Depreciation and amortisation	702	829	779
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	-
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	(64)
<b>Expenditure as per note 2.</b>	10,030	13,562	14,474

### Explanation of Variances

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

# Activity: Democratic Process

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

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 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 2018-19

- Nine citizenship ceremonies were held with 195 people receiving citizenship.

Levels of Service: Democratic Process				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.7	6.7		Actual score: 5.7 - almost on target. (Last year: 5.6 - almost on target).
<b>Provide a service that is timely and responsive to residents needs.</b>				
% 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). Achieved
<b>Public contribution to decision making process</b>				
% of Council items of business open to the public	90%	90%		Actual score: 93.8% - on target. (Last year: 93.3% - on target). 93.84% in open session.

<b>MDC: Funding Impact Statement for 2018-19 for Democratic Process</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,885	2,969	2,970
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	1
Local authorities fuel tax, fines, infringement fees and other receipts	262	228	228
<b>Total operating funding</b>	<b>3,147</b>	<b>3,197</b>	<b>3,199</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,345	1,527	1,442
Finance costs	-	-	-
Internal charges and overheads applied	1,785	1,663	1,756
Other operating funding applications	6	7	5
<b>Total applications of operating funding</b>	<b>3,136</b>	<b>3,197</b>	<b>3,203</b>
<b>Surplus (deficit) of operating funding</b>	<b>11</b>	<b>-</b>	<b>(4)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
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	-	(4)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>11</b>	<b>-</b>	<b>(4)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(11)</b>	<b>-</b>	<b>4</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>3,135</b>	<b>3,197</b>	<b>3,203</b>
plus - Depreciation and amortisation	12	-	-
less - Internal charges and overheads recovered	-	-	(1)
<b>Expenditure as per note 2.</b>	<b>3,147</b>	<b>3,197</b>	<b>3,202</b>

**Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Payments to staff and suppliers - lower than LTP due Councillor Shenfield resigning part through the year and to legal fees and Iwi liaison budget not utilised.
- Internal charges and overheads applied – higher than LTP as overheads recovery were higher than anticipated.

# 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.

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

These include:

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

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

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

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

## What we did in 2018-19



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

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

Arts and heritage groups were further able to apply for Council Community Grants contestable funding under the Arts & Culture and Heritage categories with 24 grants being allocated to arts and heritage organisations totalling \$72,450.

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

In addition, some one off funding was provided to assist with heritage services protection of buildings.

<b>Levels of Service: Culture and Heritage</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2018-19 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.9	6.9		Actual score: 6.6 - almost on target. (Last year: 6.8 - almost on target).
<b>Manage Council's arts and heritage grants and third party providers to ensure service quality and value.</b>				
% of contract and grant requirements met.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).

<b>MDC: Funding Impact Statement for 2018-19 for Culture and Heritage</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	796	1,091	1,091
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	72	83	93
<b>Total operating funding</b>	<b>868</b>	<b>1,174</b>	<b>1,184</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3	108	205
Finance costs	2	3	-
Internal charges and overheads applied	70	133	130
Other operating funding applications	786	2,906	2,448
<b>Total applications of operating funding</b>	<b>861</b>	<b>3,150</b>	<b>2,783</b>
<b>Surplus (deficit) of operating funding</b>	<b>7</b>	<b>(1,976)</b>	<b>(1,599)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	52	(1)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>52</b>	<b>(1)</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	52	-	-
Capital expenditure to replace existing assets	52	-	-
Increase (decrease) in reserves	(45)	(1,977)	(1,599)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>59</b>	<b>(1,977)</b>	<b>(1,599)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(7)</b>	<b>1,976</b>	<b>1,599</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>861</b>	<b>3,150</b>	<b>2,783</b>
plus - Depreciation and amortisation	6	6	5
<b>Expenditure as per note 2.</b>	<b>867</b>	<b>3,156</b>	<b>2,788</b>
<b>Operating expenditure</b>			
Arts	488	2,153	2,163
Heritage	379	1,002	625
<b>Capital expenditure</b>			
Heritage	2,152	-	-

**Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Payments to staff and suppliers – higher than LTP due to remedial work and graffiti cleaning on art and heritage and contract work to install fire escape at the Edwin Fox Museum.
- Other operating funding applications – lower than LTP due to delays awaiting engineering advice for a one off Grant to the Marlborough Heritage towards a fire protection system.

# Activity: Housing for Seniors

Operating costs of this Activity represent approximately 1.1% 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?

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







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

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

## What we did in 2018-19

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:

- External painting at Cleghorn Street units.
- Refurbishment of five units and partial refurbishment of two units.
- Kitchen and bathroom extraction fans fitted to promote drier homes.
- Replacement of ovens in twelve units.

Levels of Service: Housing for Seniors				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.8	7.0		Actual score: 6.2 Almost on target (Last year: 6.3 - almost on target). Not quite on target but within an acceptable range.
Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.1	8.0		Actual score: 8 On target (Last year: 8.1 - on target).
<b>Provide up-to-date record of Occupancy levels.</b>				
Minimum occupancy in units to be maintained.	98%	98%		Actual score: 99% On target (Last year: 98.7% - on target).
<b>Provide community housing reactive maintenance service in two categories.</b>				
<b>Urgent Unplanned Maintenance</b> <sup>1</sup> - % of unplanned maintenance completed within 24 hours of notification.	97%	98%		Actual score: 98% On target (Last year: 100% - almost on target).
<b>Non-Urgent Unplanned Maintenance</b> <sup>2</sup> - % of unplanned non-urgent maintenance completed within 20 working days of notification.	97%	90%		Actual score: 99% On target (Last year: 99% - on target).
<b>Provide an annual checklist of planned maintenance / projects as set out in budget and from Committee meetings.</b>				
% of planned maintenance/projects completed in financial year.	65%	98%		Actual score: 100% On target (Last year: 99.1% - on target).

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

<sup>2</sup> 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 2018-19 for Housing for Seniors

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
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	1,188	1,437	1,385
<b>Total operating funding</b>	1,188	1,437	1,385
<b>Applications of operating funding</b>			
Payments to staff and suppliers	879	828	796
Finance costs	-	-	-
Internal charges and overheads applied	154	168	176
Other operating funding applications	18	13	19
<b>Total applications of operating funding</b>	1,051	1,009	991
<b>Surplus (deficit) of operating funding</b>	137	428	394
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	197
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	-	-	197
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	175	13
Capital expenditure to replace existing assets	-	155	185
Increase (decrease) in reserves	137	98	393
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	137	428	591
<b>Surplus (deficit) of capital funding</b>	(137)	(428)	(394)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	1,051	1,009	991
plus - Depreciation and amortisation	296	309	314
plus - Loss on sale of fixed assets	-	-	-
<b>Expenditure as per note 2.</b>	1,347	1,318	1,305

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Local authorities fuel tax, fines, infringement fees and other receipts – lower than LTP due to less than anticipated property rentals revenue.
- Gross proceeds from sale of assets – above LTP due to sale of Buller Street property not budgeted for.
- Capital expenditure – less than LTP as development plans were slower than expected.

# Activity: Community Support

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

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, 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 Safety

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

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

The Safer Communities Marlborough section of the Council contributes to community well-being. This is presently with Restorative Justice and Crime Prevention Through Environmental Design initiatives. 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 Council's Support Services Department and is funded by rates.

## Community Support and Development

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

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

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

Advocating for the needs of the community sector is an ongoing issue, particularly given the changes being experienced in the age and ethnicity of the community. Strengthening relationships with key organisations, and providing training and support are key elements of building the capacity of the sector. Council is working in partnership with Rata Foundation, DIA and Volunteer Marlborough on a Strengthening Community Governance project to assist with this work.

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

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

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

## **Events Management**

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

## **Energy Efficiency**

Council promotes energy efficiency by providing upfront funding for approved home insulation, solar water heating, clean heating solutions and solar power.

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

## **Passenger Transport and Total Mobility Scheme**

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

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

## **Smart and Connected Communities**

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

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

## **What we did in 2018-19**

### **Positive Ageing**

Seniors Expo was held on 9 April 2019 at the Convention Centre 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 highlighting positive older role models in our community.

### **Youth**

The Youth Council continued to meet monthly to provide a valuable voice for young people. A key highlight was the Youth Art Exhibition "Folio" held at the Millennium Art Gallery showcasing youth talent.

### **Volunteer Sector**

Volunteer Marlborough under contract with Council provided training for the not for profit sector to build the capacity of the sector. The Strengthening Community Governance partnership project continued working in partnership with Volunteer Marlborough, Rata Foundation and Department of Internal Affairs with monthly training sessions being held along with commencement of the Youth on Boards and Community Mentoring pilot projects.

## Energy Efficiency

Over the last 12 months a further 180 advances totalling \$874,220 were made for home insulation, solar water heating, clean heating solutions and solar power. Currently the amount advanced (net of repayments) is \$3.49 million to 846 households.

## Bus Service

The Blenheim bus service transported 22,652 passengers during the year (21,317 in 2017-18). The bus timetable was amended in response to legislative changes to the Employment Relations Act, which require specific rest and meal break entitlements for bus drivers. These service changes were effective from 1 July 2019

Additional funding has been approved to trial new return services between Blenheim and Renwick, and Picton and Blenheim, as well as a Blenheim commuter service. A tender was awarded in June 2019 for the Picton to Blenheim service, which commences in August 2019. Planning is currently underway for the Blenheim to Renwick and Blenheim commuter services.

## Total Mobility Scheme

The Total Mobility scheme funded 19,457 trips (18,841 in 2017-18), including 2,846 trips by wheelchair users (2,762 in 2017-18). In April 2019, Council converted to the national Total Mobility administration system known as "Ridewise". This is an electronic swipe card system which replaces the old manual voucher system. There are currently 931 persons registered in the scheme.

## Community Safety

Restorative Justice Marlborough has provided Restorative Justice services to the Blenheim District and Kaikoura District Courts funded by Ministry of Justice. Provision of anti-graffiti measures and graffiti removal.

In 2018-19 we have provided service of:

- 126 restorative justice referrals
- 152 restorative justice pre-conference meetings
- 25 restorative justice conferences

## Events Management

Free community based events were delivered under contract with the Marlborough Festivals & Events Trust. These included 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 and received many positive comments from attendees.

## Smart and Connected Communities

### Community















Four Smart + Connected groups in Havelock, Renwick, Picton and Seddon were supported to plan and implement their strategic plans. Highlights include the Matariki Festival and Cruise Ship Think Tank for Picton, the development of the Renwick Small Township Plan and the new Pause Park, setting up new working groups in Seddon focusing on transport, health, beautification and youth and improvements to the medical centre, town hall and holiday park in Havelock.

### Programme

In 2018/9, the Smart+Connected programme underwent a fundamental development, for the first time shifting from defined industry or community groups, to create a group aimed at addressing a cross-cutting issue for all industries in Marlborough, namely the ongoing labour and skills shortage in the region. The creation of the Smart+Connected Labour and Skills resulted in several submissions to central government on issues related to Employer-Assisted Work Visas, the Reform of Vocational Education (critical to the future of Nelson Marlborough Institute of Technology) and improvements to productivity in New Zealand. The Group's efforts contributed to the recognition by Immigration New Zealand and the Tertiary Education Commission of Marlborough's unique characteristics as a labour region in its own right, as opposed to being included in a broader Upper South Island region.

## Levels of Service: Community Support

### Performance Targets

Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
• Events Management	7.0	7.0		Actual score: 6.6 - almost on target. (Last year: 6.7 - almost on target).
<b>Manage Council's community grants and third party providers to ensure service quality and value.</b>				
Contract and grant requirements met.	100%	100%		Actual score: 100% - on target. (Last year: New measure).
<b>Manage third party providers to ensure service quality and value of community events.</b>				
Compliance with contract requirements.	100%	100%		Actual score: 100% - on target. (Last year: New measure).
Participation numbers match targets in contracts.	98%	98%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Implement the Positive Ageing Accord.</b>				
Number of Older Persons Forums held annually. (minimum 10)	100%	100%		Actual score: 100% - on target. (Last year: 11 - on target).
Frequency of Seniors Expo.	Biennial Seniors Expo	Biennial Seniors Expo		Actual score: Senior Expo held - on target. (Last year: Senior Expo held - on target).
% of actions in Positive Ageing Accord Plan completed relevant for that year.	88%	88%		Actual score: 92% - on target. (Last year: 92% - almost on target).
<b>Implement Youth Initiatives Plan.</b>				
Number of Youth Forums held annually. (minimum 9)	100%	100%		Actual score: 100% - on target. (Last year: 10 - on target).
% of Actions in Youth Initiatives Plan completed each year.	97%	97%		Actual score: 100% - on target. (Last year: 97% - on target).
<b>Build capacity of the Volunteer Sector through provision of training in partnership with key service providers.</b>				
Number of training courses provided per annum where attendance numbers meet targets.	3	3		Actual score: 7 - on target. (Last year: 3 - on target).
<b>Provide quality service that meets and exceeds the expectations of the Ministry of Justice thus providing quality restorative justice service to the community.</b>				
% of compliance with Ministry of Justice contract conditions met.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Provide a well-used and affordable bus service in Blenheim that is timely and responsive to community needs.</b>				
Increase levels of customer patronage by 3% per annum. (total patronage for 2017-18 year was 21317)	3%> previous year	3%> previous year		Actual score: 6% - on target. (Last year: Decreased 6% - not achieved).
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.6		Actual score: 5.8 - almost on target. (Last year: 6.5 - on target).
Improve infrastructure to support bus service by adding a minimum of three bus shelter per year (as funding allows).	3	3		Actual score: 0 - not achieved. (Last year: 0 - not achieved).

## MDC: Funding Impact Statement for 2018-19 for Community Support

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	942	1,444	1,444
Targeted rates	187	325	412
Subsidies and grants for operating purposes	329	420	319
Fees and charges	18	30	12
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	122	161	127
<b>Total operating funding</b>	1,598	2,380	2,314
<b>Applications of operating funding</b>			
Payments to staff and suppliers	901	1,553	2,129
Finance costs	21	11	14
Internal charges and overheads applied	197	279	242
Other operating funding applications	449	738	1,332
<b>Total applications of operating funding</b>	1,568	2,581	3,717
<b>Surplus (deficit) of operating funding</b>	30	(201)	(1,403)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	10	10	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(7)	(8)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	170
<b>Total sources of capital funding</b>	10	3	162
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	20	(0)
Capital expenditure to replace existing assets	21	-	-
Increase (decrease) in reserves	19	(218)	(1,241)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	40	(198)	(1,241)
<b>Surplus (deficit) of capital funding</b>	(30)	201	1,403
<b>Funding balance</b>	-	-	-

## MDC: Funding Impact Statement for 2018-19 for Community Support

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	1,568	2,581	3,717
plus - Depreciation and amortisation	5	11	10
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	-
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	-
<b>Expenditure as per note 2.</b>	<b>1,573</b>	<b>2,592</b>	<b>3,727</b>
<b>Operating expenditure</b>			
Community Safety	243	267	240
Grants and Donations	516	1,016	1,728
Events Management	182	245	186
Energy Efficiency	156	308	1,029
Recreation	72	50	32
Passenger Transport	404	550	418
Smart and Connected Communities	-	158	95
<b>Capital expenditure</b>			
Passenger Transport	21	20	(0)

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Targeted rates, Payments to staff and suppliers and Lump sum contributions – those 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.
- Subsidies and grants for operating purposes – less than LTP due to lower than budgeted roading subsidy received for Passenger Transport and lower grants for Community Safety.
- Other operating funding applications - higher than LTP mostly due to \$400,000 of grants to the Marlborough Youth Hub for fit out costs original budgeted in Commercial Property.
- Decrease in reserves – greater decrease 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 2.4% 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 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 in a safe and accessible environment. Resources include authoritative databases, and access to computers and educational programmes.

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

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

## What we did in 2018-19

Picton Library and Service Centre Waitohi Whare Mātauranga continues to receive accolades from locals and visitors to the facility. Visitor numbers have increased by 20,900 on the previous year. Local community groups use the facility to meet regularly to hold clinics, to discuss, to share ideas and to create. These groups include Plunket, Picton Knitters and Spinners, Picton Art Group, Picton Writers and Poets Group. The facility is also hired out of hours by commercial and not-for-profit groups.

The Libraries' Aotearoa Peoples Network Kaharoa (APNK) technology suites were updated with all new hardware. The APNK refresh saw a move away from Windows based computers to Chrome Stations running Google Docs. This has been a learning curve for staff and customers as many have no experience in using Google Docs.

Participation in the Summer and Winter Reading Programmes in both the District Library and Picton Library were again very popular with 495 and 120 children respectively enrolling to take part.







June 2019 saw the launch of the libraries App. The App allows library members to check their own account and that of other family members, renew and place holds, search for items and use digital services wherever they are.

On 19 June 2019 the District Library celebrated 30 years since its official opening in 1989. Staff are looking forward to the new District Library facility.



## Levels of Service: Library Services

### Performance Targets

Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6		Actual score: 8.2 - on target. (Last year: 7.3 - almost on target).
<b>Provide a range of current resources supporting the tastes, interests and reading levels of users.</b>				
Average age of resources (years).	8 years or less	≤ 8 yrs		Actual score: 8 years old - on target. (Last year: less than 8 years old - on target).
Frequency of physical items being taken out (turnover rate).	4 times per year	4		Actual score: 4 times per year - on target. (Last year: 4 - on target).
Number of overdue items not returned 28 days after the due date	130 items	< 130		Actual score: 123 - on target. (Last year: 130 - on target).
<b>Provide a range of programmes or training opportunities that meet or exceed customers' expectations.</b>				
Evaluate the satisfaction of courses and programmes offered by the libraries by survey. Where 1=Unsatisfactory, 3=Good, and 5=Excellent.	>4	> 4		Actual score: 4.6 (Last year: 4.2 - on target).
<b>Provide access to information electronically.</b>				
Number of e-book and e-audio loaned.	10,934	10% increase on baseline		Actual score: 21,909 - on target. (Last year: 18,498 - on target).

<b>MDC: Funding Impact Statement for 2018-19 for Library Services</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,766	2,304	2,304
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	0
Fees and charges	6	6	5
Internal charges and overheads recovered	-	-	63
Local authorities fuel tax, fines, infringement fees and other receipts	320	296	292
<b>Total operating funding</b>	<b>2,092</b>	<b>2,606</b>	<b>2,664</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,176	1,599	1,746
Finance costs	157	112	97
Internal charges and overheads applied	490	538	635
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>1,823</b>	<b>2,249</b>	<b>2,478</b>
<b>Surplus (deficit) of operating funding</b>	<b>269</b>	<b>357</b>	<b>186</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	6,299	440	(53)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>6,299</b>	<b>440</b>	<b>(53)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	25	1,000	(0)
Capital expenditure to improve the level of service	3,675	25	27
Capital expenditure to replace existing assets	277	261	233
Increase (decrease) in reserves	2,591	(489)	(127)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>6,568</b>	<b>797</b>	<b>133</b>
<b>Surplus (deficit) of capital funding</b>	<b>(269)</b>	<b>(357)</b>	<b>(186)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>1,822</b>	<b>2,249</b>	<b>2,478</b>
plus - Depreciation and amortisation	339	470	417
plus - Loss on sale of fixed assets	-	-	-
less - Internal charges and overheads recovered	-	-	(63)
<b>Expenditure as per note 2.</b>	<b>2,161</b>	<b>2,719</b>	<b>2,832</b>

**Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Payments to staff and suppliers - higher than LTP due to higher than anticipated personnel costs.
- Internal charges and overheads recovered and applied – higher than LTP as recoveries and overhead costs were higher than anticipated.
- Decrease in debt and Capital expenditure - lower than LTP due to delayed completion of new Blenheim Library project which was budgeted to start in 2018-19.

# Activity: Emergency Management

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

## Related Community Outcomes

This Activity contributes to the Community Outcomes of Governance, Environment, People, Economy and Living. Council's 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 the CDEM Group Plan.

The operative CDEM Group Plan describes:

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

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

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

## What we did in 2018-19

### Civil Defence Emergency Management

After 10 months of planning the South Island CDEM Conference was held in Blenheim with a theme of "On Track to Recovery". One hundred and thirty delegates attended with about 40 coming from the North Island and when asked for feedback on the event many said it was the best one to date.

The Government Response to the Emergency Management (EM) Review saw a raft of work programmes starting to be implemented including building the capacity and capability of the EM workforce, improving the information and intelligence system that supports decision making and working more closely with iwi. In response the 16 Group Managers established a National Emergency Management Development Group which also includes the Ministry of CDEM. This group has met quarterly and has focussed on working more collaboratively between groups and with the Ministry to provide a national consistency across the sector.

Four sub-committees focus on capability, operational systems, readiness & response and risks & hazards chaired by Marlborough.

As expectations continue to increase smaller Groups have struggled to meet them. To combat this West Coast (six staff), Nelson (five staff) and Marlborough (three staff) Groups have formed a Top of the South Alliance. Through this channel we have been able to share workloads and work plans, providing individual expertise and sending one staff member to national meetings to represent all three. The teams meet bi-annually just before business planning and half way through the work plan cycle.

A drinking water emergency table top exercise was held with all key responding stakeholders attending as well as a representative from Nelson Group. This was in response to the Havelock North report which indicated misunderstood responsibilities and a lack of coordination and leadership. The response process for Marlborough is now very well understood by relevant MDC staff, public health and response agencies. CDEM staff also attended a cruise ship disease outbreak exercise which provided some challenges but is a very real risk we may be faced with. The exercise reinforced where responsibilities lay and built on the key relationships between agencies.

Two marae emergency preparedness hui have been held (one at Te Hora and one in Richmond) at which Te Taihū iwi sought to establish relationships with emergency response agencies, particularly CDEM. From these hui a number of working groups have been established to assist marae to become more resilient, establish a working model for business as usual and for engaging with iwi during emergency events. One key success has been the inclusion of an iwi liaison role within the 3<sup>rd</sup> edition of Coordinated Incident Management System (CIMS) that has been recently published. This work will be on-going and has already forged close relationships between the two Groups and iwi within Te Taihū. Te Puni Kōkiri have been instrumental in the success of this initiative.

The Marlborough Emergency Response Team (MERT) members have significantly increased their skill levels over the last 12 months and are now light rescue capable. This includes being able to do rope rescues from up to 3m in height which has also required a lot of new equipment. The team now train weekly and have to keep a register of competency, currency and of equipment maintenance.

The MERT deployed to the Nelson fires as did two of the CDEM staff who assisted in the Welfare and Response Manager roles. Staff were withdrawn within the first week as fire dangers in Marlborough were equally high in February. Although no ex-tropical cyclones hit NZ this summer the West Coast did have a significant flood event. CDEM deployed our Welfare Manager for a week to relieve the West Coast team. MCDEM have begun establishing Emergency Management Assistance Teams (EMAT) which will be able to deploy to regions within 24 hours. Marlborough CDEM submitted on the original proposal and the new model will be useful. No Marlborough CDEM staff have been chosen to be members.






Three new alternate Controllers have been appointed by the Joint Committee. This brings the total available to the group to five which is now adequate. The Ministry has developed a comprehensive high level leadership training package for Controllers and Recovery Managers which the new alternates will need to attend in the next 12 months.

Marlborough CDEM staff continued to have input into national projects such as the EMIS (Emergency management Information System) Replacement project, National Public Education Reference Group, Capability and Development Group, Welfare Registration and Needs Assessment Project and the National Tsunami Reference Group.

This was the last year that Project AF8 was funded by MCDEM's Resilience Fund. The Steering Group employed a coordinator who focussed on public education initiatives, website management and science engagement. The highlight was the science beneath our feet roadshow which visited every region visiting schools and holding public meetings to highlight the hazard and encourage people to be prepared. Marlborough CDEM completed an initial 12 hour Action Plan from the South Island Alpine Fault Emergency Response (SAFER) Framework which has been shared with all the South Island and Wellington Groups. This has been shared with all our Marlborough stakeholders all of whom believe they can meet the timeframes within the plan.

## Levels of Service: Emergency Management

### Performance Targets

Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds resident's expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.2	8.2		Actual score: 7.4 - almost on target. (Last year: 7.4 - almost on target). Satisfaction tends to rise after an emergency - we haven't had any.
<b>Provide a planned, tested capability to respond to major Civil Defence and Emergency (CDEM) Events.</b>				
The CDEM Group Plan and Group Welfare Plan fully comply with the Ministry of Civil Defence Director's Guidelines.	comply	comply		Actual score: Fully complied - on target. (Last year: New measure).
The Coordinating Executive Group, the Readiness & Response Committee and Welfare Coordination Group each meet at least 3 times per year.	3x3 meetings	3x3 meetings		Actual score: 3 meetings held for each group - on target. (Last year: New measure). All groups have met 3 times in last 12 months.
Regional Incident Management Team train/exercise at least 10 times per year.	≥10	≥ 10		Actual score: 6- not achieved. (Last year: New measure). FENZ staff stopped taking IMT training bi-monthly.
Activate the Emergency Operations Centre (EOC) within 30 minutes of an event or post a national warning being received from MCDEM if an active response is required.	100%	100%		Actual score: 100% - on target. (Last year: New measure). Had one activation due to a national tsunami warning.

<b>MDC: Funding Impact Statement for 2018-19 for Emergency Management</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	788	522	522
Targeted rates	-	-	-
Subsidies and grants for operating purposes	19	-	10
Fees and charges	-	-	0
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	129	59	60
<b>Total operating funding</b>	<b>936</b>	<b>581</b>	<b>592</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	565	403	426
Finance costs	-	-	-
Internal charges and overheads applied	256	144	161
Other operating funding applications	71	-	0
<b>Total applications of operating funding</b>	<b>892</b>	<b>547</b>	<b>587</b>
<b>Surplus (deficit) of operating funding</b>	<b>44</b>	<b>34</b>	<b>5</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	31
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>31</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	29	9	54
Increase (decrease) in reserves	15	25	(18)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>44</b>	<b>34</b>	<b>36</b>
<b>Surplus (deficit) of capital funding</b>	<b>(44)</b>	<b>(34)</b>	<b>(5)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>892</b>	<b>547</b>	<b>587</b>
plus - Depreciation and amortisation	44	34	33
<b>Expenditure as per note 2.</b>	<b>936</b>	<b>581</b>	<b>620</b>

**Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Capital expenditure – higher than LTP due to improvements made to EMOC building owned by Council.

# Activity Group: Community Facilities

*Operating costs of this Activity represent approximately 11.8% of total Activity expenditure.*

## Activities in this Group:

This Activity Group comprises a single Activity: Community Facilities.



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Living, Economy and Connectivity. Council's 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 this Activity is contained in the 2018-28 LTP.

## What we did in 2018-19

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 2018-19:

## Reserves

- Land purchased on Ranui Street, Picton added to Victoria Domain Reserve and land obtained at Elizabeth Street, Blenheim as a result of the Kaikoura earthquake have both been gazetted as Recreation Reserve.
- New reserves created or to be created at Boulevard Park on Taylor (Mark Smith Reserve), Omaka Landings, Rose Manor and Grovetown.
- Waikawa Bay Foreshore Reserve - boat ramp access area resealed and landscaping/amenity and passive areas improvements completed.
- 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.
- Renwick Domain – new playground completed and courts resealed.
- Pollard Park entranceway refresh completed. New playground with accessible play pieces and new barbecues installed.
- Seymour Square – pathways were refurbished.
- 3 Phase Power supply installed for events at Rifle Range Carpark – Wither Hills Farm Park.
- New playground equipment at Rai Stream Reserve, Eric Young Reserve, Burleigh Park and Kinross Reserve (Stadium 2000). Installation of playground equipment at Mark Smith Reserve underway.
- Seddon Domain hub building demolished.
- Awatere Memorial Hall earthquake repairs completed.
- Ward Domain barn construction completed and construction of carpark underway.
- Resealing of car parks at Awarua Park, Okaramio Hall, College Park, Rewi Murray Polo ground roadway.
- Upgrading of six reserve sites where freedom camping occurs with the assistance of funding from central government's Tourism Infrastructure Fund. Sites at Brown River Reserve, Alfred Stream, Ohingaroa, Double Bay, Anakiwa and Koromiko had improved car parking layouts and landscaping work completed.
- Monitoring of freedom camping sites, river reserves and other reserves.
- Restoration planting of 500 plants at Kahikatea, Koromiko Ecological/Recreation Reserves and Victoria Domain and significant weed control at Victoria Domain.

## CBD Developments

- Market Place redevelopment underway.
- Bean bag storage seats – Market Place, Quays and Bythell Place.
- Marlborough Mile development underway.

## Sports Grounds

- Lansdowne Park Sports Hub design underway.
- Lansdowne Park – new bollards installed along Lansdowne Street.
- Awatere Memorial Hall earthquake repairs completed.



- Seddon Domain changing rooms earthquake repairs underway.
- Rewi Murray Polo Park – new sealed entranceway.
- Planning for new sports hub building at A&P Park underway.

## Cemeteries

- Flaxbourne – construction of new entrance gateway, access road and small car park completed.
- Rai Valley – cemetery administration and operations added to Marlborough Cemeteries maintenance services contract.
- Picton Cemetery headstone restoration ongoing.
- Havelock and Omaka - cemetery restoration ongoing.
- Omaka and Fairhall Cemeteries – improvements to the Services Area (RSA) area.
- New beams installed at Fairhall, Tua Marina, Picton, Havelock, Rai Valley and Ward/Flaxbourne cemeteries.
- Cemetery Master Plans – long-term development/management master plan developed for all Council cemeteries.
- Development and publication of Cemetery Handbook (Te Pukapuka Urupa).
- Review and updating of the cemetery database underway and review and standardisation of online cemetery application forms completed.
- Non Council-administered Cemeteries – a project to gather and digitize information and cemetery records of community trustee non Council administered cemeteries (district-wide) is ongoing.

## Public Toilets

- New toilet facility at Torea Bay completed with partial funding from central government's Tourism Infrastructure Fund.
- Upgraded toilet facility at Te Mahia completed with partial funding from central government's Tourism Infrastructure Fund.
- Upgrades to other Council toilets (Havelock, Anakiwa, Okiwi Bay) underway with the assistance of funding from central government's Tourism Infrastructure Fund.
- Relocation of portable toilet facility from Wairau Valley.
- Reconfiguration of water supply for Rai Valley toilets including new tanks.

## Aquatic Facilities

- Earthquake strengthening completed at Stadium 2000.
- Repainting of Seddon Pool completed.

## Walking and Cycling Routes

- The Link Pathway track works continued.
- Bobs Bay track upgraded.
- Marina to Marina track from Picton to Waikawa completed.

- Additional mountain bike tracks were completed in the Wither Hills Farm Park (e.g. Scenic Route, Captain Slapstick).
- Grigg Drive walking track to Rotary lookout completed.
- Rifle Range pump track completed.
- Addition of Maeburn Accessway linking Taylor Pass Road to Mark Smith Reserve.
- Foot bridge linking Cambourne Crescent/Tremorne Avenue to Riverlands Shared Path.
- Addition of new access point from Hutchinson Street to Taylor River Reserve.
- Lower Spring Creek – Historic Mill site walking track developed in conjunction with Small townships Programme.

### **Trees and garden plots**

- Planting an additional 67 street trees over and above identified level of service – 167 trees planted in total.
- Replanting and bulking up of plants in 30 garden plots in Blenheim and Renwick.
- Improved procedures for monitoring of tree health and conditions on reserves.

### **Memorials**










- Seddon and Ward War memorials repairs post Kaikoura earthquake completed.
- 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**

- Victoria Domain Reserve Management Plan, Seddon Domain Reserve Management Plan and Wither Hills Farm Park Management Plan reviews underway.
- New reserve management plan for Waikawa Foreshore Reserve underway.
- Resource consent to demolish grandstand at A & P Park completed.
- Policy for exclusive right of burial to enable pre-purchase of cemetery plots completed.
- Review of cemetery fees completed.
- Tree policy review underway.




## Levels of Service: Community Facilities

### Performance Targets

Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Community facilities are accessible and maintained to a high standard appropriate to the range and level of use, including: reserves, parks, gardens, civic and open spaces; cycling and walking tracks and paths; cemeteries and war memorials;</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	≥7.8	≥ 7.8		Actual score: 7.3 - almost on target. (Last year: 7.5 - almost on target). Change in style of survey
<b>Neighbourhood Parks:</b>				
<b>Provision of neighbourhood parks in urban area within walking distance of home, providing play opportunities for all ages, open</b>				
The proportion of residentially zoned houses in urban areas within 500m walking distance of neighbourhood parks.	≥98%	≥ 98%		Actual score: 98 % - on target. (Last year: 95% - almost on target). A new playground has been added to Renwick Domain, which helps fill an identified gap in the the 2018-28 LTP. A new playground in Boulevard on Taylor (Mark Smith Reserve) is almost completed, which will fill an identified gap in the Blenheim urban area.
<b>Use and development of reserves is carried out in accordance with Reserve Management Plans.</b>				
Reserve management plans are in place for Council reserves and reviewed or prepared as necessary.	New measure	Review Victoria Domain RMP		Actual score: achieved - on target. (Last year: New measure). First submission round completed and drafting nearing completion. Workshop to be had with Councillors before end of 2019. Reviews of Seddon Domain and Wither Hills RMP's also underway and new RMP for Waikawa Foreshore Reserve underway
<b>A connected network of walking and cycling paths and tracks that is accessible and visible and caters for a range of abilities.</b>				
An enhanced and/or extended walking and cycling paths and tracks network	New measure	Enhancements made to existing network and/or new additions to network		Actual score: achieved - on target. (Last year: New measure). Mix of new trails completed and upgrades undertaken
<b>Street trees provide an attractive streetscape and are well maintained.</b>				
Appropriately planted street trees on new urban roads and renewal of street trees on existing roads.	New measure	100%		Actual score: 100 % - on target. (Last year: New measure).
Number of street trees planted per year.	New measure	100		Actual score: 167 - on target. (Last year: New measure). 167 trees planted
Conditional assessment of each street tree undertaken once every two years (or sooner if necessary).	New measure	100%		Actual score: 100 % - on target. (Last year: New measure).
<b>Playgrounds are varied and stimulating and are safe and well maintained.</b>				
New playgrounds and renewals have incorporated shade (including natural shading) into the design.	New measure	75%		Actual score: 25 % - not achieved. (Last year: New measure).
Playground audits are undertaken and recommendations implemented.	New measure	100%		Actual score: 100 % - on target. (Last year: New measure).

## Levels of Service: Community Facilities

### Performance Targets

Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Cemeteries</b>				
<b>Provision of well-maintained cemeteries to provide accessible and appropriate sites for the interment needs of the community.</b>				
Cemeteries managed and developed in accordance with cemetery master plans.	New measure	Finalisation of master plans: Fairhall, Omaka, Havelock, Ward Tuamarina, Picton, Awatere,		Actual score: achieved - on target. (Last year: New measure).
Number of burial and ashes plots available.	650	650		Actual score: 3078 - on target. (Last year: 3431). This figure excludes plots available at Omaka Cemetery
<b>Public Toilets</b>				
<b>The Council's public toilets are well designed, accessible, clean and safe to use.</b>				
Initial response to requests for service actioned within allotted time.	New measure	100%		Actual score: 100 % - on target. (Last year: New measure).

<b>MDC: Funding Impact Statement for 2018-19 for Community Facilities Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	7,916	9,293	9,295
Targeted rates	-	-	-
Subsidies and grants for operating purposes	11	11	522
Fees and charges	150	142	252
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	752	971	753
<b>Total operating funding</b>	<b>8,829</b>	<b>10,417</b>	<b>10,822</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,596	6,284	7,362
Finance costs	1,628	859	828
Internal charges and overheads applied	772	2,038	2,077
Other operating funding applications	212	179	2,755
<b>Total applications of operating funding</b>	<b>8,208</b>	<b>9,360</b>	<b>13,022</b>
<b>Surplus (deficit) of operating funding</b>	<b>621</b>	<b>1,057</b>	<b>(2,200)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	0
Development and financial contributions	1,064	1,240	2,241
Increase (decrease) in debt	-	2,012	1,487
Gross proceeds from sale of assets	-	-	1
Lump sum contributions	-	-	131
<b>Total sources of capital funding</b>	<b>1,064</b>	<b>3,252</b>	<b>3,860</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	388	978	1,207
Capital expenditure to improve the level of service	468	1,930	1,729
Capital expenditure to replace existing assets	1,260	3,590	3,186
Increase (decrease) in reserves	(431)	(2,189)	(4,463)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>1,685</b>	<b>4,309</b>	<b>1,660</b>
<b>Surplus (deficit) of capital funding</b>	<b>(621)</b>	<b>(1,057)</b>	<b>2,200</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

**MDC: Funding Impact Statement for 2018-19 for  
Community Facilities Activity Group**

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	8,208	9,360	13,022
plus - Depreciation and amortisation	1,117	1,808	2,018
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	8
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	(1,150)
<b>Expenditure as per note 2.</b>	<b>9,325</b>	<b>11,168</b>	<b>13,898</b>
<b>Operating expenditure</b>			
Cemeteries	557	553	586
Memorials	100	125	135
Street berms, trees and plots	583	629	708
Halls	311	426	445
Public Toilets	909	1,143	1,118
Reserves	5,086	6,519	6,736
Swimming Pools	1,783	1,772	4,170
<b>Capital expenditure</b>			
Cemeteries	26	218	259
Memorials	82	58	-
Street berms, trees and plots	35	34	33
Halls	21	3,199	3,001
Public Toilets	394	530	130
Reserves	1,532	2,410	2,699
Swimming Pools	26	50	-

**Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Subsidies and grants for operating purposes – higher than LTP mostly due to grants received towards responsible camping and public conveniences upgrades together with donations for playground equipment.
- Fees and charges – higher than LTP due to a change in policy this year where reserved cemetery plots must be prepaid.
- Local authorities fuel tax, fines, infringement fees and other receipts – lower than LTP as the LTP FIS included \$228,000 of capex contributions while in Actuals those contributions are now reported under the Development and financial contributions line in the Sources of capital funding section.
- Payments to staff and suppliers - higher than LTP due to increased contract costs, materials and repairs and maintenance including trees and vandalism costs all more than anticipated. Also higher than expected servicing contracts for the many reserves, halls, cemeteries and public conveniences.
- Other operating funding applications higher than LTP and Reserves movements lower than LTP due to the 2017-18 carryover grants for the completion of the Marlborough Lines Stadium EQ strengthening from Reserves.
- Development and other financial contributions - higher than LTP due to increases subdivision activity and also as \$228,000 of contribution for capex which in the LTP was included under Local authorities fuel tax, fines, infringement fees and other receipts.
- Lump sum contributions - higher than LTP due to higher than anticipated reserve funds contributions from subdivisions.
- Debt and Capital expenditure - lower than LTP mainly due to delays in completion of the Seymour Square toilet facilities.

## Activity Group: Roads and Footpaths

*Operating costs of this Activity represent approximately 19.4% of total Activity expenditure.*

### Activities in this Group:

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



### Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy, People, Connectivity and Living. Council's 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 — bridges, footpaths, kerb and channelling, street lighting and car parks. Some wharves are also owned and maintained by Council. Recently there has been an increased emphasis on alternative modes such as walking and cycling, particularly the provision of high quality pedestrian facilities for an ageing population.

### Separate Roles

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

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

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

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

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

## **What we did in 2018-19**

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 2018-19:

- Completed the upgrading of structures on the Waihopai Valley Road to bring the route up to full HPMV (suitable for High Productivity Motor Vehicles).
- Replacement of Musgraves Bridge on the Waihopai Valley Road and Butterfly Bridge on the Waikakaho Road.
- Completion of 60.8 lane kilometres of chip sealing.
- 17,500 cubic metres of gravel spread on the unsealed network.
- 7.7 lane kilometres of pavement rehabilitated.
- 3851 square metres of footpath resurfaced.
- \$4.36 million worth of Emergency Works were completed. This was as a result of the Kaikoura Earthquake and Cyclones Fahey and Gita.
- Constructed 3.3km of seal widening on Waihopai Valley Road.



## Levels of Service: Roads and Footpaths

Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.7	6.5		Actual score: 6.3 - almost on target. (Last year: 6.5 - on target).
<b>Road Safety: Provide a safe transport infrastructure.</b>				
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.	1	-1		Actual score: 4 - not achieved. (Last year: reduced 6 - on target). Total number of fatal and serious crashes 11. 2017/18 year 7. 2016/17 year 13. Increase on last year but still below 16/17 year.
<b>Road condition: Provide a quality transport infrastructure.</b>				
Average quality of ride on a local road sealed network measured by Smooth Travel Exposure <sup>1</sup> and classified using ONRC hierarc				
Arterial	91%	90%		Actual score: 90% - on target. (Last year: New Measure).
Primary Collector	89%	88%		Actual score: 93% - on target. (Last year: New Measure).
Secondary Collector	92%	94%		Actual score: 96% - on target. (Last year: New Measure).
Access	89%	89%		Actual score: 94% - on target. (Last year: New Measure).
Low Volume	94%	92%		Actual score: 96% - on target. (Last year: New Measure).
85% average road roughness classified using ONCRC hierarchy				
Arterial	104.2	≤ 110		Actual score: 103 - on target. (Last year: New Measure).
Primary Collector	119.0	≤ 120		Actual score: 107.4 - on target. (Last year: New Measure).
Secondary Collector	124.0	≤ 125		Actual score: 120 - on target. (Last year: New Measure).
Access	135.0	≤ 140		Actual score: 132 - on target. (Last year: New Measure).
Low Volume	132.0	≤ 150		Actual score: 132 - on target. (Last year: New Measure).
NB: a newly sealed road has an average roughness of 50 – 70. A very rough gravel rough will have a roughness value higher th				
<b>Road maintenance: Provide a sustainable land transport infrastructure.</b>				
The percentage of sealed road network that is resurfaced annually. Average chipseal life is 13.5 years.	5.25%	> 5.5%		Actual score: 3.57% - not achieved. (Last year: 6.9% - on target). Large proportion of resurfacing budget was put into heavy maintenance on the Waihopai Valley Road. Following Logging through the winter.
<b>Footpaths: To provide footpaths that meet the needs of an ageing community.</b>				
% of footpaths that meets the Asset Management Plan rating of better than 4. where 1="Excellent" 2="Good" 3="Average" 4="Poor" 5="Very Poor"	94%	94.9%		Actual score: 95.3% - on target. (Last year: 95.3% - on target).
<b>Respond to services request.</b>				
% of customer services requests relating to roads and footpaths to which the territorial authority responds within 15 days.	87%	90%		Actual score: 98% - on target. (Last year: 80% - almost on target).

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 2018-19 for  
The Provision of Roads and Footpaths  
Activity Group**

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	10,431	10,036	10,102
Targeted rates	63	63	71
Subsidies and grants for operating purposes	5,095	4,304	6,619
Fees and charges	6	7	20
Internal charges and overheads recovered	-	-	23
Local authorities fuel tax, fines, infringement fees and other receipts	1,220	1,324	1,179
<b>Total operating funding</b>	<b>16,815</b>	<b>15,734</b>	<b>18,014</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	10,968	9,755	12,453
Finance costs	895	541	369
Internal charges and overheads applied	1,485	1,341	1,404
Other operating funding applications	-	25	59
<b>Total applications of operating funding</b>	<b>13,348</b>	<b>11,662</b>	<b>14,285</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,467</b>	<b>4,072</b>	<b>3,729</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	3,417	4,663	4,123
Development and financial contributions	253	645	1,203
Increase (decrease) in debt	1,405	992	147
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	2,098
<b>Total sources of capital funding</b>	<b>5,075</b>	<b>6,300</b>	<b>7,571</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	385	3,253	5,110
Capital expenditure to improve the level of service	2,604	2,555	2,181
Capital expenditure to replace existing assets	8,079	8,890	8,923
Increase (decrease) in reserves	(2,526)	(4,326)	(4,914)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>8,542</b>	<b>10,372</b>	<b>11,300</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,467)</b>	<b>(4,072)</b>	<b>(3,729)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>13,348</b>	<b>11,662</b>	<b>14,285</b>
plus - Depreciation and amortisation	9,141	9,548	9,861
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	68
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	(1,376)
<b>Expenditure as per note 2.</b>	<b>22,489</b>	<b>21,210</b>	<b>22,837</b>

**Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Subsidies and grants for operating purposes – higher than LTP due to higher than expected NZTA subsidies in response to emergency flood events.

- Local authorities fuel tax, fines, infringement fees and other receipts – lower than LTP as the LTP FIS included \$181,000 of capex contributions while in Actuals those contributions are now reported under Development and financial contributions line in the Sources of capital funding section.
- Payments to staff and suppliers – higher than expected emergency reinstatement due to several flood events. This expense is off-set by NZTA contribution as mentioned above.
- Finance costs, Debt and Subsidies and grants for capital expenditure - less than LTP due to lower capital contributions from NZTA as a consequence of lower capital works.
- Development and other financial contributions - higher than LTP due to increased subdivisions.
- Lump sum contributions - higher than LTP due to increased subdivisions.
- Capital expenditure - higher than anticipated external vested assets capitalised due to increased subdivision activity.

# Activity Group: Flood Protection and Control Works

*Operating costs of this Activity represents approximately 5.0% of total Activity expenditure.*

## Activities in this Group:

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



## Related Community Outcomes

This Activity Group contributes primarily to the Community Outcomes of Environment, People, Economy, Mobility and Living. Council's 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, predecessor authorities works activities, and from more recent assessments of flood risks as land uses change with development.

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

Further information on this Activity and the assets involved can be found in the 2018-28 LTP.

## What we did in 2018-19

The 2018-19 work programme included completing the remaining Kaikoura earthquake repairs being targeted dredging in the lower Ōpaoa River plus lining of two damaged stopbank drainage outfalls. In July 2018 there was one flood event of about 2000 cumecs in the Wairau River, otherwise over the rest of the year in the Wairau and key tributaries only minor freshes occurred. The July 2018 event however

exacerbated bank erosion at Upper Conders that will need to be addressed with new permanent protection works. The design of these works is underway and timing of construction will be reviewed as part of the 2020/21 Annual Plan update.

A full annual asset maintenance programme was again completed including watercourse and larger river fairway clearing, comprehensive drainage network maintenance, and rock repairs and strengthening at a number of sites on the Wairau River. We also continued the programme of refurbishing and proactive maintenance of rural and town stormwater pumps. The maintenance programme also included a one-off clearing of Walkers Creek near Wairau Valley township to reduce the frequency of surface flooding in the township as occurred in summer 2018.




Significant time and effort was again spent on managing gravel extraction in 2018-19, primarily on extraction in the Wairau River below the Waihopai river confluence and in the vicinity of Lodden Lane in the upper Wairau Valley.

Capital upgrades focussed on completing the lower Ōpaoa River stopbank upgrade at Park Terrace, construction of the first stage of major stormwater upgrades at Caseys Creek and continuing to progress the design and landowner consultation for the planned major Town Branch Drain upgrade. Preliminary design and initial landowner consultation progressed satisfactorily on this project. The proposed new Muller Road, Redwood Street, Town Branch Drain link pipe however did not proceed due to additional time required to obtain landowner access approval. It is now schedule for construction summer 2020.











Minor upgrades completed include access crossing upgrades in the Fell Street Drain at Grovetown following a subdivision approval, new inlet grill on the Ōpaoa Loop outlet culvert by Wadco trucks, and a similar new inlet screen on Marris Creek drain outfall near Selmes Road to reduce outlet blockage risks. Telemetry was also installed at the Abattoir pump station, a key Town Branch Drain outfall.

Investigations completed included good progress developing a comprehensive model of the Taylor/Lower Ōpaoa River floodway system, interim review of gravel bed levels at the Wairau River flow split downstream of State Highway 1 and modelling of Fultons Creek downstream of Murphys Road to ensure adequate hydraulic capacity to cope with current and future stormwater flows, and that the Pollard Park detention storage system will work as designed when outfall to the Taylor River is impeded by high flood levels in this river.

Work continued on the Wither Hills soil conservation included ongoing nassella tussock, Chilean needle grass and gorse/broom control, track maintenance and cleaning out of various sediment traps. We completed the new garage at the farm manager's house, and construction of a new implement shed at Redwood Street.

Levels of Service: Flood Protection and Control Works				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.0	7.0		Actual score: 7 - on target. (Last year: 6.8 - almost on target).
<b>Wairau River scheme - system and adequacy:</b>				
<b>These major flood protection and control works are maintained, repaired and renewed to the standards defined in Rivers and Drainage Asset Management Plan (AMP).</b>				
% of floodway and tributary network inspected annually for condition and maintenance requirements.	95%	95%		Actual score: 95% - on target. (Last year: 95% - on target). Normal
% of programmed maintenance and renewal works identified in the Rivers Asset Management Plan (AMP) practically <sup>1</sup> completed.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target). Full maintenance programme completed plus final earthquake damage repairs

## Levels of Service: Flood Protection and Control Works

Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
% of capital improvement works in the AMP achieved.	80%	80%		Actual score: 35% - not achieved. (Last year: 30% - not achieved). Park Terrace stopbank upgrade, Caseys Creek stage 1 and Wairau River edge upgrade works completed. Lower Wairau stopbanks, Lower Tuamarina, Omaka below Hawkesbury, Wither Hills Soil Conservation, Blenheim pump station upgrades capital improvement projects have been delayed.
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: completed within 2 months post event - on target). No flood events requiring reporting to Committee in 2018/19
<b>Wairau Plains:</b>				
<b>Effective drainage provided to the lower Wairau plains.</b>				
% of drain network inspected at least annually for condition and maintenance requirements.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target). Twice yearly inspections completed.
% of drains weed sprayed each year.	90%	90%		Actual score: 95% - on target. (Last year: 80% - almost on target). Normal spray maintenance
% of drains mechanically cleared each year.	4%	4%		Actual score: 6.9% - on target. (Last year: 5.2% - almost on target). Comprehensive schedule of excavations completed.
<b>Picton Floodways:</b>				
% of floodway network inspected annually for condition and maintenance requirements.	100%	100%		Actual score: 100% (Last year: 100% on target). Annual plus pre flood inspections completed
% of programmed maintenance and renewal works identified in the AMP practically <sup>1</sup> completed.	100%	100%		Actual score: 100% (Last year: 100% on target). Normal maintenance
<b>Blenheim Urban:</b>				
<b>Upgrade and maintain key Blenheim stormwater outfalls<sup>2</sup>.</b>				
% of programmed maintenance and renewal works identified in the AMP practically <sup>1</sup> completed.	100%	100%		Actual score: 100% (Last year: 100% on target). Normal maintenance programme completed
% of capital improvement works in the AMP achieved.	80%	80%		Actual score: 100% (Last year: 50% - not achieved). Town Branch drain improvement design satisfactorily progressed
<b>Sound flood hazard advice provided.</b>				
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). No incorrect advice issues notified

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

<sup>2</sup> 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.

<b>MDC: Funding Impact Statement for 2018-19 for Flood Protection and Control Works Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	286	290	290
Targeted rates	3,972	4,020	4,029
Subsidies and grants for operating purposes	-	-	-
Fees and charges	636	585	946
Internal charges and overheads recovered	210	205	294
Local authorities fuel tax, fines, infringement fees and other receipts	2,590	2,677	2,850
<b>Total operating funding</b>	<b>7,694</b>	<b>7,777</b>	<b>8,409</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,217	3,342	3,935
Finance costs	149	119	90
Internal charges and overheads applied	1,760	1,752	1,950
Other operating funding applications	33	36	25
<b>Total applications of operating funding</b>	<b>5,159</b>	<b>5,249</b>	<b>6,000</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,535</b>	<b>2,528</b>	<b>2,409</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	210	822	(64)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	182
<b>Total sources of capital funding</b>	<b>210</b>	<b>822</b>	<b>118</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	600	334
Capital expenditure to improve the level of service	504	950	599
Capital expenditure to replace existing assets	1,003	1,492	819
Increase (decrease) in reserves	1,238	308	775
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>2,745</b>	<b>3,350</b>	<b>2,527</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,535)</b>	<b>(2,528)</b>	<b>(2,409)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



<b>MDC: Funding Impact Statement for 2018-19 for Flood Protection and Control Works Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	5,159	5,249	6,000
plus - Depreciation and amortisation	198	184	189
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	-
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	(210)	(205)	(294)
<b>Expenditure as per note 2.</b>	<b>5,147</b>	<b>5,228</b>	<b>5,895</b>
<b>Operating expenditure</b>			
River Leases	237	293	287
Rivers Outside Wairau Floodplain	264	260	301
Wairau Floodplain Drainage	932	1,000	1,187
Wairau Floodplain Rivers	3,714	3,674	4,120
<b>Capital expenditure</b>			
Rivers Outside Wairau Floodplain	21	20	-
Wairau Floodplain Drainage	295	650	426
Wairau Floodplain Rivers	1,189	2,372	1,326

#### **Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Fees and charges - above LTP due to higher than expected gravel extraction and log sales from flood land originally planted for soil erosion purposes.
- Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due to property rental receipts being higher than anticipated.
- Payments to staff and suppliers - higher than LTP due to earthquake damage reinstatement mainly the dredging of Ōpoao River, rock protection works, increased contracts and repairs including drain spraying, pump and pump station maintenance in the drainage network.
- Internal charges and overheads applied – higher than LTP as overheads were higher than anticipated.
- Debt and Capital expenditure - lower than LTP due to delays in the completion of Rock and Gabion protection works in the Wairau River, the new Bomford Street pump station and drainage extension works. Those delays are reflected as an upward movement in Reserves.

# Activity Group: Sewerage Including Treatment and Disposal

*Operating costs of this Activity represents approximately 10.8% of total Activity expenditure.*

## Activities in this Group

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



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 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; and
- industrial and residential development.

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

## What we did in 2018-19

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. This contract is to be tendered before the end of the year.

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. Phase 1 of this project was substantially completed throughout the year, with 2.5 km out of 20 km of earthenware sewer mains and associated property connections being rehabilitated. It is anticipated this work will progress over the next ten years.

Investigation is on-going 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.

The Picton Sewer Mains upgrades project with mains from Dublin Street to Beach Road is now complete. The Dublin Street, Fisherman's Reserve (in Waikawa Road), Surrey Street and Beach Road pump stations have all been upgraded or replaced.

New sewer screens and flow metering have been installed at the Spring Creek wastewater transfer ponds.

## Levels of Service: Sewerage Including Treatment and Disposal

Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Customer satisfaction:</b>				
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.8	7.8		Actual score: 8 - on target. (Last year: 7.9 - almost 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.	8.3	8.0		Actual score: 7.9 - on target. (Last year: 7.7 - almost on target).
<b>System and Adequacy:</b>				
<b>Provide a level of service quality that minimises environmental risks.</b>				
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	0.40	0.40		Actual score: 0.12 - on target. (Last year: 0.35 - almost on target).
<b>Discharge compliance:</b>				
<b>Provide a reliable wastewater service with adequate system capacity and performance.</b>				
Number of wet weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	1.1	1.1		Actual score: 0.42 - on target. (Last year: 0.89 - almost on target).
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).
<b>Fault response times:</b>				
<b>Provide a service that is timely and responsive to customer needs.</b>				
Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's				
(a) attendance time (in hours): from the time that the territorial authority receives notification to the time that service personnel reach the site, and	0.6	0.6		Actual score: 0.5 hours - on target. (Last year: 0.37 hours - on target). The median response time was 30 minutes due to travel time.
(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.	1.7	1.7		Actual score: 8.5 hours - not achieved. (Last year: 1.53 hours - on target). The median resolution time was 8.5 hours due to time taken for heavy rainfall to recede.

<b>MDC: Funding Impact Statement for 2018-19 for Sewerage Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	9,473	8,014	8,045
Subsidies and grants for operating purposes	-	-	-
Fees and charges	65	62	344
Internal charges and overheads recovered	-	-	0
Local authorities fuel tax, fines, infringement fees and other receipts	2,213	2,921	1,961
<b>Total operating funding</b>	<b>11,751</b>	<b>10,997</b>	<b>10,350</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,920	3,171	2,720
Finance costs	4,167	2,125	2,256
Internal charges and overheads applied	1,996	2,625	2,852
Other operating funding applications	-	-	1
<b>Total applications of operating funding</b>	<b>9,083</b>	<b>7,921</b>	<b>7,829</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,668</b>	<b>3,076</b>	<b>2,521</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	496	570	1,454
Increase (decrease) in debt	1,142	4,877	476
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	811
<b>Total sources of capital funding</b>	<b>1,638</b>	<b>5,447</b>	<b>2,741</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	1,937	5,404	2,955
Capital expenditure to improve the level of service	2,233	5,665	1,991
Capital expenditure to replace existing assets	548	6,151	2,719
Increase (decrease) in reserves	(412)	(8,697)	(2,403)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>4,306</b>	<b>8,523</b>	<b>5,262</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,668)</b>	<b>(3,076)</b>	<b>(2,521)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>MDC: Funding Impact Statement for 2018-19 for Sewerage Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	9,083	7,921	7,829
plus - Depreciation and amortisation	3,994	3,380	3,391
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	2,222
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	(788)
<b>Expenditure as per note 2.</b>	<b>13,077</b>	<b>11,301</b>	<b>12,654</b>
<b>Operating expenditure</b>			
Combined Sewerage	10,986	9,260	10,754
Riverlands Sewerage	2,090	2,041	1,900
<b>Capital expenditure</b>			
Combined Sewerage	4,840	14,475	7,591
Riverlands Sewerage	5	2,865	74

#### **Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Fees and charges – higher than LTP due to additional liquid waste fees charged for disposal directly to the Hardings Road sewer ponds.
- Local authorities fuel tax, fines, infringement fees and other receipts - lower than LTP due to less than anticipated trade waste revenue as a consequence of a short vintage season.
- Payments to staff and suppliers – less than LTP due to lower reticulation maintenance and treatment costs.
- Finance costs - higher than LTP due to opening balance of debt in actuals being higher than budget.
- Development and financial contributions - higher than LTP due to increased subdivisions.
- Lump sum contributions - higher than LTP due to increased subdivisions.
- Debt and Capital expenditure - lower than LTP due to delays in the completion of Blenheim and Picton sewer projects. Those delays are reflected as an upward movement in Reserves.

# Activity Group: Stormwater Drainage

*Operating costs of this Activity represents approximately 1.5% of total Activity expenditure.*

## Activities in this Group:

This Activity Group comprises a single Activity: Stormwater Drainage.



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and People. Council's 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; and
- reducing erosion.

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

## What we did in 2018-19

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 stakeholder 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 stakeholders. A resource consent application is to be lodged before the end of this year.

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 construction to take place over the summer 2019/20. Design of stage two of the open drains upgrading at the east end of the Town Branch Drain including the Riverlands pump station is underway.







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

Investigation and design is on-going for the upgrade and renewal of stormwater pipe and drains in Hampden Street, Picton and Lakings Road, Muller Road, Howick Road, Redwood to Scott Street, Blenheim.

New piping installed in Hampden Street, Picton replacing an open drain which had subsided during the 2016 earthquakes.

A 70 metre length of 760 mm diameter stormwater main through the High Street carpark was relined utilising no-dig technology. This created method of construction created very little impact to users of the carpark and nearby business premises. This main is up to 4.0 metres deep; conventional excavation methods would have created significant disruption to the community.



Levels of Service: Stormwater Drainage				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Customer satisfaction:</b> <b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
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: 6.7 - 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: 1 - on target. (Last year: 2.27 - almost on target).
<b>System adequacy:</b> <b>Provide a reliable stormwater service.</b>				
The number of flooding events that occur in a territorial authority district.	Actual number to be reported	Actual number to be reported		Actual score: 0 - on target. (Last year: 0). No flooding events have occurred.
For each flooding event, the number of habitable floors affected, expressed per 1000 properties connected to the territorial authority's stormwater system.	3	2.8		Actual score: 0 - on target. (Last year: No flooding events). No flooding events have occurred.
<b>Discharge compliance:</b> <b>Minimise the environmental risks of stormwater discharge.</b>				
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).
<b>Response times:</b> <b>Provide a service that is timely and responsive to current needs.</b>				
The median response time (in hours) to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.  (* The statistical median is the time in which half of calls are responded to in less time and half in longer time)	1 hour	1 hour		Actual score: 0 hours - on target. (Last year: 0.7 hours - on target). No flooding events occurred in which a response was required.

<b>MDC: Funding Impact Statement for 2018-19 for Stormwater Drainage Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,950	2,006	2,006
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	54	51	87
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	176	153	153
<b>Total operating funding</b>	<b>2,180</b>	<b>2,210</b>	<b>2,246</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	262	317	131
Finance costs	20	14	14
Internal charges and overheads applied	757	429	469
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>1,039</b>	<b>760</b>	<b>614</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,141</b>	<b>1,450</b>	<b>1,632</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	26	25	108
Increase (decrease) in debt	-	(28)	(28)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	944
<b>Total sources of capital funding</b>	<b>26</b>	<b>(3)</b>	<b>1,024</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	54	51	1,607
Capital expenditure to improve the level of service	21	280	104
Capital expenditure to replace existing assets	91	769	162
Increase (decrease) in reserves	1,001	347	783
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>1,167</b>	<b>1,447</b>	<b>2,656</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,141)</b>	<b>(1,450)</b>	<b>(1,632)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## MDC: Funding Impact Statement for 2018-19 for Stormwater Drainage Activity Group

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	1,039	760	614
plus - Depreciation and amortisation	1,501	1,454	1,498
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	231
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	(630)
<b>Expenditure as per note 2.</b>	2,540	2,214	1,713
<b>Operating expenditure</b>			
Blenheim Stormwater	1,884	1,603	1,051
Other Stormwater Schemes	655	611	662
<b>Capital expenditure</b>			
Blenheim Stormwater	321	1,050	1,784
Other Stormwater Schemes	55	50	89

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Payments to staff and suppliers – less than LTP due to lower reticulation mains and open drain maintenance.
- Lump sum contributions - higher than LTP due to increased subdivisions.
- Capital expenditure - higher than anticipated external vested assets capitalised due to increased subdivision activity.

## Activity Group: Water Supply

*Operating costs of this Activity represents approximately 8.1% of total Activity expenditure.*

### Activities in this Group:

This Activity Group comprises a single Activity: Water Supply.



### Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Environment, Economy and Living. Council's 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 2018-19

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

The Seddon Water Treatment Plant was completed and commissioned in December 2018 at project costs of \$3,464,700 along with associated water mains upgrades in Seddon of \$364,000. The plant is providing water to the standards required by the Health Act and the Drinking Water Standards for NZ (2008).

The Drinking Water Standards for NZ 2005 (Revised 2018) now require routine monitoring of water supplies for total coliforms and E.coli using the enumeration (MPN) method of analysis. This requirement came into effect in March 2019. Council has been using these methods of analysis since March 2018 as a result of the Havelock North water contamination enquiry findings and in anticipation of these recommendations becoming mandatory. These methods replaced the presence/absence testing to E.coli previously being used.

The Upton Downs booster pump station in Marama Road (Awatere water supply) has been refurbished with new pumps and electrical upgrades.

Water mains installations & renewals have been completed as follows:

- Extension of bulk supply mains in Wither Road to Aerodrome Roads to improve levels of service to the Omaka Landing subdivision.
- Water mains upgrades in Timandra Place and Weld St, Blenheim.
- New linking main in Kowhai Drive walkway, Renwick.
- Asbestos Cement water main replacement in Kowhai Drive, Renwick.
- Additional water mains in Beach Road, Picton.
- 700m of water main renewal in Seaview Road, Awatere.
- 750 m of water main renewal in Awatere Valley Road, Awatere.

Reservoir Upgrades:

- Earthquake strengthening completed for the Wither Hills reservoir, Blenheim - \$2,033,290.
- Upgrading of the Elevation Reservoir for Picton - \$175,292.

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. Installation of these commenced May 2019 and will be complete by May 2020. Charging for water used will commence in July 2021. This will provide residents time to assess their consumption and cost implications.

Water Treatment Investigation & design updates:

Renwick:

The existing supply doesn't comply with the drinking water standards for New Zealand. It is proposed to use

bores in Conders Bend Road for which resource consent to take water has been granted and construct a new water treatment plant.

An assessment has been made of suitable treatment options. Membrane filtration has been selected for with bacterial compliance to utilise either chlorine or UV. Detailed design has started.

A new 1530 m<sup>3</sup> reservoir for treated water is under construction and due for completion mid-2020.

Havelock:

The existing supply doesn't comply with the drinking water standards for New Zealand.

A preliminary assessment of treatment options recommends cartridge filtration and UV disinfection.

Work is ongoing to find a suitable site for a new water treatment plant.

Wairau Valley Township:

The existing supply doesn't comply with the drinking water standards for New Zealand.

Work is ongoing to identify the most efficient treatment option and the site requirements.
















A new water treatment plant is budgeted in 2020/21.

Riverlands Industrial Estates:

Investigations continue 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	2018-19 Target	How did we do?	Comments
<b>Customer satisfaction:</b>				
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.2	8.2		Actual score: 8 - almost on target. (Last year: 8.2 - on target).
The total number of complaints received by the local authority about any of the following, expressed per 1000 connections to the				
(a) drinking water clarity	1.30	1.30		Actual score: 1.39 - almost on target. (Last year: 0.64 - on target).
(b) drinking water taste	1.90	1.90		Actual score: 0.21 - on target. (Last year: 0.11 - on target).
(c) drinking water odour	0.65	0.65		Actual score: 0.32 - on target. (Last year: 0.17 - on target).
(d) drinking water pressure or flow	1.90	1.90		Actual score: 1.81 - on target. (Last year: 1.22 - on target).
(e) continuity of supply, and	1.30	1.30		Actual score: 1.17 - on target. (Last year: 1.05 - 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).
<b>Safety of drinking water:</b>				
<b>Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.</b>				
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	Yes		Actual score: On target. (Last year: Almost on target).
Picton	Yes	Yes		Actual score: On target. (Last year: on target).
Havelock	Yes	Yes		Actual score: On target. (Last year: on target).
Renwick	Yes	Yes		Actual score: On target. (Last year: on target).
Riverlands	Yes	Yes		Actual score: On target. (Last year: on target).
Awatere	No	No		Actual score: On target. (Last year: on target).
Wairau Valley	No	No		Actual score: On target. (Last year: on target).

## Levels of Service: Water Supply

Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>(b) Part 5 of the drinking-water standards (protozoal compliance criteria).</b>				
Blenheim	Yes	Yes		Actual score: On target. (Last year: Almost on target).
Picton	No	No		Actual score: On target. (Last year: On target).
Havelock	No	No		Actual score: On target. (Last year: On target).
Renwick	No	No		Actual score: On target. (Last year: On target).
Riverlands	No	No		Actual score: On target. (Last year: On target).
Awatere	No	No		Actual score: On target. (Last year: On target).
Wairau Valley	No	No		Actual score: On target. (Last year: On target).
<b>Maintenance of the reticulation network.</b>				
The percentage of real water loss from the local authority's networked reticulation system <sup>2</sup> .				
• Blenheim	≤44%	≤ 37%		Actual score: 41% - almost on target. (Last year: 44% - on target).
• Picton	≤48%	≤ 32%		Actual score: 30% - on target. (Last year: 29% - on target).
• Havelock	≤51%	≤ 49%		Actual score: 50% - almost on target. (Last year: 47% - on target).
• Renwick	≤50%	≤ 35%		Actual score: 50% - not achieved. (Last year: 48% - on target). Currently lack of water meters makes it hard to measure additional water usage due to irrigation during the summer months. This additional useage may have been assumed to be leakage.
• Awatere	≤28%	≤ 15%		Actual score: 5% - on target. (Last year: 23% - on target).
• Wairau Valley	≤42%	≤ 15%		Actual score: 22% - not achieved. (Last year: 8% - on target). Currently lack of water meters makes it hard to measure additional water usage due to irrigation during the summer months. This additional useage may have been assumed to be leakage.
<b>Fault response times:</b>				
<b>Provide a service that is timely and responsive to customer needs.</b>				
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following				
(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: 28 minutes - on target. (Last year: 10.5 minutes - on target).
(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: 3.5 hours - almost on target. (Last year: 2.26 hours - on target).

## Levels of Service: Water Supply

### Performance Targets

Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
(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: 19.67 hours - not achieved. (Last year: 1.58 hours - on target). The median response of 2 days and 3 hours to response to a non-urgent call meets contractual requirements. The response and resolution time targets for non-urgent faults and interruptions will be revised in the 2019-2020 year.
(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: 15 hours - almost on target. (Last year: 7.96 hours - almost on target).
<b>Demand management:</b>				
<b>Provide a reliable water supply service.</b>				
The average consumption of drinking water per day per resident within the territorial authority district (in litres).	800 litres	780 litres		Actual score: 1064 - not achieved. (Last year: 770 - on target). Currently lack of water meters makes it hard to measure additional water usage due to irrigation during the summer months, but it was a very dry summer. This additional usage has been applied across all users and therefore increased consumption figures.

<sup>1</sup> Assumes 15,591 connections. Estimated in accordance with DIA recommended option 2. Minimum Night Flow Analysis. Riverlands not included as industrial night consumption volumes not available.

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



**MDC: Funding Impact Statement for 2018-19 for  
Water Supply Activity Group**

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,621	8,216	8,092
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,095	143	380
Internal charges and overheads recovered	-	-	786
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	4
<b>Total operating funding</b>	<b>9,716</b>	<b>8,359</b>	<b>9,262</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,725	2,735	2,959
Finance costs	1,763	1,146	1,122
Internal charges and overheads applied	1,712	1,629	2,547
Other operating funding applications	-	39	31
<b>Total applications of operating funding</b>	<b>6,200</b>	<b>5,549</b>	<b>6,659</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,516</b>	<b>2,810</b>	<b>2,603</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	246
Development and financial contributions	300	285	806
Increase (decrease) in debt	3,141	1,981	(772)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	493
<b>Total sources of capital funding</b>	<b>3,441</b>	<b>2,266</b>	<b>773</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	365	1,875	2,100
Capital expenditure to improve the level of service	5,023	5,811	3,788
Capital expenditure to replace existing assets	1,198	1,796	996
Increase (decrease) in reserves	371	(4,406)	(3,507)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>6,957</b>	<b>5,076</b>	<b>3,376</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,516)</b>	<b>(2,810)</b>	<b>(2,603)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## MDC: Funding Impact Statement for 2018-19 for Water Supply Activity Group

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	6,200	5,549	6,659
plus - Depreciation and amortisation	3,265	3,306	3,297
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	893
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	(1,320)
<b>Expenditure as per note 2.</b>	<b>9,465</b>	<b>8,855</b>	<b>9,529</b>
<b>Operating expenditure</b>			
Combined Water	7,940	7,812	8,325
Awatere Rural Water	1,101	731	808
Riverlands Water	425	312	396
<b>Capital expenditure</b>			
Awatere Water	2,354	142	617
Combined Water	4,325	9,186	6,217
Riverlands Water	114	154	49

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Targeted rates – lower than LTP due to lower than anticipated revenue from water meter charges.
- Fees and charges – higher than LTP due to greater than expected backflow prevention and connection charges.
- Payments to staff and suppliers - higher than LTP due to increased blackflow prevention costs (some off-set by revenue received) and higher reticulation connections and toby maintenance costs.
- Internal charges and overheads recovered and applied – higher than LTP due to internal transfers for Awatere water reallocations to split Seddon township costs from the Awatere rural area.
- 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 - higher than LTP due to increased subdivisions.
- Lump sum contributions - higher than LTP due to increased subdivisions.
- Debt and Capital expenditure - lower than LTP due to delays in the completion of the Renwick reservoir and pipelines renewals as well as Southern Valleys pump station upgrades. Those delays are reflected as an upward movement in Reserves.

# Activity Group: Solid Waste Management

Operating costs of this Activity represent approximately 9.6% of total Activity expenditure.

## Activities in this Group:

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



## Related Community Outcomes

This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 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 this Activity is contained in the 2018-28 LTP.

## What we did in 2018-19

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 8,470 kilograms of recycling and 15,277 kilograms of litter.
- Processed 21,178 cubic metres of greenwaste at the Blenheim site.
- Recycled 1,193 items of e-waste.
- Served 35,107 customers at the reuse shops.
- Recovered 562,684 kilograms of recycling through the rural community recycling service.
- Collected 1,668 tonnes of recycling from the kerbside collection routes in Blenheim and Picton.
- Participated in the TA Forum steering committee, container deposit working group, and product stewardship working group.
- Participated in working groups associated with responses to China's National Sword policy and its impacts on recycling exports.
- Completed the Marlborough Litter Project.
- Completed a capping contract at Bluegums landfill in areas where the waste has reached final level.

## Levels of Service: Solid Waste Management

Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6		Actual score: 6.9 - almost on target. (Last year: 7.4 - almost on target). Blenheim TS facility was disrupted post fire.
<b>Reduce the amount of waste sent to the landfill.</b>				
% growth in diverted material throughput at the Resource Recovery Centre (RRC).	5,000 tonnes	2.5% growth from 2017-18		Actual score: 5,004 tonnes - almost on target. (Last year: 5,381 - on target). Plastic volumes reduced as a result of increased public awareness
% growth in sales at the Reuse Shop .	\$225K (inc GST)	2.5% growth from 2017-18		Actual score: \$259,365 - on target. (Last year: \$128,284 - not achieved). Revenue and site user numbers remain consistent.
% growth in tonnage diversion from the Waste Sorting Centre (WSC).	3,000 tonnes	2.5% growth from 2017-18		Actual score: 2103 (Last year: 4,130 tonnes - not achieved). This site was out of operation from January 2019 due to a fire.
% growth in greenwaste material throughput at the Greenwaste Acceptance Facility (GAF).	16,500 m <sup>3</sup>	2.5% growth from 2017-18		Actual score: 21,178m <sup>3</sup> - on target. (Last year: 18,251m <sup>3</sup> - on target). Greenwaste volumes continue to grow steadily - related to weather patterns / climate change.
<b>Effective operation of waste management and minimisation services.</b>				
Number of resident's complaints in regards to Bluegums Landfill operations.	12	< 12		Actual score: 12 - almost on target. (Last year: 7 - on target). Site experiencing odour issues related to incoming waste and operating in stage 7. Remedial measures in place to mitigate this situation.
% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	13,200 households	<1% of 2017-18		Actual score: 0.01% - on target. (Last year: 0.67% - on target). Service issues now recorded in CRM via the call centre staff and emailed direct to the contractor.
Number of resident's complaints in regards to the greenwaste acceptance facility operation.	12	< 12		Actual score: 2 - on target. (Last year: 2 - on target). Service issues now recorded in CRM via the call centre staff and emailed direct to the contractor.
Number of resident's complaints in regards to the transfer stations, waste sorting centre, reuse centre, resource centre, ewaste facility, rural community recycling, coin skips and salvage yard.	36	< 36		Actual score: 41 - almost on target. (Last year: 16 - on target). Service requests to empty rural community recycling containers are included in these statistics as these are now routed through the call centre. These sites have increased from 7 to 11 during 2018-19.

**MDC: Funding Impact Statement for 2018-19 for  
Solid Waste Management Activity Group**

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,362	1,530	1,530
Targeted rates	1,433	1,435	1,481
Subsidies and grants for operating purposes	142	185	244
Fees and charges	5,167	7,072	8,454
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	127	315	1,887
<b>Total operating funding</b>	<b>8,231</b>	<b>10,537</b>	<b>13,596</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,146	7,165	7,607
Finance costs	478	378	413
Internal charges and overheads applied	1,024	1,170	1,270
Other operating funding applications	334	495	608
<b>Total applications of operating funding</b>	<b>6,982</b>	<b>9,208</b>	<b>9,898</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,249</b>	<b>1,329</b>	<b>3,698</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(399)	(561)
Gross proceeds from sale of assets	-	-	300
Lump sum contributions	-	-	11
<b>Total sources of capital funding</b>	<b>-</b>	<b>(399)</b>	<b>(250)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	142	97
Capital expenditure to replace existing assets	11	215	442
Increase (decrease) in reserves	1,238	573	2,909
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>1,249</b>	<b>930</b>	<b>3,448</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,249)</b>	<b>(1,329)</b>	<b>(3,698)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>MDC: Funding Impact Statement for 2018-19 for Solid Waste Management Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	6,982	9,208	9,898
plus - Depreciation and amortisation	1,209	758	723
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	676
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	-
<b>Expenditure as per note 2.</b>	<b>8,191</b>	<b>9,966</b>	<b>11,296</b>
<b>Operating expenditure</b>			
Landfills	3,503	4,017	4,263
Refuse Collections	1,612	1,670	1,704
Transfer Stations	1,862	2,893	3,703
Waste Minimisation	1,213	1,387	1,626
<b>Capital expenditure</b>			
Landfills	11	275	437
Transfer Stations	-	-	5
Waste Minimisation	-	82	97

#### **Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Fees and charges – higher than LTP due to increased revenue from dump fees because of increased volumes from aquaculture (mussel shells) where other commercial sites have been closed.
- Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due to insurance proceeds received for the Blenheim transfer station assets affected by a fire earlier in the year.
- Payments to staff and suppliers - above LTP due to increased contract costs and levy payments as a consequence of higher waste tonnage and minor works to the landfill site.
- Other operating funding applications - higher than LTP as the increased waste tonnage resulted in increased levies paid to the Ministry of the Environment. Debt – less than LTP due to opening balance of debt in actuals being lower than budget.
- Capital expenditure - more than LTP due to higher than budgeted renewals work to the Regional Landfill.
- Gross proceeds from sale of assets – higher than LTP due to surrendered carbon credit units.
- Reserves movement – higher than LTP mainly due to increased revenue from dump fees being transferred to the Solid Waste Management reserve.

# Activity Group: Environmental Management

Operating costs for this Group of Activities represent approximately 9.0% of total Group expenditure.

## Activities in this Group:

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



## Related Community Outcomes

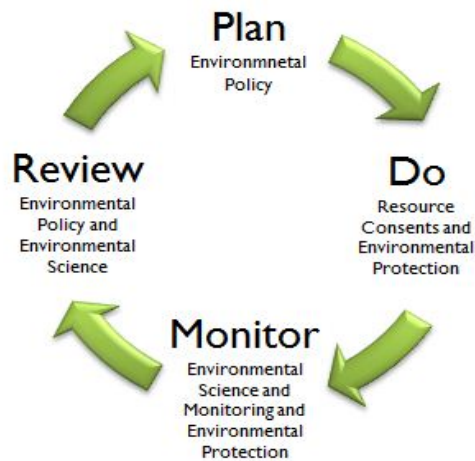
This Activity Group contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living. Council's 2018-28 Long Term Plan provides more information on how this Activity contributes to each outcome.

## What is this Activity Group About?

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

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





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

<b>MDC: Funding Impact Statement for 2018-19 for Environmental Management Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	6,401	6,670	6,671
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	23
Fees and charges	1,577	2,272	2,078
Internal charges and overheads recovered	88	88	257
Local authorities fuel tax, fines, infringement fees and other receipts	579	511	805
<b>Total operating funding</b>	<b>8,645</b>	<b>9,541</b>	<b>9,834</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,151	7,250	7,741
Finance costs	20	21	22
Internal charges and overheads applied	2,361	2,437	2,683
Other operating funding applications	-	1	49
<b>Total applications of operating funding</b>	<b>8,532</b>	<b>9,709</b>	<b>10,495</b>
<b>Surplus (deficit) of operating funding</b>	<b>113</b>	<b>(168)</b>	<b>(661)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(13)	(14)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>(13)</b>	<b>(14)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	3	3	-
Capital expenditure to replace existing assets	158	150	178
Increase (decrease) in reserves	(47)	(334)	(853)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>113</b>	<b>(181)</b>	<b>(675)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(113)</b>	<b>168</b>	<b>661</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>8,532</b>	<b>9,709</b>	<b>10,495</b>
plus - Depreciation and amortisation	177	241	351
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	2
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	(88)	(88)	(257)
<b>Expenditure as per note 2.</b>	<b>8,621</b>	<b>9,862</b>	<b>10,591</b>

#### Explanation of Variances

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

## Activity: Environmental Policy

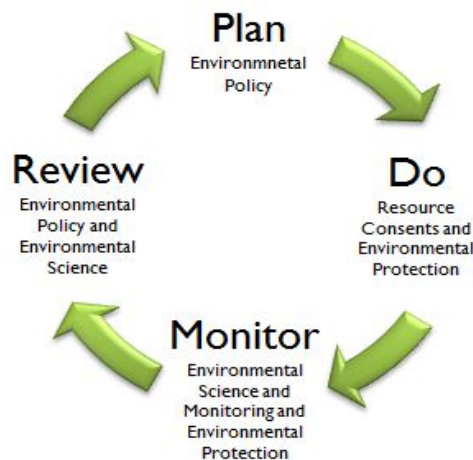
*Operating costs of this Activity represent approximately 1.8% of total Activity expenditure.*

### 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?

This Activity is the first of the cycle of Activities that play an integral role in a wider system of environmental management. This system can be described as the Plan-Do-Monitor Review cycle as described in the rationale for the delivery of the Environmental Management Group of Activities.



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.

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

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

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

### What we did in 2018-19



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 1,322 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 was delegated to an appointed hearings panel. The Hearings Panel comprises three councillors and three independent commissioners.

The hearings, which commenced in November 2017, have been occurring regularly over the course of the year. By April 2019, submissions on all 23 topics had been heard. The Hearings Panel sat for 54 days and 180 submitters presented evidence at hearings over the course of the 18 month process. Three hundred and eighty six discrete presentations were made by submitters to the Hearings Panel. Further 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 main task for the Environmental Policy Group in the 2018-19 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 Council recommenced the review of the operative marine farming provisions. When the MEP was publicly notified, Council decided to withdraw the marine farming provisions on the basis that they did not give effect to Policy 8 of the NZ Coastal Policy Statement (NZCPS). This process has involved Council appointing an Aquaculture Review Working Group. The Group, consisting of representatives of the marine farming industry, Marlborough Sounds community, DoC, MPI and Council, completed its process in June 2019. Recommendations for allocating coastal space and managing the effects of marine farming have been subsequently provided to the Council. Council intends to use these recommendations as a basis for preparing a Variation to the MEP in the 2019-20 year.

Levels of Service: Environmental Policy				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>A second generation resource management framework for Marlborough.</b>				
Decisions on the MEP publicly notified.	N/A	30-Jun-18		Actual score: - not achieved. (Last year: Not achieved). The hearings for the MEP were completed in April 2019. The MEP Panel is now in the process of completing its deliberations in order to publicly notify its decision.
A variation to the MEP providing for and managing the effects of marine farming activity is publicly notified.	N/A	31-Dec-18		Actual score: - not achieved. (Last year: Not achieved). The Marlborough Aquaculture Review Working Group completed its process of review in the financial year. The recommendations of the Group were reported to the Council on 25 July 2019.

## MDC: Funding Impact Statement for 2018-19 for Environmental Policy

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,326	1,271	1,271
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	16
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	120	97	97
<b>Total operating funding</b>	1,446	1,368	1,384
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,077	1,435	1,828
Finance costs	-	-	-
Internal charges and overheads applied	309	273	295
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	1,386	1,708	2,123
<b>Surplus (deficit) of operating funding</b>	60	(340)	(739)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
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	(340)	(739)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	60	(340)	(739)
<b>Surplus (deficit) of capital funding</b>	(60)	340	739
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	1,386	1,708	2,123
plus - Depreciation and amortisation	60	-	-
<b>Expenditure as per note 2.</b>	1,446	1,708	2,123

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Payments to staff and suppliers - higher than LTP due to increased consultancy, contracts, travel, accommodation and meeting costs to assist with the work undertaken for the Marlborough Environmental Plan. Those increases are reflected as a downward movement in Reserves.

# Activity: Environmental Science and Monitoring

*Operating costs of this Activity represent approximately 3.6% 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 this Activity is contained in the 2018-28 LTP.

## What we did in 2018-19

### State of the Environment Monitoring

The Council released State of the Environment Reports for the following domains: 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. These reports can all be viewed on <https://www.marlborough.govt.nz/environment/state-of-the-environment-reporting>

### 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. Monthly 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 10 coastal beaches and seven river sites were sampled weekly from the beginning of 2018 until the end of March 2019. Samples were analysed for E.coli for river samples and, 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 Riverside 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.

Council also completed a water quality characterisation study for the Linkwater Area to determine the cause of water quality degradation and to better understand the cause and help support land users future improvements.

### Land

The Taylor River catchment Improvement project is set to reduce the effects of diffuse pollution and sedimentation effects along with discharges from Blenheim's urban sewerage and stormwater infrastructure. The programme has completed 8574 m<sup>2</sup> of riparian planting in the past year planting 7060 plants. In addition

to the planted area 1200metres of fencing has been erected to exclude stock from the waterway and, a potential 40,000 m<sup>2</sup> is now available for future planting in 2019/20.

Council has \$1.2M of Hill Country Erosion funding from MPI approved for the next four years to help build capacity and capability in protecting sensitive erosion prone soils. Council is developing a catchment care programme designed to help focus where effort is best targeted and to ensure alignment to catchment enhancement plans for degraded waterways.

Soil quality monitoring continues consisting of monitoring 24 of a total 92 sites located on representative soils and land use around the District. The 2018 monitoring round measured change in a range of soil chemical characteristics, biological and physical parameters. While many sites show good soil quality, most soils show the effects of land use with some soil quality indicators falling outside target ranges. Olsen P, and air filled porosity showed a large number of samples failing to meet target ranges.

## Air

The main air pollutant of concern in urban areas is particulate measured by PM10. Monitoring carried out in the Blenheim air shed showed concentrations that breached the NES for air quality on seven occasions with six exceedances of the target range. Management measures to reduce Pm10 to meet the NES have been included in the proposed Marlborough Environment Plan.

## Biodiversity

The Kotahitanga mō te Taiao Alliance was formed by the top of the south Councils, iwi and the Department of Conservation. The focus of the Alliance is to work collaboratively on landscape scale conservation projects that benefit environmental, social, economic and cultural values.

The Significant Natural Areas (SNA) programme continues. A total of 710 (SNA) terrestrial sites have now been recorded since 2001. Additionally ecological surveys were completed on two high country stations in the Awatere Valley. Since the inception of the programme 92 protection projects have been undertaken in a partnership with Council and landowners with QEII assistance for SNA sites.

Ongoing monitoring of a subset of the 129 individual Ecologically Significant Marine Sites in Marlborough is continuing and we continue to have a better understanding of how these sites are functioning. The 2018-19 survey focused on including additional sites within Kura Te Au/Tory Channel where multiple areas of seagrass were confirmed, while monitoring in Tennyson inlet in the Te Hoiere/Pelorus Sound has identified an extended area of elephant fish spawning habitat.

Council published a technical report outlining the ecological values and threats to the East Coast Environment from the Awatere River to the Ure River confluence following the 2016 Kaikoura earthquake. The report will help inform the community better understand the values that exist along the coast and enable future conservations around mitigation measures.

## Coastal








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

Seabed habitat mapping of the entire Tōtaranui/Queen Charlotte Sound is completed and a number of new nautical charts will ensure safe navigation for commercial and recreational boaters while habitat maps will provide a baseline for resource management, scientific investigation and ecological restoration. Planning for a survey of the Pelorus Sound is now underway.

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.

Monitoring results of the Havelock estuarine ecological health indicates symptoms of excessive muddiness, and a moderate level of eutrophication with nuisance macro algal growth. The combined results place the estuary in a moderate to poor overall state.

## Levels of Service: Environmental Science and Monitoring

Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Monitoring, investigations, gather and analyse information, and report on the state of Marlborough's natural resources</b>				
Timeliness of completion data integrity audits and quality coding (in accordance with National Environmental Monitoring Standards (NEMS)).	30 June	30-Jun-19		Actual score: 30-Jun-19 - on target. (Last year: 30/06/2018 - on target).
Number of technical SoE monitoring report cards completed.	6	6		Actual score: 5 - almost on target. (Last year: 5 - on target). Reports for Soils, Air, Freshwater SoE, Recreational Bathing water and biodiversity (SNA) completed
Timeliness completion of resource investigations and reporting to Council.	30-Jun	30-Jun-19		Actual score: 30-Jun-19 - on target. (Last year: 30/06/2018 - on target).
<b>Effective real time environmental monitoring network is operated.</b>				
Percentage availability of the Environmental monitoring network.	99%	99%		Actual score: 99.3% - on target. (Last year: 99% - on target).
<b>Promotion of resource management programmes to help maintain or improve the condition of the environment.</b>				
Increase in the number of sites classified as Significant Natural Areas on private land that are either protected by management interventions or legal covenants.	92	96		Actual score: 106 - on target. (Last year: 98 - on target). Total of 106 projects since 2003 that have a level of reformation or protection investment. Total of 74 sites an increase of 4 have legal protection.
<b>Encourage the community and industry to look after and restore the environment through communication, education and advocacy.</b>				
Marlborough Environmental Awards are held biennially.	Awards held	Awards held		Actual score: Awards held (Last year: N/A). Awards held in 18-19
Number of planned communication programmes with Industry/Community sector groups annually.	5	5		Actual score: 21- on target. (Last year: New measure).



## MDC: Funding Impact Statement for 2018-19 for Environmental Science and Monitoring

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,958	3,737	3,738
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	23
Fees and charges	5	5	(0)
Internal charges and overheads recovered	65	65	160
Local authorities fuel tax, fines, infringement fees and other receipts	267	285	375
<b>Total operating funding</b>	<b>3,295</b>	<b>4,092</b>	<b>4,296</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,427	2,998	3,027
Finance costs	20	21	22
Internal charges and overheads applied	796	900	964
Other operating funding applications	-	1	50
<b>Total applications of operating funding</b>	<b>3,243</b>	<b>3,920</b>	<b>4,063</b>
<b>Surplus (deficit) of operating funding</b>	<b>52</b>	<b>172</b>	<b>233</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(13)	(14)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>(13)</b>	<b>(14)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	158	150	178
Increase (decrease) in reserves	(106)	9	41
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>52</b>	<b>159</b>	<b>219</b>
<b>Surplus (deficit) of capital funding</b>	<b>(52)</b>	<b>(172)</b>	<b>(233)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>3,243</b>	<b>3,920</b>	<b>4,063</b>
plus - Depreciation and amortisation	117	241	274
less - Internal charges and overheads recovered	(65)	(65)	(160)
<b>Expenditure as per note 2.</b>	<b>3,295</b>	<b>4,096</b>	<b>4,179</b>

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Internal charges and overheads recovered and applied – higher than LTP as recoveries and overhead costs were higher than anticipated.
- Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due to unbudgeted funds received from MPI for high country erosion studies, Freshwater management funding received to assist with the Taylor River enhancement programme and higher coastal monitoring revenue.

## Activity: Resource Consents

*Operating costs of this Activity represent approximately 2.2% 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 superceded 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 this Activity is contained in the 2018-28 LTP.

### What we did in 2018-19





Received 983 applications for resource consent, slightly fewer than the 1039 applications received in 2017-18.

Of these:

- 892 were for new resource consents;
- 81 were for variations to resource consent conditions;
- 8 were for extension to lapse date;
- 2 were objections to conditions/costs.

However, of the total received 48 (or 4.8%) 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	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0		Actual score: 5.5 - almost on target. (Last year: 5.9 - almost on target).
<b>Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers' needs.</b>				
% of resource consent applications processed within statutory timeframes.	100%	100%		Actual score: 96.9% - almost on target. (Last year: 100% - on target). The team was down 1 FTE for most of the year
% of objections under section 357(b) compared to total number of applications processed <sup>1</sup> .	< 0.5%	< 0.5%		Actual score: 0.2% - on target. (Last year: 0.2% - on target).
<b>Provide consistent, appropriate and timely information to applicants and the public on the RMA, resource consent and approval process.</b>				
% of incomplete applications rejected under the requirements of section 88 of the RMA.	< 15%	< 5%		Actual score: 4.8% - on target. (Last year: 4.61% - on target).

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

<b>MDC: Funding Impact Statement for 2018-19 for Resource Consents</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	946	893	893
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,529	1,680	1,271
Internal charges and overheads recovered	23	23	91
Local authorities fuel tax, fines, infringement fees and other receipts	85	68	212
<b>Total operating funding</b>	<b>2,583</b>	<b>2,664</b>	<b>2,467</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,756	1,846	1,720
Finance costs	-	-	-
Internal charges and overheads applied	828	818	920
Other operating funding applications	-	-	(1)
<b>Total applications of operating funding</b>	<b>2,584</b>	<b>2,664</b>	<b>2,639</b>
<b>Surplus (deficit) of operating funding</b>	<b>(1)</b>	<b>-</b>	<b>(172)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	3	3	-
Capital expenditure to replace existing assets	-	-	-
Increase (decrease) in reserves	(4)	(3)	(172)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>(1)</b>	<b>-</b>	<b>(172)</b>
<b>Surplus (deficit) of capital funding</b>	<b>1</b>	<b>-</b>	<b>172</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>2,584</b>	<b>2,664</b>	<b>2,639</b>
plus - Depreciation and amortisation	1	-	77
less - Internal charges and overheads recovered	(23)	(23)	(91)
<b>Expenditure as per note 2.</b>	<b>2,562</b>	<b>2,641</b>	<b>2,625</b>

**Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Fees and charges – less than LTP due to lower than expected revenue from land, user fees and hearings.
- Internal charges and overheads recovered and applied – higher than LTP as recoveries and overhead costs were higher than anticipated.
- Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due to legal fees recovered and settlements.
- Payments to staff and suppliers - lower than LTP as legal fees were less than anticipated.

# Activity: Environmental Protection

*Operating costs of this Activity represent approximately 1.4% 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?

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

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

The key objectives for the activity are:

- to provide an active compliance monitoring and enforcement regime to sustainably manage Marlborough's natural and physical resources;
- to provide feedback and information on resource use and sufficient environmental information to enable other objectives to be met;
- to integrate programmes with Environmental Science & Monitoring and align with anticipated environmental outcomes set in the Proposed Marlborough Environment Plan (MEP).

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

## What we did in 2018-19









**Complaints** - received 670 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 2,375 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 56 abatement notices, 50 infringements notices and initiated 8 prosecutions.

## Levels of Service: Environmental Protection

### Performance Targets

Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.5		Actual score: 5.6 - almost on target. (Last year: 5.9 - almost on target).
<b>Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.</b>				
Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or Resource Management Plans and consents.	31-Aug	31-Aug-18		Actual score: Report completed 31-Aug-18 - on target. (Last year: 20-Jul-17 - on target).
	Improved or unchanged compliance level	Improved or unchanged compliance level		Actual score: Improved or maintained compliance level - on target. (Last year: Improved or maintained compliance - on target).
Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	30-Nov	30-Nov-18		Actual score: Report completed 30-Nov-18 - on target. (Last year: 12-Oct-17 - on target).
	Improved or unchanged compliance level	Improved or unchanged compliance level		Actual score: Improved or maintained compliance level - on target. (Last year: Improved or maintained compliance - on target). In 2017/18 there was a lower total compliance level, however there was no significantly non compliant farms.
Report on resource consents for forestry in the district	30-Nov	Annually		Actual score: Report completed - on target. (Last year: 1-Feb-18 - almost on target).
	Improved or unchanged compliance level	Improved or unchanged compliance level		Actual score: Improved or maintained compliance level - on target. (Last year: Improved or maintained compliance - on target).
<b>Monitor and investigate alleged breaches of the Resource Management Act, Resource Management Plans and Consents.</b>				
% of complaints assessed within one working day.	86%	80%		Actual score: 94.6% - on target. (Last year: 88% - on target). Identified that officers were not putting in the correct date upon receipt of job. Were doing it days later when actually had assessed job on date of notification.

## MDC: Funding Impact Statement for 2018-19 for Environmental Protection

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,171	769	769
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	42	587	791
Internal charges and overheads recovered	-	-	6
Local authorities fuel tax, fines, infringement fees and other receipts	108	61	121
<b>Total operating funding</b>	<b>1,321</b>	<b>1,417</b>	<b>1,687</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	892	971	1,166
Finance costs	-	-	-
Internal charges and overheads applied	429	446	504
Other operating funding applications	-	-	0
<b>Total applications of operating funding</b>	<b>1,321</b>	<b>1,417</b>	<b>1,670</b>
<b>Surplus (deficit) of operating funding</b>	<b>-</b>	<b>-</b>	<b>17</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	17
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>-</b>	<b>-</b>	<b>17</b>
<b>Surplus (deficit) of capital funding</b>	<b>-</b>	<b>-</b>	<b>(17)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>1,321</b>	<b>1,417</b>	<b>1,670</b>
less - Internal charges and overheads recovered	-	-	(6)
<b>Expenditure as per note 2.</b>	<b>1,321</b>	<b>1,417</b>	<b>1,664</b>

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Fees and charges – higher than LTP due to higher than expected compliance infringements and increased monitoring administration charges.
- Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due to legal fees recovered and settlements.
- Payments to staff and suppliers - higher than LTP due to higher than expected legal expenses relating to enforcement orders and prosecutions partially off-set above.

## Activity Group: Regulatory

Operating costs for this Group of activities represent approximately 7.6% of total Group expenditure.

### Activities in this Group:

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



### Related Community Outcomes

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

### What is this Activity Group About

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

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



<b>MDC: Funding Impact Statement for 2018-19 for Regulatory Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,027	3,218	3,219
Targeted rates	-	-	89
Subsidies and grants for operating purposes	-	132	121
Fees and charges	3,537	4,502	4,869
Internal charges and overheads recovered	-	-	38
Local authorities fuel tax, fines, infringement fees and other receipts	797	441	1,143
<b>Total operating funding</b>	<b>7,361</b>	<b>8,293</b>	<b>9,479</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,244	6,057	6,577
Finance costs	41	9	9
Internal charges and overheads applied	1,788	1,912	2,104
Other operating funding applications	31	91	57
<b>Total applications of operating funding</b>	<b>7,104</b>	<b>8,069</b>	<b>8,747</b>
<b>Surplus (deficit) of operating funding</b>	<b>257</b>	<b>224</b>	<b>732</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(6)	(6)
Gross proceeds from sale of assets	-	-	17
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>(6)</b>	<b>11</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	74	198	115
Capital expenditure to replace existing assets	140	216	248
Increase (decrease) in reserves	39	(196)	380
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>257</b>	<b>218</b>	<b>743</b>
<b>Surplus (deficit) of capital funding</b>	<b>(257)</b>	<b>(224)</b>	<b>(732)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	<b>7,104</b>	<b>8,069</b>	<b>8,747</b>
plus - Depreciation and amortisation	188	164	144
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	27
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	(38)
<b>Expenditure as per note 2.</b>	<b>7,292</b>	<b>8,233</b>	<b>8,880</b>

#### 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 1.6% 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.

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

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

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

### What we did in 2018-19

#### Regional Pest Management Plan

In October 2018, Council completed the process to make a new RPMP under the Biosecurity Act 1993. This RPMP replaced the former Regional Pest Management Strategy essentially developed in 2007. This was the first RPMP prepared in Marlborough since biosecurity legislation was significantly amended in 2012.

A detailed Operational Plan has been prepared and reported on annually and the 2018-19 report is available on the Council website.

## High threat pest plants

A number of RPMP programmes see Council delivering services aimed at managing pest plant species that are in the early stages of establishment but carry significant risks to Marlborough. Examples include saffron thistle, moth plant, purple loosestrife and tall wheat grass. All programmes for high threat pest plants were successfully delivered in 2018-19.

## Mediterranean fanworm

One of the new programmes in the RPMP is aiming to address the threat of the marine pest Mediterranean fanworm (“fanworm”) establishing in Marlborough. This programme has grown in response to the continual threat of predominantly recreational vessels carrying biofouling containing fanworm south from the northern waters of New Zealand. In 2018-19, Council continued to deliver a dive surveillance programme in the key hub areas along with many other locations throughout the Marlborough Sounds. This was bolstered by further snorkel surveillance carried out by the Top of the South Partnership contractor over the summer months.

Two vessels were found carrying fanworm in the past year with one of these contributing to fanworm also being found in Waikawa Marina for the first time. This means both Picton and Waikawa Marinas are the focus of local elimination work. A constructive relationship has been formed with Marlborough Sounds Marinas to profile vessels using their facilities. The new RPMP programme for fanworm also contains Rules for vessels entering Marlborough waters with respect to biofouling and this is being actively communicated

## Chilean needle grass

The RPMP programme aimed at keeping Chilean Needle Grass (CNG) under intensive management continues to be a large focus. In 2018-19, Council continued to increase time and resource into its programme to utilise local contractors working on destroying CNG on approximately 120 of the 185 affected properties. Council staff both oversees this work to assist occupiers and also works very closely with the remaining occupiers on a case by case basis assessing control work and helping develop control plans. This can also include Council assistance. All the while, both Council staff and community are ensuring activities that may be occurring on affected properties are not creating a spread risk to new areas.





## Other Biosecurity Initiatives

While the RPMP programmes are the priority for Council, there are other initiatives that require input and attention. In 2018-19, this meant maintaining relationships with key Central Government Agencies such as Biosecurity New Zealand and the Department of Conservation. Should a new-to-New Zealand incursion occur in Marlborough, these relationships will be vital for Council to assist during a response.

Council has continued to invest in research and monitoring associated with biological control agents that target the more widely established invasive plant species such as old man’s beard and Japanese honeysuckle. In 2018-19, a new release of the White Admiral Butterfly occurred aimed at becoming established and reducing the fecundity of the invasive climber Japanese honeysuckle.

## Levels of Service: Biosecurity (Pest Management)

### Performance Targets

Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.4		Actual score: 6 - almost on target. (Last year: 6.2 - almost on target). Presence of established pest species in the landscape likely to affect the level of satisfaction.
<b>Implementation of the Regional Pest Management Plan (RPMP)</b>				
Operational Plan targets relating to the RPMP are met.	95%	95%		Actual score: 94.3% - almost on target. (Last year: New measure). A total of 66 of 70 targets were met in the Biosecurity Operational Plan Report for 2018/19. The remaining 4 were all almost met, with none being not achieved.
<b>Delivery of non-RPMP biosecurity services and/or initiatives</b>				
Operational Plan targets relating to non-RPMP biosecurity services and/or initiatives are met.	95%	95%		Actual score: 100% - on target. (Last year: New measure). All 7 targets were met.
<b>Prepare an annual report on the Operational Plan.</b>				
Timeliness completion of annual plan to the Environment Committee.	31-Oct	31-Oct-18		Actual score: 30-Aug-18 - on target. (Last year: 31-August-17 - on target).

## MDC: Funding Impact Statement for 2018-19 for Biosecurity (Pest Management)

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,246	1,324	1,325
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	21	12	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	125	113	473
<b>Total operating funding</b>	1,392	1,449	1,798
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,046	1,078	1,558
Finance costs	-	-	-
Internal charges and overheads applied	345	325	340
Other operating funding applications	-	60	30
<b>Total applications of operating funding</b>	1,391	1,463	1,928
<b>Surplus (deficit) of operating funding</b>	1	(14)	(130)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	-	-
Increase (decrease) in reserves	1	(14)	(130)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	1	(14)	(130)
<b>Surplus (deficit) of capital funding</b>	(1)	14	130
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	1,391	1,463	1,928
plus - Depreciation and amortisation	-	3	6
<b>Expenditure as per note 2.</b>	1,391	1,466	1,934

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due to funds received for the National Wilding Conifer Control programme contracted with the MPI. This work has been subcontracted to DOC and was completed in 2018-19.
- Payments to staff and suppliers – higher than LTP due to increased contract costs in relation to the National Wilding Conifer Control programme and Top of the South marine biosecurity projects.

# Activity: Building Control

*Operating costs of this Activity represent approximately 3.6% 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 is important for the health and safety of the residents, workers and visitors to the Marlborough District because the main purpose of the Building Act and Regulations is the health and safety of building users. The efficient processing of building consents is a key focus of this Activity to ensure we are responsive to customer needs.

This Activity involves giving effect to the Building Act 2004. This Act charges Council with several responsibilities which are set out in two separate categories: as a Territorial Authority (TA) and as a Building Consent Authority (BCA). 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 this Activity is contained in the 2018-28 LTP.







## What we did in 2018-19

- **Numbers of consents** issued for the financial year have again increased as follows:
  - Consents issued: 1,481. Total value \$188.85 million, including 242 (\$92.62 million) new dwellings.
  - Code Compliance Certificates issued: 1,424.
- **Building Consent Authority (BCA) Accreditation** – As part of the bi-annual accreditation process the BCA undertake monthly audits. These audits review the group's policies and procedures against the requirements of the Building (Accreditation of Building Consent Authorities) Regulations 2006. These audits are programmed through the financial year and are undertaken by the group's externally contracted Quality Manager.
- **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 5,666 inspections in this financial year compared to 6,090 in the previous year. The average booking time for inspections increased from three days (2017/2018) to 3.5 days over the past year. Numbers of inspections are just not affected by numbers of issued consents. Distance, mode of transport and complexity of consented projects has a major effect on the BCA's ability to meet demand for inspections.

- **Building Warrant of Fitness (BWoF) and Compliance Schedule Role** – The Building Control group has managed to lift its level of service in this role significantly over the past financial year. Levels of service (LoS) for this role require 20% of all building with BWoF's to have site audits completed each financial year. Over past years and because of lack of resource the group has not achieved LoS.

2017/2018 5.77% achieved  
2018/2019 16% achieved.

- **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). The financial year 2019/2020 will be the last 1/3 of the three year rotation for all pools in Marlborough.
- **Auto Pool Covers** - The issue of auto pools covers is still in the MBIE determination arena and the existing exemptions are still running within their allotted limited life exemption issued under the repealed Fencing of Swimming Pools 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 Act's 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. Work on first stage of the Acts requirements was completed at the end of the 2018/2019 financial year. The work consists of identifying possible "Priority Buildings" as prescribed under the Act. This work under the Act had to be completed in the first 2½ years from the introduction of the Act. The completed work confirmed that there are no priority buildings in Marlborough. The findings have been forwarded to MBIE as required and entered into MBIE database. As a result of this work Council has notified 25 Building owners that they need to supply an engineering assessment of their buildings. Building owners have 12 months to supply Council with that information. This process will continue through the 2019/2020 financial year and must be completed by the end of July 2022.

Levels of Service: Building Control				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.3		Actual score: 5.7 - almost on target. (Last year: 6.2 - on target).
<b>Provide a service that is responsive to customer needs and minimise risks to public safety.</b>				
% of Building Consents applications granted within 20 working days of receipt of the application.	97%	100%		Actual score: 97% - almost on target. (Last year: 98% - on target). Consistent result. Very rarely would achieve 100%.
% of Code Compliance Certificates issued within 20 working days of receipt of application.	96%	100%		Actual score: 98% - almost on target. (Last year: 98% - on target). Consistent result. Very rarely would achieve 100%.
% of swimming pools inspected annually.	33.3%	33.3%		Actual score: 33.3% - on target. (Last year: 33.5% - on target). Fully achieved.
% of Building Warrants of Fitness audited annually.	20%	20%		Actual score: 15.56% - not achieved. (Last year: 5.77% - not achieved). Biggest lift ever recorded for this LoS. Goal for next year is to fully achieve target.
<b>Provision of Land Information Memoranda.</b>				
Number of liability claims made because of incomplete or inaccurate information supplied.	<3	< 3		Actual score: 1 - on target. (Last year: 1 - on target). Had one claim for year. Settled out of court.

## MDC: Funding Impact Statement for 2018-19 for Building Control

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	500	649	649
Targeted rates	-	-	89
Subsidies and grants for operating purposes	-	132	121
Fees and charges	2,464	3,132	3,295
Internal charges and overheads recovered	-	-	2
Local authorities fuel tax, fines, infringement fees and other receipts	140	65	86
<b>Total operating funding</b>	3,104	3,978	4,242
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,052	2,765	2,894
Finance costs	-	-	-
Internal charges and overheads applied	1,018	1,162	1,295
Other operating funding applications	21	20	21
<b>Total applications of operating funding</b>	3,091	3,947	4,210
<b>Surplus (deficit) of operating funding</b>	13	31	32
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	-	-
Increase (decrease) in reserves	13	32	32
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	13	31	32
<b>Surplus (deficit) of capital funding</b>	(13)	(31)	(32)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	3,091	3,947	4,210
less - Internal charges and overheads recovered	-	-	(2)
<b>Expenditure as per note 2.</b>	3,091	3,947	4,208
<b>Operating expenditure</b>			
Building Control	2,904	3,748	3,947
LIMs	188	199	261

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Targeted rates - higher than LTP due to targeted Residential Pool Inspections implemented after the 2018-19 budget was set.
- 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 additional contract costs and staff to cover for the demands of the increased consent activity. Legal fees in regards to prosecutions were also higher than budgeted.
- Internal charges and overheads applied – higher than LTP as overheads were higher than anticipated.

# Activity: Environmental Health

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

## Related Community Outcomes

This Activity primarily contributes to the Community Outcomes of Governance, People, Economy, and Living. Council's 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 complaints, as required by the Health Act 1956 and Food Act 2014. The Activity also promotes public health and food safety by undertaking education activities and providing written information to the public.

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

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

## What we did in 2018-19

All food premises, hair salons, campgrounds, and funeral directors were inspected or audited during the 2018-19 registration year.

Number of premises inspected	2018-19	2017-18
Registered Food premises (Food Hygiene Regulations)	0	114
Registration Food premises sites (Food Act 2014 sites)	356	230
Registered Hairdressers	53	52
Registered Camping Grounds	27	26
Registered Funeral Directors	2	2

- 14 markets/events were inspected.
- In 2018-19, Environmental Health Officers carried out 122 compliance checks of the 133 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, Excessive and Unreasonable Noise, Sale of Alcohol concerns and unsanitary housing.

The number of complaints received in 2018-19 are as follows:

Number of complaints received	2018-19	2017-18
Excessive noise	865	876
Domestic smoke	6	21
Unreasonable noise	18	16
Food premises hygiene or registration	19	31
Sale of alcohol issues	8	7
Unsanitary living	12	8
Camping ground hygiene and registration	2	5
Hairdressers conduct and registration	5	1
General nuisance	15	14

Levels of Service: Environmental Health				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.</b>				
% 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.	14	≥ 12		Actual score: 14 - on target. (Last year: 15 - 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). only 1 complaint of critical nature received and this was actioned within one day.
% of complaints of a non-critical nature assessed within seven working days.	98%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Administer Food Control Plans under the Food Act 2014.</b>				
Register businesses required under Food Act 2014 in Food Control Plans and National Programmes.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Audit registered business as scheduled in the Food Act 2014 and Regulations.	89%	100%		Actual score: 98% - almost on target. (Last year: 93% - almost on target). some verifications outside of timeframe due to premises staff illness or other scheduling issues.
<b>Carryout the functions of Licensing Inspector controlling the sale and supply of alcohol to the public with the aim of contributing to the reduction of alcohol abuse.</b>				
% of "On Licences" <sup>1</sup> inspected once a year.	93%	90%		Actual score: 91% - on target. (Last year: 94% - on target).
<b>Provide a service for investigation of noise complaints.</b>				
Report on performance of noise control contract.	30-Sep	30-Sep-18		Actual score: 30-Aug-18 - on target. (Last year: 12/10/2017 - almost on target).
Assess complaints concerning unreasonable noise within one working day.	88%	89%		Actual score: 89% - on target. (Last year: 90% - on target).

<sup>1</sup> 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 2018-19 for Environmental Health

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	137	190	190
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	11	354	456
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	346	17	15
<b>Total operating funding</b>	494	561	661
<b>Applications of operating funding</b>			
Payments to staff and suppliers	326	406	252
Finance costs	-	-	-
Internal charges and overheads applied	164	154	174
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	490	560	426
<b>Surplus (deficit) of operating funding</b>	4	1	235
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	4	4	-
Increase (decrease) in reserves	-	(3)	235
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	4	1	235
<b>Surplus (deficit) of capital funding</b>	(4)	(1)	(235)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	490	560	426
plus - Depreciation and amortisation	3	-	0
<b>Expenditure as per note 2.</b>	493	560	426

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Fees and charges – higher than LTP due to higher than budgeted liquor licencing revenue from an increased number of applications and greater than expected food control plan revenue.
- Payments to staff and suppliers – less than LTP as a new staff member was budgeted for this section but not yet employed. Contract costs were also lower than anticipated.

# 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 Dog Control Bylaws.

The Dog Control function has been contracted out to Maataa Waka Ki Te Ihu Trust since 1998. The contractor provides Animal Control Services. The Council retains the administration of the contract. Decisions on classification of dogs and owners, objections to infringements and classifications and prosecution decisions are made by Council's Enforcement & Prosecution Committee.

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 this Activity is contained in the 2018-28 LTP.

## What we did in 2018-19

There was a total of 10,865 (2017-18: 10,819) dogs registered in the Marlborough District for the 2018/19 year. As of 30 June 2019 there were 10,424 active\* dogs (2017-18: 10,339) which included 2,765 (2017-18: 2,662) dogs registered as working dogs (including farm dogs primarily used for herding stock, disability assist dogs, police dogs and companion dogs).

\* Active - means that the dog is alive and currently living at the address listed in the database.

An insert with information on dog registration, responsible dog ownership and dog owner obligations was sent to all dog owners with their dog registration forms. Information on relevant topics such as barking and roaming dogs was distributed to owners of dogs that come to Animal Control's attention. There is also a wealth of information about dogs including dog exercise area on the Council's website.

A total of 2,419 (2017-18: 2,156) complaints were received in the 2018-19 year. A majority related to lost and found dogs or uncontrolled or roaming dogs. There were 448 (2017-18: 530) complaints related to barking dogs. There were 90 (2017-18: 121) complaints related to a dog attack or rush. All complaints were attended to, investigated and necessary action taken. There were 244 (2017-18: 177) complaints regarding livestock wandering.

There were 299 (2018-19: 296) dogs impounded for various reasons. The majority of these dogs 264 (2018-19: 245) were released to their owners. Dogs that were not claimed were either transferred to the SPCA or euthanised. All dogs 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 or a member of the public for re-homing.




Final notices were issued for barking 4 (2018-19: 6), roaming 31 (2018-19: 35) and rushing 27 (2018-19: 40).

A total of 192 (2018-19: 371) infringement notices were issued with 101 (2018-19: 298) of these notices for unregistered dogs and 45 (2018-19: 44) were for uncontrolled or roaming dogs. The remainder were for a variety of other breaches.

One dog owner was prosecuted for a dog attack on a child and breaching the dangerous dog classification requirements.

Below are listed some of the other activities performed by Animal Control during the 2018-19 year:

- There were repairs to the Pound floor following damage sustained in the earthquakes and security cameras have been installed.
- 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. There were 82 presentations provided to pre-school and primary schools. There were also six presentations to adults on dog safety and behaviour.
- 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 Schools are taken in small groups 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. In 2018 a total of 17 schools and 697 primary school age children attended this event.
- The fourth 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). In 2018 the 966 respondents 88.2% were either very satisfied or satisfied with Animal Control services. The results for 2019 will not be available until later in the year.
- There has been a review of dog signage and new updated signage is systematically being replaced across the Marlborough District.
- The new Renwick Dog Park construction was completed in June 2019. The official opening of the Dog Park is planned for 1 September 2019.

<b>Levels of Service: Animal Control</b>				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	7.2		Actual score: 6.9 (Last year: 7 - almost on target).
<b>Provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).</b>				
Level of compliance with Animal Control contract	No significant deviations from contract specification	No significant deviations from contract specification		Actual score: No significant deviations (Last year: New measure). Education total 91 presentations provided for the year exceeding contract requirements. Patrols meeting 20 hours per officer per month. Unaccounted for Dogs process completed. Complaints 100% of dog attack/rush/stock on roads responded to in 24 hours. Reporting meeting contractual requirements.
Compliance with DCA requirements by preparing and publishing a report annually.	30 September	30-Sep-18		Actual score: 30-Aug-18 (Last year: 31-Aug-17 - on target). Completed 30 August 2018 Report and presentation to the Environment Committee.

## MDC: Funding Impact Statement for 2018-19 for Animal Control

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	137	140	140
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	586	572	660
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	26	83	86
<b>Total operating funding</b>	749	795	886
<b>Applications of operating funding</b>			
Payments to staff and suppliers	669	674	696
Finance costs	-	-	-
Internal charges and overheads applied	68	64	75
Other operating funding applications	9	11	2
<b>Total applications of operating funding</b>	746	749	773
<b>Surplus (deficit) of operating funding</b>	3	46	113
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	-	-	-
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	198	115
Capital expenditure to replace existing assets	-	-	-
Increase (decrease) in reserves	3	(152)	(2)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	3	46	113
<b>Surplus (deficit) of capital funding</b>	(3)	(46)	(113)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	746	749	773
plus - Depreciation and amortisation	3	4	3
<b>Expenditure as per note 2.</b>	749	753	776
<b>Operating expenditure</b>			
Dog Control	659	665	700
Other Animal Control	89	88	76
<b>Capital expenditure</b>			
Dog Control	-	198	115

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Fees and charges – higher than LTP due to small increase in the 2018-19 dog fee.
- Capital expenditure – lower than LTP as the development of the dog park proceeded slower than anticipated.

## 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.

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

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

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

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

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

### What we did in 2018-19













- Council's Harbour 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 in 2016. The issues raised are being addressed as part of a full overhaul of all components of the SMS.
- The overhaul of the SMS continued through 18/19 with a view to commencing rolling consultation with stakeholders through 19/20. The overhaul is part of preparations to ensure the overhauled SMS is of the highest standard when it is peer reviewed in 19/20.
- Oil rig float on and float off operations were successfully undertaken in Admiralty Bay in late 2018/19. The oil rig was the COSL BOSS and the heavy lift transport vessels were the Red Zed and Zhen Hua for arrival and departure respectively. These operations were the first time large ships had operated in Admiralty Bay under exemption by MNZ from the requirement to carry a pilot. This exemption was granted following a request and risk case prepared and submitted to MNZ by the Harbourmaster.
- The navigation safety bylaws were revised and put 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. The bylaws have been provided to a newly established bylaw review sub-group composed of a number of Harbourmasters from other regions. This approach aims to ensure bylaw constancy across New Zealand in the maritime space.
- Work continued on bedding in projects to improve monitoring and safety of shipping. Adjustments to the floating weather station at the Northern Entrance to Queen Charlotte Sound have been necessary









and rationalisation of the Harbour Control Network continues. One additional AIS site was brought online providing excellent coverage of Admiralty Bay during oil rig operations.

- Aids to Navigation continued to be maintained to the operational standard as specified by the International Association of Lighthouse Authorities. New leading lights were installed in the Havelock Channel to support the safe navigation of large mussel vessels.
- As an outcome of the HS51 multi beam survey, a new chart 'Approaches to Queen Charlotte Sound' was published along with new charts for Tory Channel. Work has continued to progress the HS66 survey through Pelorus Sound.
- The Harbourmaster continued to provide free skipper training workshops for recreational navigators in Picton. These workshops have been well received and will continue to be provided for the foreseeable future.
- The use of LIDAR speed and range detection devices as means to regulate vessel speed was employed over the summer as a routine part of harbour patrol. These devices provide precise information when a vessel is breaching the speed bylaw.
- A partnership with an innovative tech focused company enabled a fixed speed camera to be built and tested successfully in initial trials. Testing continued in 2018/19 and an order was place for three new units. These units – count boats, measure speed and continuously record. The units have weather stations attached and will be able to broadcast weather and images direct from site to the Marlborough Cruise Guide.
- Improvements to the Cruise Guide app continued and a marketing programme was established to encourage it use among recreational boat operators.
- Following the efforts of a working group established to address safety concerns in relation to vessel operations on the Wairau River in 2018-19, the harbourmaster submitted a request to Maritime New Zealand for a speed uplifting on a specific part of the river. Once the uplifting is in place the Harbourmaster will be able to provide regulatory support for the recommended management plan.
- Water Ski Lanes; The Ngakuta Bay ski lane was reopened in 2018/19 with a number of new safety measures in place. The lane was closely monitored over the summer and positive feedback was received form the community. A new ski lane was installed in Double Bay in the Kenepuru Sound as part of a trial. The lane was established after consultation with iwi, community and DOC.
- 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 continued through the 'no excuses' campaign which promotes a common compliance approach across New Zealand.
- Council's Boat Safety and Tides brochure (formerly the Safe Sounds Boating brochure) was reviewed. Since Labour weekend 2018 a total of 7,500 have been distributed.
- Regular audits of mussel farms were undertaken to ensure compliance with lighting and marking requirements. A total of 150 farms, compared to the target of over 200, were audited over the financial year. The target of 200 was not achieved as resourcing was necessarily diverted to the auditing of salmon farms.
- An oil spill response exercise was undertaken in March 2019 to ensure that trained oil spill responders maintain the necessary skill levels. This included the use of oil recovery vessels. 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.
- An MOU was signed with the Marine Farming Association with regard to the provision of vessels and personnel in the event of a major oil spill. In such an event the MFA will seek to immediately make available to the Harbourmaster vessels with the required capability.

- 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	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	7.4		Actual score: 7.5 - on target. (Last year: 7.4 - on target).
<b>Provide a safe environment for all users through effective public education.</b>				
Distribute 7000+ Marlborough Safe Navigation and Tides Brochures.	Annually	Annually		Actual score: Brochure ready and distributed. (Last year: New measure). All brochures distributed.
Increase number of Cruise Guide App users by 5% annually based on Google Analytics.	927 users as of January 2018	973		Actual score: 1000 - on target. (Last year: New measure).
Complete 1000 safe boating surveys through face to face on water interactions.	New measure	1,000		Actual score: 981 - almost on target. (Last year: New measure). the survey run from October 2018 to March 2019. 981 completed.
Undertake 15 targeted 'no excuses' enforcement days per year in high risk areas.	New measure	15		Actual score: 15 - on target. (Last year: New measure).
<b>Comply with the Harbours Maritime Transport Operators Plan</b>				
Maintain compliance with the MTOP system as certified by Maritime New Zealand. Carry out annual review.	MTOP certificate valid. Annual review completed.	Annually		Actual score: Review completed. - on target. (Last year: New measure).
<b>Ensure that Port and Harbour Safety Code requirements are met.</b>				
Complete annual self-assessment and annual review of SMS, Risk Assessment, General Direction, and Harbourmaster Notices.	Annual review	Annually		Actual score: Review completed. - on target. (Last year: New measure).
Under take a minimum of two risk review meetings with Port Marlborough Marine Services.	2	2		Actual score: 5 - on target. (Last year: New measure).
Safety Management System verified by external review panel as compliant with the Code.	Confirmed by review panel on instruction of Code Working Group. Last confirmation 2013.	Annually		Actual score: Confirmed - on target. (Last year: New measure). External verification due 2020. Self assessment reviewed by Code Working Group
<b>Removal of Wrecks</b>				
All wrecks removed in a reasonable timeframe (target 30 days) and navigation warnings provided when necessary.	30 Days	30 Days		Actual score: 30 - on target. (Last year: New measure). Note this 30 day target does not apply to historic wrecks.
<b>Marine Farm Audits</b>				
Audit marine farm lighting on minimum of 200 farms annually.	200 farms annually	200		Actual score: 165 - almost on target. (Last year: 175 - almost on target). The number of farms audited is down to 165. This is due to a significant amount of effort having to be directed to the audit of salmon farming.
Audit mooring arrangements on all Fin Fish farms annually.	New measure	Annually		Actual score: Not completed - not achieved. (Last year: New measure). Progress has been slow but steady as auditing salmon farms is new work and it takes time to train staff and establish SOPs.

Levels of Service: Harbours				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Pilotage</b>				
Review of the Certified Marlborough Pilot Exemption (PEC) Certificate Training Program.	Annually	Annually		Actual score: Review completed. - on target. (Last year: New measure).
Check of Pilot and PEC Master Currency	Quarterly	Quarterly		Actual score: Completed - on target. (Last year: New measure). Need a better monitoring system - to investigate.
<b>Provide navigation aids to IALA standard.</b>				
Availability of lights must meet or exceed IALA standards.	Each category of light has a set availability target.			
• Cat 1	≥99.8%	≥ 99.8%		Actual score: 99.9% - on target. (Last year: 100% - on target).
• Cat 2	≥99.0%	≥ 99.0%		Actual score: 99% - on target. (Last year: 100% - on target).
• Cat 3	≥97.0%	≥ 97.0%		Actual score: 99% - on target. (Last year: 100% - on target).
<b>Oil Spill Response</b>				
Meet all annual requirements as specified by the Maritime New Zealand Oil Spill Response Service.	Annually	Annually		Actual score: Not achieved - not achieved. (Last year: New measure). The Marlborough Oil Spill response plan remains out of date as amendments were rejected by MNZ. This is partly a result of a change to the format of the plan as stipulated by MNZ. Work continues on the plan but our capability to respond to an oil spill is unaffected by this.

## MDC: Funding Impact Statement for 2018-19 for Harbours

	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,006	915	915
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	454	432	458
Internal charges and overheads recovered	-	-	36
Local authorities fuel tax, fines, infringement fees and other receipts	159	163	483
<b>Total operating funding</b>	1,619	1,510	1,892
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,151	1,134	1,177
Finance costs	41	9	9
Internal charges and overheads applied	193	207	220
Other operating funding applications	1	-	4
<b>Total applications of operating funding</b>	1,386	1,350	1,410
<b>Surplus (deficit) of operating funding</b>	233	160	482
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(6)	(6)
Gross proceeds from sale of assets	-	-	17
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	-	(6)	11
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	179	-	-
Capital expenditure to replace existing assets	32	212	248
Increase (decrease) in reserves	22	(58)	245
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	233	154	493
<b>Surplus (deficit) of capital funding</b>	(233)	(160)	(482)
<b>Funding balance</b>	-	-	-
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	1,386	1,350	1,410
plus - Depreciation and amortisation	181	157	135
plus - Loss on sale of fixed assets	-	-	27
less - Internal charges and overheads recovered	-	-	(36)
<b>Expenditure as per note 2.</b>	1,567	1,507	1,536

### Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)

- Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP mainly due to providing support as Harbour Authority during the unloading and loading of the COSL BOSS oil rig in Admiralty Bay. This increase was reflected as an upward movement in the reserves.

# Activity Group: Regional Development

Operating costs of this Activity represents approximately 4.8% of total Activity expenditure.

## Activities in this Group:

This Activity Group comprises a single Activity; Regional Development.



## Related Community Outcomes

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

## 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.

## 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.

## 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:

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

In principle the Council supports other community irrigation schemes if environmental effects can be managed and mitigated. The table below provides a summary of the Southern Valleys' Irrigation Scheme assets.

Southern Valleys' Irrigation Scheme (SVIS)	Length/Quantity
Reticulation length	57 km
Service connections	4,500 hectares
Abstraction gallery	2
Distribution pumps	6
Booster pumps	8
Meters	261

## 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.





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

## What we did in 2018-19

- Blenheim kerbside parking meters needed replacement and options for replacement were assessed in early 2018/19. Council decided to replace them with Pay by Plate meters and also upgrade the off-street Pay & Display meters to the same Pay by Plate system. Stage one of the project was completed in June 2019 and planning to convert the rest of Blenheim and Picton is under way. The new system allows more flexibility for parkers by allowing debit and credit cards as well as coin payments and the Pay my Park App makes parking payments even more flexible and caters for businesses wanting to have parking charged to a single business account.
- Ninth Smart+Connected group established – Labour and Skills. The other eight groups are maintained. Hundreds of volunteers are now actively engaged across the steering and working groups.
- A wine technology export coalition is being developed in partnership with New Zealand Trade and Enterprise. This will collectively assist local companies supporting the Marlborough wine industry to export technology to other wine regions internationally.
- Marlborough participated in the Te Taihū Intergenerational Strategy development process with other partners across the Top of the South Island. The process is due to be completed in September 2019, and a second phase is expected to follow from October – subject to funding from the Provincial Growth Fund.
- Received ten applications to the 2018-19 Commercial Events Fund totalling \$157,889. Nine events totalling \$110,989 were approved by the Commercial Events Fund sub-committee.
- Undertook further investigation work for the development of the Flaxbourne Irrigation Scheme with the purpose of obtaining a resource consent.



Levels of Service: Regional Development				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
• Economic Development	6.4	6.4		Actual score: 5.8 - almost on target. (Last year: 6.2 - almost on target). Survey comments includes (positive) - do a good job/supporting business (negative) ineffective and impedes business development
• Tourism	7.2	7.0		Actual score: 6.8 - almost on target. (Last year: 6.9 - almost on target). Survey comments include (positive) doing a good job, promote the region well (negative) room to improve, cost
• Marlborough Research Centre	6.8	7.1		Actual score: 6.9 - almost on target. (Last year: 7.2 - on target). Survey comments include (positive) good service, thorough job (negative) Council shouldn't be involved
• Parking	6.8	6.5		Actual score: 6 - almost on target. (Last year: 6.1 - almost on target). Survey comments include (positive) plenty of parking (negative) fees too expensive, insufficient parking
• Irrigation	6.9	6.6		Actual score: 6.4 - almost on target. (Last year: 6.6 - almost on target). Survey comments include (positive) no problems, good communications
<b>Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.</b>				
a) Establish performance reporting framework, establish baseline. b) Implement performance reporting framework reporting	New measure	30-Jun-19		Actual score: - not achieved. (Last year: New measure). Target revised in 2019-20 Annual Plan. Establishing framework will be completed in 2019-20 due to funding.
<b>Manage Marlborough Research Centre contract to ensure service quality and value.</b>				
Reporting to Council % of MDC funded projects achieved	New measure	80%		Actual score: 100% - on target. (Last year: New measure).
<b>Effective promotion of Marlborough as a visitor destination.</b>				
a) Establish performance reporting framework, establish baseline b) Implement performance reporting framework reporting	New measure	30-Jun-19		Actual score: - not achieved. (Last year: New measure). Target revised in 2019-20 Annual Plan. Establishing framework will be completed in 2019-20 due to funding.

Levels of Service: Regional Development				
Performance Targets				
Key Performance Indicators	LTP Baseline	2018-19 Target	How did we do?	Comments
<b>Provision of convenient and affordable car parks to support CBD businesses.</b>				
Occupancy rates of off-street car parks in Blenheim <sup>1</sup> :				
• Kerbside	65%	65%		Actual score: 66% - on target. (Last year: 72.7% - almost on target).
• Off street	76%	65%		Actual score: 60% - almost on target. (Last year: 82% - on target).
• Parking building	30%	45%		Actual score: 55% - on target. (Last year: 56% - on target).
<b>Support for land based industries through the supply of irrigation water.</b>				
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 - on target).

<sup>1</sup>. 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.

<b>MDC: Funding Impact Statement for 2018-19 for Regional Development Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,549	2,150	2,150
Targeted rates	1,640	1,606	1,539
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,904	1,463	1,669
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	232	501	382
<b>Total operating funding</b>	<b>5,325</b>	<b>5,720</b>	<b>5,740</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,336	3,190	3,040
Finance costs	1,708	1,222	869
Internal charges and overheads applied	549	711	693
Other operating funding applications	375	406	393
<b>Total applications of operating funding</b>	<b>4,968</b>	<b>5,529</b>	<b>4,995</b>
<b>Surplus (deficit) of operating funding</b>	<b>357</b>	<b>191</b>	<b>745</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	7,744	8,950	(3,464)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	133
<b>Total sources of capital funding</b>	<b>7,744</b>	<b>8,950</b>	<b>(3,331)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	7,827	80	-
Capital expenditure to improve the level of service	-	10,632	231
Capital expenditure to replace existing assets	279	412	318
Increase (decrease) in reserves	(5)	(1,983)	(3,135)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>8,101</b>	<b>9,141</b>	<b>(2,586)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(357)</b>	<b>(191)</b>	<b>(745)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>MDC: Funding Impact Statement for 2018-19 for Regional Development Activity Group</b>			
	2017-18 Long-term plan \$000s	2018-19 Long-term plan \$000s	2018-19 Actual \$000s
<b>Reconciliation</b>			
<b>Total applications of operating funding</b>	4,968	5,529	4,995
plus - Depreciation and amortisation	799	690	658
plus - Fair value losses	-	-	-
plus - Loss on sale of fixed assets	-	-	-
plus - Impairment due to earthquake	-	-	-
less - Internal charges and overheads recovered	-	-	-
<b>Expenditure as per note 2.</b>	<b>5,767</b>	<b>6,219</b>	<b>5,653</b>
<b>Operating expenditure</b>			
Economic Development	498	979	1,088
Marketing and Tourism	958	1,247	1,257
Research Centre	137	338	347
Irrigation Schemes	1,990	1,781	1,248
Parking	2,185	1,873	1,713
<b>Capital expenditure</b>			
Irrigation Schemes	7,744	10,877	252
Parking	362	246	297

**Explanation of the funding impact variance between 2019 (Actual) and 2019 (LTP)**

- Fees and charges – higher than LTP due to unbudgeted parking leases revenue.
- Local authorities fuel tax, fines, infringement fees and other receipts – less than LTP due to lower than expected Crown Irrigation Investments Ltd grants for the Flaxbourne Irrigation scheme. The grants were paid progressively however the scheme was closed by MPI 30 November 2018.
- Payments to staff and suppliers - less than LTP due to lower than budgeted Southern Valley's irrigation pump station and reticulation expenses, commercial event grants not yet invoiced and legal and maintenance expenditure less than anticipated.
- Finance costs, Debt funding and Capital expenditure - all below LTP due to delays in the Flaxbourne Irrigation Scheme capital programme. Debt funding has also been affected by the sale of Kathmandu building where proceeds were used to repay debt in regards to Council's Alfred Street parking building.



## 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
		2018-19	2017-18	2018-19	2018-19	2017-18
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Revenue:</b>						
Rates, excluding targeted water rates	3	64,729	61,748	65,178	64,559	62,247
Targeted rates for metered water supply	3	1,952	1,931	2,178	2,643	2,171
Development and financial contributions	6	4,940	5,561	4,940	3,331	5,561
Subsidies and grants	6	12,410	13,589	12,410	9,725	13,589
Interest revenue		737	482	1,925	1,899	1,872
Gains	5	11,691	16,985	9,681	5,674	14,152
Other revenue	6	83,068	73,237	52,863	53,044	44,439
<b>Total revenue</b>	<b>2</b>	<b>179,527</b>	<b>173,533</b>	<b>149,175</b>	<b>140,875</b>	<b>144,031</b>
<b>Expenditure:</b>						
Personnel costs	7	29,942	28,032	22,952	23,528	21,457
Finance costs	4	7,950	4,157	6,000	3,460	3,192
Depreciation and amortisation	8	28,363	26,806	24,912	24,928	23,262
Other expenses	8	83,369	83,350	74,989	75,199	75,186
<b>Total operating expenditure</b>	<b>2</b>	<b>149,624</b>	<b>142,345</b>	<b>128,853</b>	<b>127,115</b>	<b>123,097</b>
<b>Surplus before tax</b>		<b>29,903</b>	<b>31,188</b>	<b>20,322</b>	<b>13,760</b>	<b>20,934</b>
Income tax expense	9	3,359	2,172	-	-	-
<b>Surplus after tax</b>		<b>26,544</b>	<b>29,016</b>	<b>20,322</b>	<b>13,760</b>	<b>20,934</b>
<b>Other comprehensive revenue and expense:</b>						
Gain on property revaluations		74,159	105,335	55,605	25,796	105,639
Impairment on property revaluation		(1,005)	(1,881)	(1,005)	-	(1,881)
Tax on property valuations		(5,079)	85	-	-	-
<b>Total other comprehensive revenue and expense</b>	<b>23</b>	<b>68,075</b>	<b>103,539</b>	<b>54,600</b>	<b>25,796</b>	<b>103,758</b>
<b>Total comprehensive revenue and expense</b>		<b>94,619</b>	<b>132,555</b>	<b>74,922</b>	<b>39,556</b>	<b>124,692</b>

# Statement of Changes in Net Assets/Equity

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2018-19	2017-18	2018-19	2018-19	2017-18
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Balance at 1 July</b>		1,726,945	1,594,390	1,616,460	1,507,691	1,491,768
Total comprehensive revenue and expenses		94,619	132,555	74,922	39,556	124,692
<b>Balance at 30 June</b>	<b>23</b>	<b>1,821,564</b>	<b>1,726,945</b>	<b>1,691,382</b>	<b>1,547,247</b>	<b>1,616,460</b>

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	Actual	Actual	Budget	Actual
		2018-19	2017-18	2018-19	2018-19	2017-18
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Assets:</b>						
<b>Non-current assets:</b>						
Property, plant and equipment	10	1,790,728	1,705,742	1,678,907	1,564,920	1,610,674
Intangible assets	11	6,458	5,658	5,937	2,989	5,104
Forestry assets	12	17,019	16,369	17,019	13,485	16,369
Other financial assets:	13					
- Investment in subsidiaries		-	-	6,000	6,000	6,000
- Other		2,853	4,649	53,758	61,046	56,339
Investment property	14	92,472	86,885	-	-	2,300
<b>Total non-current assets</b>		<b>1,909,530</b>	<b>1,819,303</b>	<b>1,761,621</b>	<b>1,648,440</b>	<b>1,696,786</b>
<b>Current assets:</b>						
Cash and cash equivalents	15	26,103	7,465	24,168	54	5,840
Debtors and other receivables	16	14,377	13,133	11,532	11,445	11,232
Other financial assets	13	11,013	8,980	11,013	9,223	8,980
Inventory	17	8,756	9,490	8,421	246	9,190
Non-current assets land and buildings held for sale	18	618	969	618	794	969
<b>Total current assets</b>		<b>60,867</b>	<b>40,037</b>	<b>55,752</b>	<b>21,762</b>	<b>36,211</b>
<b>Total assets</b>		<b>1,970,397</b>	<b>1,859,340</b>	<b>1,817,373</b>	<b>1,670,202</b>	<b>1,732,997</b>
<b>Liabilities:</b>						
<b>Non-current liabilities:</b>						
Derivative financial instruments	28	8,094	3,971	4,202	870	1,328
Borrowings	19	61,000	74,547	61,000	100,517	74,547
Provisions	20	4,374	3,857	1,589	1,533	1,535
Deferred tax liability	9	16,210	10,994	-	-	-
<b>Total non-current liabilities</b>		<b>89,678</b>	<b>93,369</b>	<b>66,791</b>	<b>102,920</b>	<b>77,410</b>
<b>Current liabilities:</b>						
Creditors and other payables	21	17,049	18,056	18,059	17,710	19,259
Employee entitlements	22	3,324	3,301	2,509	2,325	2,390
Derivative financial instruments	28	55	150	-	-	-
Provisions	20	167	228	167	-	228
Current tax liabilities	9	95	41	-	-	-
Borrowings	19	38,465	17,250	38,465	-	17,250
<b>Total current liabilities</b>		<b>59,155</b>	<b>39,026</b>	<b>59,200</b>	<b>20,035</b>	<b>39,127</b>
<b>Total liabilities</b>		<b>148,833</b>	<b>132,395</b>	<b>125,991</b>	<b>122,955</b>	<b>116,537</b>
<b>Net assets</b>		<b>1,821,564</b>	<b>1,726,945</b>	<b>1,691,382</b>	<b>1,547,247</b>	<b>1,616,460</b>
<b>Equity:</b>						
Accumulated funds	23	701,456	677,594	631,158	605,631	616,134
Other reserves	23	1,120,108	1,049,351	1,060,224	941,616	1,000,326
<b>Total equity</b>	23	<b>1,821,564</b>	<b>1,726,945</b>	<b>1,691,382</b>	<b>1,547,247</b>	<b>1,616,460</b>

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

# Statement of Cash Flows

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2018-19	2017-18	2018-19	2018-19	2017-18
note:	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Cash flows from operating activities:</b>					
Receipts from rates revenue	66,577	63,728	67,251	67,202	64,467
Receipts from other revenue	94,839	87,980	62,811	58,354	57,665
Goods and Services Tax (net)	580	(464)	580	-	(464)
Interest received	772	448	1,925	1,899	1,872
Payments to suppliers and employees	(109,058)	(101,031)	(94,334)	(87,603)	(86,643)
Interest paid	(3,952)	(3,486)	(3,126)	(3,460)	(2,734)
Income tax paid	(3,246)	(3,122)	-	-	-
<b>Net cash flow from operating activities</b>	<b>46,512</b>	<b>44,053</b>	<b>35,107</b>	<b>36,392</b>	<b>34,163</b>
<b>Cash flows from investing activities:</b>					
Receipts from sale of property, plant and equipment	10,397	11,311	10,358	7,952	11,281
Receipts from sale of non-current property held for sale	402	-	402	-	-
Receipts from sale of investment property	2,300	-	2,300	2,431	-
Sale of investments	14,588	17,784	14,588	3,223	17,784
Advances received	-	-	1,386	-	3,371
Dividends received	10	11	2,521	2,675	1,798
Purchase of property, plant and equipment	(40,406)	(63,721)	(38,645)	(63,360)	(61,486)
Purchase of investment property	(5,380)	(4,247)	-	-	-
Purchase of forestry assets	(562)	(352)	(562)	-	(352)
Purchase of intangible assets	(2,047)	(1,628)	(1,951)	-	(1,597)
Acquisition of investments	(14,684)	(18,101)	(14,684)	-	(18,101)
Advances made	(160)	-	(160)	-	-
<b>Net cash flow from investing activities</b>	<b>(35,542)</b>	<b>(58,943)</b>	<b>(24,447)</b>	<b>(47,079)</b>	<b>(47,302)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from borrowings	28,500	31,649	28,500	10,277	31,649
Repayment of borrowings	(20,832)	(22,703)	(20,832)	-	(22,703)
<b>Net cash flow from financing activities</b>	<b>7,668</b>	<b>8,946</b>	<b>7,668</b>	<b>10,277</b>	<b>8,946</b>
<b>Net increase / (decrease)</b>	<b>18,638</b>	<b>(5,944)</b>	<b>18,328</b>	<b>(410)</b>	<b>(4,193)</b>
Cash, cash equivalents and bank overdrafts:					
At the beginning of the year	7,465	13,409	5,840	464	10,033
<b>At the end of the year</b>	<b>26,103</b>	<b>7,465</b>	<b>24,168</b>	<b>54</b>	<b>5,840</b>

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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	
	2018-19 \$000s	2017-18 \$000s	2018-19 \$000s	2017-18 \$000s
<b>Surplus after tax</b>	<b>26,544</b>	<b>29,016</b>	<b>20,322</b>	<b>20,934</b>
<b>Add/(less) non-cash items:</b>				
Depreciation and amortisation expense	28,363	26,806	24,912	23,262
Decrease in forestry value due to harvest	3,864	3,719	3,864	3,719
Vested assets revenue	(4,259)	(4,621)	(4,259)	(4,621)
Movement in deferred tax	137	(506)	-	-
Increase in runway seal provision	463	444	-	-
Movement in landfill aftercare and Riskpool provision	54	171	54	171
Movement in carbon credits provision	(61)	99	(61)	99
Carbon credits surrendered	300	-	300	-
(Gains) in fair value of biological assets	(3,952)	(4,881)	(3,952)	(4,881)
(Gains) in fair value of investment property	(1,990)	(2,983)	-	(150)
Losses on fair value of investments	19	-	19	-
Losses on derivative financial instruments	4,026	695	2,874	458
	<b>26,964</b>	<b>18,943</b>	<b>23,751</b>	<b>18,057</b>
<b>Add/(less) items classified as investing or financing activities:</b>				
(Gains) on disposal of property, plant and equipment and non-current assets held for sale	(2,234)	(5,564)	(2,218)	(5,524)
(Increase)/decrease in capital creditors	(3,015)	2,593	(3,015)	2,593
Other	(908)	(1,158)	(3,122)	(2,519)
	<b>(6,157)</b>	<b>(4,129)</b>	<b>(8,355)</b>	<b>(5,450)</b>
<b>Add/(less) movements in working capital items:</b>				
(Increase) in debtors and other receivables	(992)	(335)	(300)	(3)
(Increase)/decrease in inventory	734	(2,147)	769	(2,143)
(Increase)/decrease in creditors and other payables	(676)	2,678	(1,199)	2,656
Income tax (receivable)	(24)	(85)	-	-
Increase in employee entitlements	119	112	119	112
	<b>(839)</b>	<b>223</b>	<b>(611)</b>	<b>622</b>
<b>Net cash inflow from operating activities</b>	<b>46,512</b>	<b>44,053</b>	<b>35,107</b>	<b>34,163</b>

The accompanying notes form part of these financial statements.

# Notes to Financial Statements

## 1. Statement of Accounting Policies for the year ended 30 June 2019

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

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

- 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; and
  - 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 2019. The results for Marlborough Housing for the Elderly Trust which are consolidated into these accounts are for the 12 months ended 30 June 2019 (2018: for 15 months ended 30 June 2018).

The financial statements were authorised for issue by Council on 31 October 2019.

### 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 2018-19 financial reporting year.

## 1.2. Accounting Policies not contained in the notes that follow on pages 145 to 189.

### (i) Standards issued 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:

- Separate financial statements, Consolidated financial statements, Investments in Associates and Joint Ventures, Joint Arrangements and Disclosure of interests in other entities (PBE IPSAS 34 - 38)

- Interests in other entities (PBE IPSAS 6 - 8)

In January 2017 the External Reporting Board (XRB) issued a set of new standards that replace the existing standards for The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

Council plans to apply the new standards in preparing the 30 June 2020 financial statements. There are no effects for Council and Group from these new standards.

- Financial instruments (PBE IFRS 9 and PBE IPSAS 41)

In January 2017 the XRB issued the new standards for Financial instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial instruments: recognition and measurement, however, PBE IFRS 9 will be superseded by PBE IPSAS 41. The new standard is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The majority of the requirements in PBE IPSAS 41 are identical or almost identical to the requirements in PBE IFRS 9. However, there are general and specific differences between the two standards, such as PBE IPSAS 41 is more closely based on for-profit entities' financial instruments standard compared to PBE IFRS 9.

The main changes under PBE IFRS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value through profit and loss, fair value through other comprehensive revenue and expense or amortised cost;
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses; and
- 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. Council and Group have not yet assessed the effects of the new standard.

- Impairment of revalued assets (Amendments to PBE IPSASs 21 and 26)

The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply this standard in preparing its 30 June 2020 financial statements. Council and Group have not yet assessed the effects of the new standard.

- 2018 Omnibus Amendments to PBE Standards

The amendments relevant to Council and the Group are to PBE IPSAS 2,5,16, 34-38 and PBE IAS 12. The amendments are effective for annual periods beginning on or after 1 January 2019 except for the amendments to PBE IPSAS 2, which are applicable for periods beginning on or after 1 January 2021.

Council plans to apply the new standards in preparing the 30 June 2020 and 30 June 2022 financial statements. There are no effects for Council and Group from these new standards.

- **Service Performance Reporting (PBE FRS 48)**  
This new standard introduces high-level requirements in relation to service performance information and is effective for annual periods beginning on or after 1 January 2021. The Council plans to apply this standard in preparing its 30 June 2022 financial statements. There may be effects for Council and Group from these new standards.
- **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.

### 1.3. 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.

#### (i) Basis of consolidation

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

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

#### (ii) Goods and Services Tax (GST)

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

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

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

#### (iii) Cost Allocation

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

#### (iv) Budget Figures

The budget figures are those approved for the 2018-19 year of Council's 2018-28 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

**(v) Dividends**

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

**(vi) Exchange and non-exchange revenue**

Most of the Council's revenue is from non-exchange transactions accounted for under PBE IPSAS 23 (i.e. rates, subsidies and grants, provision of services partial cost recovery/subsidised, vested assets 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		
	2018-19 Actual \$000s	2018-19 Budget \$000s	2017-18 Actual \$000s
<b>Revenue:</b>			
People	10,960	11,385	10,047
Community facilities	11,755	11,657	11,230
Roads and footpaths	24,333	21,667	24,375
Flood protection and control works	8,369	7,572	7,868
Sewerage	12,115	11,687	12,020
Stormwater drainage	3,098	2,435	2,778
Water supply	9,715	8,838	9,928
Solid waste management	13,490	10,537	11,777
Environmental management	9,068	9,453	8,597
Regulatory	9,195	8,294	9,307
Regional development	5,709	5,719	5,382
<b>Total activity revenue</b>	<b>117,807</b>	<b>109,244</b>	<b>113,309</b>
Plus other revenue (including forestry)*	38,155	38,713	37,820
Less internal revenue	(6,787)	(7,082)	(7,098)
<b>Total revenue</b>	<b>149,175</b>	<b>140,875</b>	<b>144,031</b>
<b>Expenditure:</b>			
Democratic process	3,202	3,197	3,002
Culture and heritage	2,788	3,155	2,725
Housing for seniors	1,305	1,319	1,329
Community support	3,728	2,594	2,904
Library	2,832	2,718	2,586
Emergency management	620	581	626
<b>People group</b>	<b>14,475</b>	<b>13,564</b>	<b>13,172</b>
<b>Community facilities</b>	<b>13,898</b>	<b>11,167</b>	<b>14,591</b>
<b>Roads and footpaths</b>	<b>22,837</b>	<b>21,210</b>	<b>20,169</b>
<b>Flood protection and control works</b>	<b>5,895</b>	<b>5,228</b>	<b>6,318</b>
<b>Sewerage</b>	<b>12,654</b>	<b>11,301</b>	<b>11,119</b>
<b>Stormwater drainage</b>	<b>1,713</b>	<b>2,214</b>	<b>2,252</b>
<b>Water supply</b>	<b>9,529</b>	<b>8,854</b>	<b>9,667</b>
<b>Solid waste management</b>	<b>11,296</b>	<b>9,967</b>	<b>10,602</b>
Environmental policy	2,123	1,708	2,402
Resource consents	2,625	2,641	2,791
Environmental science and monitoring	4,179	4,096	3,872
Environmental protection	1,664	1,417	1,456
<b>Environmental management group</b>	<b>10,591</b>	<b>9,862</b>	<b>10,521</b>
Biosecurity	1,934	1,468	2,229
Building control	4,208	3,947	3,805
Environmental health	426	561	535
Animal control	776	753	747
Harbours	1,536	1,507	1,525
<b>Regulatory</b>	<b>8,880</b>	<b>8,236</b>	<b>8,841</b>
<b>Regional development</b>	<b>5,653</b>	<b>6,219</b>	<b>5,715</b>
<b>Total activity expenditure</b>	<b>117,421</b>	<b>107,822</b>	<b>112,967</b>
Plus other expenditure (including forestry)*	18,219	26,375	17,228
Less internal expenditure	(6,787)	(7,082)	(7,098)
<b>Total expenditure</b>	<b>128,853</b>	<b>127,115</b>	<b>123,097</b>

\*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
	2018-19	2017-18	2018-19	2018-19	2017-18
	\$000s	\$000s	\$000s	\$000s	\$000s
People	8,745	8,233	8,745	8,654	8,233
Community facilities	9,296	8,531	9,296	9,293	8,531
Roads and footpaths	10,172	10,110	10,172	10,099	10,110
Flood protection and control works	4,318	4,072	4,318	4,310	4,072
Sewerage	8,045	7,973	8,045	8,014	7,973
Stormwater drainage	2,006	1,942	2,006	2,006	1,942
Water supply	6,273	5,845	6,273	5,573	5,845
Solid waste management	3,011	2,855	3,011	2,965	2,855
Environmental management	6,672	6,180	6,672	6,670	6,180
Regulatory	3,308	3,350	3,308	3,218	3,350
Regional development	3,330	3,158	3,330	3,755	3,158
<b>Total activity rates</b>	<b>65,176</b>	<b>62,249</b>	<b>65,176</b>	<b>64,557</b>	<b>62,249</b>
Plus non-activity rates	2	(2)	2	2	(2)
Less related party rates eliminated	(449)	(499)	-	-	-
<b>Total gross rates revenue</b>	<b>64,729</b>	<b>61,748</b>	<b>65,178</b>	<b>64,559</b>	<b>62,247</b>
Less rates remissions	645	638	645	843	638
<b>Rates, excluding targeted water rates net of remissions</b>	<b>64,084</b>	<b>61,110</b>	<b>64,533</b>	<b>63,716</b>	<b>61,609</b>

#### Accounting Policy

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

### 4. Finance Expenses

Finance costs:	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2018-19	2017-18	2018-19	2018-19	2017-18
	\$000s	\$000s	\$000s	\$000s	\$000s
Interest expense:					
Interest on borrowings	3,924	3,512	3,126	3,460	2,784
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	4,026	645	2,874	-	408
<b>Total finance expense</b>	<b>7,950</b>	<b>4,157</b>	<b>6,000</b>	<b>3,460</b>	<b>3,192</b>

#### 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
	2018-19	2017-18	2018-19	2018-19	2017-18
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Non-financial instruments:</b>					
Property, plant and equipment gains on disposal	5,516	9,121	5,516	5,104	9,121
Non-current assets held for sale gains on disposal	213	-	213	-	-
Investment property revaluation gain/(loss) (note 14)	2,010	2,983	-	-	150
Forestry revaluation gain (note 12)	3,952	4,881	3,952	570	4,881
Other	-	-	-	-	-
<b>Total gains</b>	<b>11,691</b>	<b>16,985</b>	<b>9,681</b>	<b>5,674</b>	<b>14,152</b>

## 6. Other Revenue

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2018-19	2017-18	2018-19	2018-19	2017-18
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Other revenue:</b>					
User charges	20,809	20,028	20,812	18,908	20,030
Regulatory revenue	5,530	4,881	6,012	5,813	5,322
Infringements and fines	605	492	605	538	492
Vested assets	4,259	4,621	4,259	1,139	4,621
Rendering of services	24,381	21,101	-	-	-
Rental revenue from investment properties	9,209	10,299	113	-	158
MRF revenue	8,992	9,248	8,992	7,547	9,248
Other revenue	9,283	2,567	12,070	19,099	4,568
<b>Total other revenue</b>	<b>83,068</b>	<b>73,237</b>	<b>52,863</b>	<b>53,044</b>	<b>44,439</b>

### Subsidies and grants:

New Zealand Transport Agency roading subsidies	10,943	11,297	10,943	9,206	11,297
Other donations and grants	1,467	2,292	1,467	519	2,292
<b>Total subsidies and grants</b>	<b>12,410</b>	<b>13,589</b>	<b>12,410</b>	<b>9,725</b>	<b>13,589</b>

### Development and financial contributions:

Capital contributions	552	228	552	229	228
Other contributions	216	711	216	336	711
Land subdivision revenues	1,109	1,314	1,109	928	1,314
Development contributions	3,034	3,257	3,034	1,678	3,257
Development impact levies	29	51	29	160	51
<b>Total development and financial</b>	<b>4,940</b>	<b>5,561</b>	<b>4,940</b>	<b>3,331</b>	<b>5,561</b>

## 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 non-exchange 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, senior housing, community safety and environmental control.



## Accounting Policy

### **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 as exchange revenue when goods are delivered and title has passed.

### **Insurance Revenue**

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

### **Development and Financial Contributions**

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

## 7. Personnel

### 7.1. Personnel Costs

	Group		Council		
	Actual 2018-19 \$000s	Actual 2017-18 \$000s	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Actual 2017-18 \$000s
Salaries and wages and related entitlements	28,718	26,892	22,011	22,563	20,587
Defined contribution plan employer contributions	1,224	1,140	941	965	870

## Accounting Policy

### **Defined contribution schemes**

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

### 7.2. Chief Executive

The incumbent Chief Executive received the following remuneration:

Salary  
Vehicle, superannuation and other  
**Total Chief Executive compensation**

Council	
2018-19 \$000s	2017-18 \$000s
303	275
10	17
<b>313</b>	<b>292</b>

### 7.3. Elected Representatives

	Group		Council	
	2018-19 \$000s	2017-18 \$000s	2018-19 \$000s	2017-18 \$000s
Elected representatives received the following remuneration:				
<b>Mayor:</b>				
John Leggett*	147	144	136	133
<b>Councillors:</b>				
Jenny Andrews	38	38	38	38
Jamie Arbuckle	73	77	73	77
Cynthia Brooks	45	45	45	45
Brian Dawson	39	38	39	38
Geoff Evans	40	39	40	39
Michael Fitzpatrick	38	38	38	38
Trevor Hook	113	112	102	101
Gerald Hope	38	38	38	38
David Oddie	89	72	89	72
Mark Peters	49	49	38	38
Laressa Shenfield	22	78	22	78
Terry Sloan	48	48	48	48
Nadine Taylor	45	46	45	46
<b>Total elected representatives' remuneration</b>	<b>824</b>	<b>862</b>	<b>791</b>	<b>829</b>

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 2018-19 and were paid directors' fees by MDCH of \$10,804 each (2018: \$10,561).

### 7.4. Staff Employed Full Time Equivalent

At balance date the Council employed 231 full time employees (2018: 226) with the balance of staff representing 41 (2018: 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:

	2018-19		2017-18
Less than \$60,000	112	Less than \$60,000	114
\$60,000 to \$79,999	71	\$60,000 to \$79,999	65
\$80,000 to \$99,999	68	\$80,000 to \$99,999	67
\$100,000 to \$119,999	24	\$100,000 to \$119,999	17
\$120,000 to \$139,999	6	\$120,000 to \$139,999	8
\$140,000 to \$179,999	6	\$140,000 to \$179,999	6
\$180,000 to \$319,999	7	\$180,000 to \$299,999	6
<b>Total</b>	<b>294</b>	<b>Total</b>	<b>283</b>

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

## 8. Other Expenses

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2018-19	2017-18	2018-19	2018-19	2017-18
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Other expenses include:</b>					
Fees to auditors:					
<b>Audit New Zealand for:</b>					
audit of financial statements	135	133	135	140	133
audit of the 2018-28 LTP	-	88	-	-	88
audit of financial statements 2016-17	-	-	-	-	20
audit of the 2018-28 LTP	-	-	-	-	28
audit of MDCH financial statements	18	18	-	-	-
<b>Deloitte for</b> audit of PMNZL and MAL financial statements	97	87	-	-	-
Grants and donations	8,543	8,162	8,462	5,711	8,102
Insurance premiums	3,747	2,930	2,567	2,402	1,972
Impairment adjustment of receivables (note	(45)	9	8	-	(1)
Directors' fees	251	273	-	-	-
Property plant and equipment loss on	3,511	3,597	3,511	9	3,597
Property plant and equipment impairment	658	-	658	-	-
Investment properties direct operating expenses	3,788	3,893	53	-	158
Operating leases payments	628	596	607	510	572
Loss on fair value of investments	19	-	19	-	-
<b>Depreciation and amortisation:</b>					
Depreciation expense (note 10)	27,590	26,137	24,094	24,928	22,694
Amortisation of intangible assets (note 11)	947	669	818	-	568
Transfer adjustments (note 10)	(174)	-	-	-	-
<b>Total depreciation and amortisation</b>	<b>28,363</b>	<b>26,806</b>	<b>24,912</b>	<b>24,928</b>	<b>23,262</b>

### 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

	Group		Council	
	2018-19 \$000s	2017-18 \$000s	2018-19 \$000s	2017-18 \$000s
<b>9.1 Components of tax expense</b>				
Current tax expense	3,222	2,790	-	-
Deferred tax expense	137	(618)	-	-
<b>Tax expense</b>	<b>3,359</b>	<b>2,172</b>	<b>-</b>	<b>-</b>
<b>9.2 Relationship between tax expense and accounting profit</b>				
Surplus before tax	29,903	31,188	20,322	20,934
Tax at 28% (2018: 28%)	8,374	8,733	5,690	5,862
Plus/(less) tax effect of:				
Non-deductible expenditure	25	52	-	-
Non-taxable income	(5,040)	(6,613)	(5,690)	(5,862)
<b>Tax expense</b>	<b>3,359</b>	<b>2,172</b>	<b>-</b>	<b>-</b>
<b>9.3 Current tax assets/(liabilities)</b>				
Tax (payable)/receivable	<b>95</b>	<b>41</b>	<b>-</b>	<b>-</b>

### 9.4 Group deferred tax asset/(liability)

	Council tax losses \$000s	Property, plant & equipment \$000s	Investment property \$000s	Intangibles	Financial instruments \$000s	Provisions \$000s	Total \$000s
<b>Balance at 1 July 2017</b>	<b>892</b>	<b>(11,559)</b>	<b>(2,324)</b>	<b>(168)</b>	<b>706</b>	<b>756</b>	<b>(11,697)</b>
(Charged)/credited to surplus	112	416	(122)	23	67	122	618
Charged to other comprehensive income	-	85	-	-	-	-	85
<b>Balance at 30 June 2018</b>	<b>1,004</b>	<b>(11,058)</b>	<b>(2,446)</b>	<b>(145)</b>	<b>773</b>	<b>878</b>	<b>(10,994)</b>
(Charged)/credited to surplus	156	378	(1,113)	12	323	107	(137)
Charged to other comprehensive income	-	(5,079)	-	-	-	-	(5,079)
<b>Balance at 30 June 2019</b>	<b>1,160</b>	<b>(15,759)</b>	<b>(3,559)</b>	<b>(133)</b>	<b>1,096</b>	<b>985</b>	<b>(16,210)</b>

Council has not recognised a deferred tax asset in relation to tax losses of \$4,143 (2018: \$3,586). 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-2019 \$'000s		
	Cost/ valuation 1-Jul-2018 \$'000s	Accumulated depreciation 1-Jul-2018 \$'000s	Carrying amount 1-Jul-2018 \$'000s	WIP & other reclassifica- tions Cost \$'000s	Accumulated depreciation \$'000s	Additions \$'000s	Disposals adjustment \$'000s	Disposals depreciation adjustment \$'000s	Impairment \$'000s	Depreciation \$'000s	Transfer adjustment \$'000s	Transfers Dpn Adjustment \$'000s	Revaluation cost adjustment \$'000s		Revaluation depreciation adjustment \$'000s	Cost/ revaluation 30-Jun-2019 \$'000s
<b>2018-19 GROUP</b>																
<b>10.1 Infrastructural assets</b>																
Work in progress	27,860	-	27,860	(25,343)	-	5,815	(66)	-	-	-	-	-	-	-	8,264	-
Infrastructure land	14,697	-	14,697	19	-	121	-	-	-	-	-	693	-	-	15,530	-
Land under roads	136,722	-	136,722	-	-	601	-	-	-	-	-	-	-	-	137,323	-
Flood protection and controlled works	208,265	-	208,265	30	-	1,234	-	-	189	-	-	7,927	(189)	-	217,456	-
Road and footpaths	581,469	-	581,469	1,727	-	12,405	-	-	10,009	-	-	25,019	(10,009)	-	620,620	-
Sewerage schemes other	106,571	-	106,571	18,969	-	6,332	(2,285)	(63)	(111)	2,688	-	(8,603)	(2,625)	-	120,873	-
Sewerage treatment and facilities	45,476	-	45,476	-	-	391	-	-	703	-	-	569	(703)	-	46,436	-
Stormwater drainage schemes	76,281	-	76,281	-	-	2,069	(236)	(5)	-	1,497	-	2,760	(1,492)	-	80,874	-
Water supply schemes - other	126,289	-	126,289	1,079	-	5,568	(917)	(23)	(188)	2,775	-	620	(2,752)	-	132,451	-
Water treatment and facilities	17,139	-	17,139	3,461	-	178	-	-	857	-	-	80	(857)	-	20,858	-
Wharf infrastructure	44,130	3,030	41,100	723	(2)	-	-	-	1,412	(45)	-	6,461	(4,116)	-	51,269	324
	<b>1,384,899</b>	<b>3,030</b>	<b>1,381,869</b>	<b>665</b>	<b>(2)</b>	<b>34,714</b>	<b>(3,506)</b>	<b>(91)</b>	<b>(299)</b>	<b>20,130</b>	<b>(45)</b>	<b>35,526</b>	<b>(22,743)</b>	<b>1,451,954</b>	<b>324</b>	<b>1,451,630</b>
<b>10.2 Operational assets</b>																
Work in progress	2,594	-	2,594	(1,720)	-	8,425	(5,275)	-	-	2,520	-	-	-	-	4,024	-
Buildings	88,127	2,694	85,433	185	-	367	(80)	(2)	(706)	-	-	(2,484)	(2,631)	-	85,409	2,581
Forest crops	1,603	-	1,603	-	-	-	-	-	-	-	-	(612)	-	991	-	991
Improvements at fair/market value	17,706	2,004	15,702	2,288	-	735	-	-	923	11	(10)	6,071	(1,511)	-	26,811	1,406
Land	126,237	164	126,073	(2,211)	-	63	(119)	-	-	-	(164)	7,161	-	-	131,131	-
Landfill	6,208	2,845	3,363	-	-	65	-	-	419	-	-	-	-	-	6,273	3,264
Library books	2,128	867	1,261	-	-	223	-	-	211	-	-	-	-	-	2,351	1,078
Office structures and improvements	41,591	4,433	37,158	95	-	2,708	(18)	(18)	1,309	-	-	-	-	-	44,376	5,724
Office equipment, furniture and fittings	5,384	3,619	1,765	-	-	551	(113)	(10)	501	-	-	-	-	-	5,822	4,010
Plant, machinery and equipment	19,146	10,057	9,089	649	-	953	(1,325)	(610)	1,397	(178)	-	-	-	-	19,245	10,846
	<b>310,724</b>	<b>26,683</b>	<b>284,041</b>	<b>(714)</b>	<b>2</b>	<b>14,090</b>	<b>(6,930)</b>	<b>(740)</b>	<b>7,280</b>	<b>(167)</b>	<b>(174)</b>	<b>10,136</b>	<b>(4,142)</b>	<b>326,433</b>	<b>28,909</b>	<b>297,524</b>
<b>10.3 Restricted assets</b>																
Buildings	9,408	177	9,231	-	-	27	-	-	180	-	-	(149)	(177)	-	9,286	180
Land	30,601	-	30,601	28	-	255	-	-	-	-	-	1,584	-	-	32,468	-
	<b>40,009</b>	<b>177</b>	<b>39,832</b>	<b>28</b>	<b>-</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>1,435</b>	<b>(177)</b>	<b>41,754</b>	<b>180</b>	<b>41,574</b>
<b>Total operational and infrastructural</b>	<b>1,735,632</b>	<b>29,890</b>	<b>1,705,742</b>	<b>(21)</b>	<b>-</b>	<b>49,086</b>	<b>(10,436)</b>	<b>(831)</b>	<b>(1,005)</b>	<b>27,590</b>	<b>(212)</b>	<b>47,097</b>	<b>(27,062)</b>	<b>1,820,141</b>	<b>29,413</b>	<b>1,790,728</b>

	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		
<b>2017-18 GROUP</b>	<b>1,266,085</b>	<b>1,775</b>	<b>1,264,310</b>	<b>45,617</b>	<b>(1,809)</b>	<b>(4)</b>	<b>(1,881)</b>	<b>18,851</b>	<b>39</b>	<b>77,946</b>	<b>(17,592)</b>	<b>1,384,899</b>	<b>3,030</b>	<b>1,381,869</b>
<b>10.1 Infrastructural assets</b>														
Work in progress	7,225	-	7,225	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	1,912	(64)	(1)	(377)	207	50,107	(375)	(208,265)	208,265	-	208,265
Road and footpaths	541,114	-	541,114	14,690	(757)	(3)	-	9,260	26,352	(9,257)	581,469	581,469	-	581,469
Sewerage schemes other	111,391	-	111,391	1,192	(226)	-	(1,379)	2,421	(607)	(2,421)	106,571	106,571	-	106,571
Sewerage treatment and facilities	41,289	-	41,289	112	-	-	-	605	275	(605)	45,476	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	-	76,281
Water supply schemes - other	124,512	-	124,512	3,138	(449)	-	-	2,743	(59)	(2,743)	126,289	126,289	-	126,289
Water treatment and facilities	16,466	-	16,466	33	(127)	-	-	758	(233)	(758)	17,139	17,139	-	17,139
Wharf infrastructure	44,091	1,606	42,485	-	-	-	-	1,424	39	-	44,130	3,030	-	41,100
	<b>1,266,085</b>	<b>1,775</b>	<b>1,264,310</b>	<b>45,617</b>	<b>(1,809)</b>	<b>(4)</b>	<b>(1,881)</b>	<b>18,851</b>	<b>39</b>	<b>77,946</b>	<b>(17,592)</b>	<b>1,384,899</b>	<b>3,030</b>	<b>1,381,869</b>
<b>10.2 Operational assets</b>														
Work in progress	5,600	-	5,600	2,130	(1,305)	-	-	-	(1,800)	-	-	2,594	-	2,594
Buildings	84,291	2,249	82,042	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	1,247	15,906	683	-	-	-	757	268	(398)	-	17,706	2,004	15,702
Land	114,531	-	114,531	4,241	(728)	-	-	164	8,077	-	-	126,237	164	126,073
Landfill	5,936	2,432	3,504	272	-	-	-	413	-	-	-	6,208	2,845	3,363
Library books	2,514	1,182	1,332	260	(646)	(542)	-	227	2,128	-	-	2,128	867	1,261
Other structures and improvements	35,081	3,311	31,770	5,717	(512)	(130)	-	1,252	-	-	-	41,591	4,433	37,158
Office equipment, furniture and fittings	5,065	3,537	1,528	757	(438)	(393)	-	475	-	-	-	5,384	3,619	1,765
Plant, machinery and equipment	18,707	9,931	8,776	818	(1,410)	(1,253)	-	1,379	1,031	-	-	19,146	10,057	9,089
	<b>290,481</b>	<b>23,889</b>	<b>266,592</b>	<b>19,294</b>	<b>(6,115)</b>	<b>(2,334)</b>	<b>-</b>	<b>7,109</b>	<b>(120)</b>	<b>6,106</b>	<b>(1,981)</b>	<b>310,724</b>	<b>26,683</b>	<b>284,041</b>
<b>10.3 Restricted assets</b>														
Buildings	9,265	174	9,091	225	-	-	-	177	-	(102)	(174)	9,408	177	9,231
Land	28,735	-	28,735	231	-	-	-	-	-	1,635	-	30,601	-	30,601
	<b>38,000</b>	<b>174</b>	<b>37,826</b>	<b>456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177</b>	<b>-</b>	<b>1,533</b>	<b>(174)</b>	<b>40,009</b>	<b>177</b>	<b>39,832</b>
<b>Total operational and infrastructural</b>	<b>1,594,566</b>	<b>25,838</b>	<b>1,568,728</b>	<b>65,367</b>	<b>(7,924)</b>	<b>(2,338)</b>	<b>(1,881)</b>	<b>26,137</b>	<b>(81)</b>	<b>85,585</b>	<b>(19,747)</b>	<b>1,735,632</b>	<b>29,890</b>	<b>1,705,742</b>

	Current year																
	Carrying amount 1-Jul-2018	Cost/valuation 1-Jul-2018	Accumulated depreciation 1-Jul-2018	WIP & other reclassifications Cost	Accumulated depreciation	Additions	Disposals	Disposals depreciation adjustment	Impairment	Depreciation	Transfer adjustment	Transfers Dpn Adjustment	Revaluation cost adjustment	Revaluation depreciation adjustment	Cost/revaluation 30-Jun-2019	Accumulated depreciation 30-Jun-2019	Carrying amount 30-Jun-2019
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>2018-19 COUNCIL</b>																	
<b>10.1 Infrastructural assets</b>																	
Work in progress	27,860	27,860	-	(25,343)	-	5,814	(68)	-	-	-	-	-	-	-	8,263	-	8,263
Infrastructure land	14,697	14,697	-	19	-	121	-	-	-	-	-	-	693	-	15,530	-	15,530
Land under roads	136,722	136,722	-	-	-	601	-	-	-	-	-	-	-	-	137,323	-	137,323
Flood protection and controlled works	208,265	208,265	-	30	-	1,234	-	-	189	-	-	-	7,927	(189)	217,456	-	217,456
Road and footpaths	581,469	581,469	-	1,727	-	12,405	-	-	10,009	-	-	-	25,019	(10,009)	620,620	-	620,620
Sewerage schemes other	106,571	106,571	-	18,969	-	6,332	(2,285)	(63)	(111)	2,688	-	-	(8,603)	(2,625)	120,873	-	120,873
Sewerage treatment and facilities	45,476	45,476	-	-	-	391	-	-	703	-	-	-	569	(703)	46,436	-	46,436
Stormwater drainage schemes	76,281	76,281	-	1,079	-	2,069	(236)	(5)	-	1,497	-	-	2,760	(1,492)	80,874	-	80,874
Water supply schemes - other	126,289	126,289	-	17,139	-	5,568	(917)	(23)	(188)	2,775	-	-	620	(2,752)	132,451	-	132,451
Water treatment and facilities	17,139	17,139	-	3,461	-	178	-	-	857	-	-	-	80	(857)	20,858	-	20,858
	<b>1,340,769</b>	<b>1,340,769</b>	<b>-</b>	<b>(58)</b>	<b>-</b>	<b>34,713</b>	<b>(3,506)</b>	<b>(91)</b>	<b>(239)</b>	<b>18,718</b>	<b>-</b>	<b>-</b>	<b>29,065</b>	<b>(18,627)</b>	<b>1,400,684</b>	<b>-</b>	<b>1,400,684</b>
<b>10.2 Operational assets</b>																	
Work in progress	2,322	2,322	-	(117)	-	6,732	(5,275)	-	-	-	-	-	-	-	3,662	-	3,662
Buildings	72,211	72,211	1,816	8	-	367	(80)	(2)	(706)	1,874	-	-	(2,445)	(1,816)	69,355	1,872	67,483
Forest/crops	1,603	1,603	-	-	-	-	-	-	-	-	-	-	(612)	-	991	-	991
Improvements at fair/market value	4,302	4,302	1,005	-	-	700	-	-	-	242	-	-	795	-	5,797	1,247	4,550
Land	104,575	104,575	-	-	-	63	(119)	-	-	-	-	-	6,747	-	111,266	-	111,266
Landfill	6,207	6,207	2,845	-	-	65	-	-	-	419	-	-	-	-	6,272	3,264	3,008
Library/books	2,127	2,127	867	-	-	223	-	-	-	211	-	-	-	-	2,350	1,078	1,272
Other structures and improvements	41,591	41,591	4,433	95	-	2,708	(18)	(18)	-	1,309	-	-	-	-	44,376	5,724	38,652
Office equipment/furniture and fittings	5,383	5,383	3,619	-	-	551	(113)	(110)	-	501	-	-	-	-	5,821	4,010	1,811
Plant, machinery and equipment	9,009	9,009	4,672	44	-	918	(1,134)	(429)	-	640	-	-	-	-	8,837	4,883	3,954
	<b>249,330</b>	<b>19,257</b>	<b>230,073</b>	<b>30</b>	<b>-</b>	<b>12,327</b>	<b>(6,739)</b>	<b>(559)</b>	<b>(706)</b>	<b>5,196</b>	<b>-</b>	<b>-</b>	<b>4,485</b>	<b>(1,816)</b>	<b>288,727</b>	<b>22,078</b>	<b>236,649</b>
<b>10.3 Restricted assets</b>																	
Buildings	9,408	9,408	177	-	-	27	-	-	-	180	-	-	(149)	(177)	9,286	180	9,106
Land	30,601	30,601	-	28	-	255	-	-	-	-	-	-	1,584	-	32,468	-	32,468
	<b>40,009</b>	<b>177</b>	<b>39,832</b>	<b>28</b>	<b>-</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>1,435</b>	<b>(177)</b>	<b>41,754</b>	<b>180</b>	<b>41,574</b>
<b>Total operational and infrastructural</b>	<b>1,630,108</b>	<b>19,434</b>	<b>1,610,674</b>	<b>-</b>	<b>-</b>	<b>47,322</b>	<b>(10,245)</b>	<b>(650)</b>	<b>(1,005)</b>	<b>24,094</b>	<b>-</b>	<b>-</b>	<b>34,985</b>	<b>(20,620)</b>	<b>1,701,165</b>	<b>22,258</b>	<b>1,678,907</b>



2017-18 COUNCIL	Current year													Carrying amount 30-Jun-2018 \$'000s
	Cos/ valuation 1-Jul-2017 \$'000s	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 adjustment \$'000s	Revaluation depreciation adjustment \$'000s	Cos/ revaluation 30-Jun-2018 \$'000s	
<b>10.1 Infrastructural assets</b>														
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	50,107	(375)	208,265	-	208,265
Road and footpaths	541,114	-	541,114	70	14,690	(757)	(3)	(1,379)	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	-	-	(125)	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
	<b>1,221,994</b>	<b>169</b>	<b>1,221,825</b>	<b>(1,098)</b>	<b>45,617</b>	<b>(1,809)</b>	<b>(4)</b>	<b>(1,881)</b>	<b>17,427</b>	<b>77,946</b>	<b>(17,592)</b>	<b>1,340,769</b>	<b>-</b>	<b>1,340,769</b>
<b>10.2 Operational assets</b>														
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	(1,266)	(1,981)	72,211	1,816	70,395
Forest crops	1,603	-	1,603	-	-	-	-	-	-	-	-	1,603	-	1,603
Improvements at fair/market value	4,018	748	3,270	-	682	-	-	-	257	(398)	-	4,302	1,005	3,297
Land	93,177	-	93,177	116	3,933	(728)	-	-	-	8,077	-	104,575	-	104,575
Landfill	5,935	2,432	3,506	-	272	-	-	-	413	-	-	6,207	2,845	3,362
Library books	2,515	1,182	1,332	-	258	(646)	(542)	(542)	227	-	-	2,127	867	1,260
Other structures and improvements	35,081	3,311	31,770	1,305	5,717	(512)	(130)	-	1,252	-	-	41,591	4,433	37,158
Office equipment, furniture and fittings	5,064	3,537	1,527	-	757	(438)	(393)	(393)	475	-	-	5,383	3,619	1,764
Plant, machinery and equipment	9,142	4,624	4,518	-	590	(723)	(596)	(596)	644	-	-	9,009	4,672	4,337
	<b>230,314</b>	<b>17,815</b>	<b>212,500</b>	<b>1,078</b>	<b>16,982</b>	<b>(5,457)</b>	<b>(1,667)</b>	<b>(1,881)</b>	<b>5,090</b>	<b>6,413</b>	<b>(1,981)</b>	<b>249,330</b>	<b>19,257</b>	<b>230,073</b>
<b>10.3 Restricted assets</b>														
Buildings	9,265	174	9,091	20	225	-	-	-	177	(102)	(174)	9,408	177	9,231
Land	28,735	-	28,735	-	231	-	-	-	-	1,635	-	30,601	-	30,601
	<b>38,000</b>	<b>174</b>	<b>37,826</b>	<b>20</b>	<b>456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177</b>	<b>1,533</b>	<b>(174)</b>	<b>40,009</b>	<b>177</b>	<b>39,832</b>
<b>Total operational and infrastructural</b>	<b>1,490,308</b>	<b>18,158</b>	<b>1,472,151</b>	<b>-</b>	<b>63,055</b>	<b>(7,266)</b>	<b>(1,671)</b>	<b>(1,881)</b>	<b>22,694</b>	<b>85,892</b>	<b>(19,747)</b>	<b>1,630,108</b>	<b>19,434</b>	<b>1,610,674</b>

## 10.1 Council Core Infrastructure Asset Disclosures

2018-19 COUNCIL	Closing Book Value \$000s	Additions		Most Recent Replacement Cost \$000s
		Constructed \$000s	Vested \$000s	
<b>Asset Class</b>				
Flood protection and controlled works	217,456	2,702	-	224,382
Road and footpaths	620,620	10,516	2,074	826,789
Sewerage schemes-other	120,871	6,273	811	191,736
Sewerage treatment and facilities	46,436	993	-	65,521
Stormwater drainage	80,874	2,288	943	134,509
Water schemes-other	132,453	2,678	326	157,156
Water treatment and facilities	20,859	417	-	91,911

2017-18 COUNCIL	Closing Book Value \$000s	Additions		Most Recent Replacement Cost \$000s
		Constructed \$000s	Vested \$000s	
<b>Asset Class</b>				
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

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

	2018-19 \$000s	2017-18 \$000s
People	778	761
Community facilities	2,018	1,952
Roads and footpaths	9,861	9,117
Flood protection and control works	190	209
Sewerage	3,391	3,027
Stormwater drainage	1,499	1,435
Water supply	3,297	3,176
Solid waste management	723	700
Environmental management	351	112
Regulatory	144	149
Regional development	659	644
<b>Total depreciation</b>	<b>22,911</b>	<b>21,282</b>

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	2018-19 \$000s	2017-18 \$000s
<b>Asset Class</b>		
Roads and footpaths	312	2,057
Sewerage treatment and facilities	1,175	573
Sewerage other	752	19,372
Water other	1,558	1,293
Water treatment and facilities	239	3,619
Stormwater	1,205	42
Flood protection and control works	2,081	642
Buildings	3,740	444
Landfill	224	23
Other structures and improvements	729	291
Land	4	1,975
Wharf infrastructure	139	65
Plant machinery and equipment	41	58
Fair value improvements	89	-
<b>Total work in progress</b>	<b>12,288</b>	<b>30,454</b>

The larger 2018-19 work in progress items are mainly made up of:

- Buildings - Awatere Memorial Hall upgrade;
- Flood protection - Caseys Creek urban growth upgrade and stage 2 of the Town Branch drainage upgrades;
- Stormwater - Rose manor subdivision services development; and
- Water other - Renwick water reservoir project.

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Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and any impairment losses. Council's Property, plant and equipment consist of:

- Infrastructural assets
- Operational assets
- Restricted assets

#### **Infrastructural Assets**

Infrastructure assets are the fixed utility systems owned by the Council and group such as road networks, sewer systems and water systems. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

#### **Operational Assets**

Operational assets are acquired to enable the ongoing operations. These include land, buildings, land fill post-closure, library books, plant and equipment and motor vehicles.

#### **Restricted Assets**

Restricted assets are mainly parks and reserves owned by the Council and group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

#### **Additions**

Additions between valuations are recorded at cost, except for vested assets. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use. Certain infrastructural assets and land have been vested in Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the

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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:

<b>Infrastructural assets</b>	<b>Life</b>	<b>Rate</b>
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	40 - 80 years	1.25 – 2.5%
Water supply schemes – other	20 -100 years	1 - 5%
Water treatment and facilities	20 - 100 years	1 - 5%

<b>Operational assets</b>	<b>Life</b>	<b>Rate</b>
Work in progress	Not depreciated	
Buildings	30 - 100 years	1 - 3.33%
Forest crops	Not depreciated	
Land	Not depreciated	
Landfill	7.9 - 40 years	2.5 – 12.6%
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%

<b>Restricted assets</b>	<b>Life</b>	<b>Rate</b>
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 expenses and then recognised in other comprehensive revenue and expense.

### **Impairment of assets**

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount

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may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

## Impairment

Impairment losses of \$1.005 million (2018: 1.881 million) were recognised this year. The main impairment relates to fire damage at the Waste Sorting Centre in Blenheim together with some changes in useful life of infrastructure pipes. The impairment losses were recognised through the appropriate revaluation reserve and through other comprehensive revenue and expense in accordance with the accounting policy.

In 2017-18 the main impairment was due to impacts from the Kaikoura earthquake, please refer to note 30.

## 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 2019 by Jaimie Cable, Fraser Clarke and Lucy Riddle of Opus International Consultants Ltd.

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

Water, sewer and stormwater assets were valued at depreciated replacement cost and optimised depreciated replacement cost where possible as at 30 June 2019. The valuation was performed by Council's engineering staff directly associated with managing these assets. An independent review of the valuation was conducted by Alexander Hayward Ltd.

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

- Estimating any obsolescence or surplus capacity of the asset;
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction. 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; and

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

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

### Land and Buildings including Restricted Land and Buildings

Council land was independently valued by QV Valuations (Registered Valuers) as at 1 July 2018. The basis of valuation is fair value with reference to highest and best use as at 1 July 2018.

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 2018. 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 2019 by Merrill & Ring New Zealand Ltd.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely. 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.

	<b>Group total</b>	<b>Group Carbon credits</b>	<b>Software</b>	<b>Council total</b>	<b>Council Carbon credits</b>	<b>Software</b>
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Cost:</b>						
<b>Balance at 1 July 2017</b>	<b>8,841</b>	<b>991</b>	<b>7,850</b>	<b>7,564</b>	<b>991</b>	<b>6,573</b>
Additions	1,789	-	1,789	1,758	-	1,758
Disposals	(350)	(161)	(189)	(161)	(161)	-
<b>Balance at 30 June 2018</b>	<b>10,280</b>	<b>830</b>	<b>9,450</b>	<b>9,161</b>	<b>830</b>	<b>8,331</b>
Additions	2,047	-	2,047	1,951	-	1,951
Disposals	(300)	(300)	-	(300)	(300)	-
<b>Balance at 30 June 2019</b>	<b>12,027</b>	<b>530</b>	<b>11,497</b>	<b>10,812</b>	<b>530</b>	<b>10,282</b>
<b>Accumulated amortisation and impairment:</b>						
<b>Balance at 1 July 2017</b>	<b>4,142</b>	<b>87</b>	<b>4,055</b>	<b>3,489</b>	<b>87</b>	<b>3,402</b>
Amortisation expense	480	-	480	568	-	568
Revaluation/ Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>4,622</b>	<b>87</b>	<b>4,535</b>	<b>4,057</b>	<b>87</b>	<b>3,970</b>
Amortisation expense	947	-	947	818	-	818
Revaluation/ Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>5,569</b>	<b>87</b>	<b>5,482</b>	<b>4,875</b>	<b>87</b>	<b>4,788</b>
<b>Carrying amount:</b>						
<b>Balance at 1 July 2017</b>	<b>4,699</b>	<b>904</b>	<b>3,795</b>	<b>4,075</b>	<b>904</b>	<b>3,171</b>
<b>Balance at 30 June 2018</b>	<b>5,658</b>	<b>743</b>	<b>4,915</b>	<b>5,104</b>	<b>743</b>	<b>4,361</b>
<b>Balance at 30 June 2019</b>	<b>6,458</b>	<b>443</b>	<b>6,015</b>	<b>5,937</b>	<b>443</b>	<b>5,494</b>

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### **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 5 to 10 years 10% to 20%.

### **Impairment of intangible assets**

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. For further details, refer to the policy for impairment of property, plant, and equipment in Note 10. The same approach applies to the impairment of intangible assets.

## 12. Forestry Assets (including jointly held assets)

Forestry assets are predominantly owned and managed by MRF.

The forestry estate is managed through a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (KDC) (11.5%). The MRF estate covers 3,143 stocked hectares as at 30 June 2019 (2018: 3,097).

	Group		Council		
	Actual 2018-19 \$000s	Actual 2017-18 \$000s	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Actual 2017-18 \$000s
<b>Balance at 1 July</b>	16,369	14,855	16,369	14,259	14,855
Increase due to additions	562	352	562	165	352
Gains arising from changes attributable to physical changes (note 5)	1,222	1,661	1,222	570	1,661
Gains arising from changes attributable to price changes (note 5)	2,730	3,220	2,730	-	3,220
Decreases due to harvest	(3,864)	(3,719)	(3,864)	(1,509)	(3,719)
<b>Balance at 30 June</b>	<b>17,019</b>	<b>16,369</b>	<b>17,019</b>	<b>13,485</b>	<b>16,369</b>



## 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 with 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 2019 of the MRF estate ranges from 1-14 years 79%; 15-28 years 16% and 29-45 years 5% (2017-18: 1-14 years 79%, 15-28 years 12% and 29-45 years 9%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2019. Buck Forestry Service Ltd has prepared the forestry crop valuations as at 30 June 2019 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 2019			as at 30 June 2018		
Discount rate:	7%	8% (as used)	9%	7%	8% (as used)	9%
Tree crop value (\$000s)	23,031	19,230	16,143	21,634	18,496	15,950
MDC's 88.5% share (\$000s)	20,382	17,019	14,287	19,146	16,369	14,116

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	
	2018-19 \$000s	2017-18 \$000s
Current assets	1,018	950
Non-current assets	27,461	25,211
Current liabilities	514	452
Income	12,977	14,133
Expenses	8,613	8,408

## 13. Other Financial Assets

	Group		Council		
	Actual 2018-19 \$000s	Actual 2017-18 \$000s	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Actual 2017-18 \$000s
<b>Current portion:</b>					
Term deposits and bonds with maturities of 4-12 months	11,013	8,980	11,013	9,223	8,980
<b>Total current portion</b>	<b>11,013</b>	<b>8,980</b>	<b>11,013</b>	<b>9,223</b>	<b>8,980</b>
<b>Non-current portion:</b>					
Term deposits and bonds with maturities 12 months plus	1,399	3,355	1,399	4,295	3,355
Unlisted shares in subsidiaries (investment in CCOs)	-	-	6,000	6,000	6,000
Advance to MDCH	-	-	50,905	55,457	51,690
NZ Local Government Insurance Corporation and the LGFA shares	1,453	1,293	1,453	1,294	1,293
Shares other	1	1	1	-	1
<b>Total non-current portion</b>	<b>2,853</b>	<b>4,649</b>	<b>59,758</b>	<b>67,046</b>	<b>62,339</b>
<b>Total other financial assets</b>	<b>13,866</b>	<b>13,629</b>	<b>70,771</b>	<b>76,269</b>	<b>71,319</b>

The carrying value of term deposits and bonds approximates their fair value. Financial assets are classified into the following categories for the purpose of measurement:

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

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

### Accounting Policy

#### ***Investments in Subsidiaries and Similar Entities***

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

#### ***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 are recognised in the surplus or deficit. At year end they are assessed for indicators of impairment.

Impairment is established when there is objective evidence that 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 2019 (30 June 2018: Nil). Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

## 14. Investment Property

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2018-19	2017-18	2018-19	2018-19	2017-18
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Balance at 1 July</b>	<b>86,885</b>	<b>79,221</b>	<b>2,300</b>	<b>2,300</b>	<b>2,150</b>
Additions from acquisition	5,677	4,600	-	-	-
Transfer from property plant and equipment	212	81	-	-	-
Fair valuation gains/(losses) (notes 5 and 8)	2,010	2,983	-	-	150
Disposals	(2,312)	-	(2,300)	(2,300)	-
<b>Balance at 30 June</b>	<b>92,472</b>	<b>86,885</b>	<b>-</b>	<b>-</b>	<b>2,300</b>

### 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 the MDCH Group's investment property at 30 June 2019 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 for Port Marlborough NZ Ltd and Alexander Hayward Ltd for Marlborough Airport Ltd (2018: Crighton Anderson Property and Infrastructure Ltd), 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 7.25% and 8.75% (2018: 7.5% 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.



provision has been based on an analysis of previous year's losses and a review of specific debtors.

	2018-19			2017-18		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
<b>16.5 Ageing profile of total receivables</b>						
<b>Group</b>						
Not past due	12,980	-	12,980	12,283	-	12,283
Past due 1-60 days	793	-	793	557	-	557
Past due 61-120 days	178	-	178	114	70	44
Past due >120 days	378	30	348	254	5	249
<b>Total</b>	<b>14,329</b>	<b>30</b>	<b>14,299</b>	<b>13,208</b>	<b>75</b>	<b>13,133</b>
<b>Council</b>						
Not past due	10,196	-	10,196	10,312	-	10,312
Past due 1-60 days	793	-	793	557	-	557
Past due 61-120 days	178	-	178	114	-	114
Past due >120 days	378	13	365	254	5	249
<b>Total</b>	<b>11,545</b>	<b>13</b>	<b>11,532</b>	<b>11,237</b>	<b>5</b>	<b>11,232</b>

## 17. Inventory

	Group		Council		
	Actual 2018-19 \$000s	Actual 2017-18 \$000s	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Actual 2017-18 \$000s
<b>Held for distribution inventory:</b>					
Goods held for maintenance	366	300	31	-	-
<b>Commercial inventory:</b>					
Quarry rock and gravel	290	267	290	246	267
<b>Other:</b>					
Queen Street Property	8,100	8,923	8,100	-	8,923
<b>Total inventory</b>	<b>8,756</b>	<b>9,490</b>	<b>8,421</b>	<b>246</b>	<b>9,190</b>

The Queen Street property will be advertised for sale before Christmas and is expected to be sold in the 2019-20 year. Other small inventories are held of goods for maintenance and quarry rock and gravel.

### Accounting Policy

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

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

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

### 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 (2018: \$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 nil drawdown as at 30 June 2019 (2018: \$11.5 million at 2.85%).

#### New Zealand Local Government Funding Agency Ltd

Total borrowing with the New Zealand Local Government Funding Agency Ltd (LGFA) is \$99.5 million (2018: \$80.3 million). \$38.5 million (2018: \$17.3 million) of this is current and \$61 million (2018: \$63 million) is non-current.

The current \$38.5 million portion was borrowed as a short fixed term debt with interest rates ranging between 1.81% and 2.53%. (2018: \$17.3 million at 2.10%)

The non-current \$61 million portion is a fixed term borrowing, with \$47 million issued at a variable rate and \$14 million issued at a fixed rate (2018: \$35 million at a variable rate and \$28 million at a fixed rate). The variable rates for the \$47 million ranged between 2.19% and 2.72% (2018: 2.40% and 2.85%) and the fixed rates for the \$14 million ranged between 2.82% and 6.00% (2018: 4.05% - 6.00%).

Council holds \$24 million in interest rate swaps (2018: \$14 million) fixed at a weighted average rate of 3.58% (2018: 4.05%) with \$14 million maturing in 2025 and \$10 million maturing in 2027.

### MDCHL

During the year interest rates ranged between 1.81% and 5.21% (2018: 2.10% - 5.21%).

## 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	
	2018-19 \$000s	2017-18 \$000s	2018-19 \$000s	2017-18 \$000s
<b>Current portion:</b>				
Carbon credits	167	228	167	228
<b>Total current portion</b>	<b>167</b>	<b>228</b>	<b>167</b>	<b>228</b>
<b>Non-current portion:</b>				
Landfill aftercare provision	1,489	1,535	1,489	1,535
Riskpool	100	-	100	-
Runway reseal provision	2,785	2,322	-	-
<b>Total non-current portion</b>	<b>4,374</b>	<b>3,857</b>	<b>1,589</b>	<b>1,535</b>
<b>Total provisions</b>	<b>4,541</b>	<b>4,085</b>	<b>1,756</b>	<b>1,763</b>

	Riskpool	Carbon credits	Landfill aftercare	Council	Runway reseal	Group
<b>Balance at 30 June 2018</b>	-	228	1,535	1,763	2,322	4,085
Additional provisions made	100	165	78	343	463	806
Amounts used	-	(226)	(124)	(350)	-	(350)
<b>Balance at 30 June 2019</b>	<b>100</b>	<b>167</b>	<b>1,489</b>	<b>1,756</b>	<b>2,785</b>	<b>4,541</b>

### 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.

### Riskpool

This provision recognises \$100,000 for a final New Zealand Mutual Liability Riskpool call before its wind up which is anticipated to be in 2024.

### Carbon Credits

This provision recognises \$165,121 (2018: \$227,602) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2019.

### 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 2.6% (2018: 2.0%) and a discount rate of 5.5% (2018: 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 needling 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 \$50,000 per annum to occur in perpetuity (2018: \$53,800).

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 51 to 81 years' time (ie: between 2070 and 2100). The estimated liability for closure and post-closure is \$1.47 million (2018: \$1.47 million).

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

- The remaining capacity of the site is 1.97 million cubic metres (2018: 2.03 million cubic metres) (refuse, clean fill and cover);
- The estimated remaining life is 51 years (2018: 52 years) based on historical volume information; and
- The granting of resource consent renewals.

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

## Runway Reseal

The provision reflects 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 March 2018 by Beca Ltd which undertook a desktop feasibility assessment and prepared a high level Rough Order Cost (ROC) estimate of the surfacing of the runway.

Business and Economic Research Ltd (BERL) price level adjustors plus a 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 2018-19 \$000s	Actual 2017-18 \$000s	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Actual 2017-18 \$000s
<b>Creditors and other payables from and non-exchange transactions</b>					
Trade payables and other	10,959	12,606	8,517	10,147	10,955
Accrued expenses	2,039	1,758	2,039	2,293	1,758
Income in advance	2,740	2,493	2,740	1,408	2,493
Deposits	1,311	1,201	1,311	1,722	1,201
Relater party payables	-	-	3,452	2,140	2,852
<b>Total creditors and other payables</b>	<b>17,049</b>	<b>18,058</b>	<b>18,059</b>	<b>17,710</b>	<b>19,259</b>



### 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 2018-19 \$000s	Actual 2017-18 \$000s	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Actual 2017-18 \$000s
<b>Current portion</b>					
Accrued pay	629	574	629	541	574
Annual leave and sick leave	2,420	2,434	1,605	1,492	1,523
Retirement and long service leave	275	293	275	292	293
<b>Total current portion</b>	<b>3,324</b>	<b>3,301</b>	<b>2,509</b>	<b>2,325</b>	<b>2,390</b>
<b>Total employee entitlements</b>	<b>3,324</b>	<b>3,301</b>	<b>2,509</b>	<b>2,325</b>	<b>2,390</b>

### 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.

A sick leave gifting policy was adopted by Council in August 2018. The value of Council's sick leave gifting has been accessed but no material impact or changes have been made to the current level of provision.

Sick leave, annual leave, vested long service leave and non-vested long service leave and retirement gratuities that are expected to be settled within 12 months of balance date are classified as current.

## 23. Equity and Capital Management

	Group		Council		
	Actual 2018-19 \$000s	Actual 2017-18 \$000s	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Actual 2017-18 \$000s
<b>Accumulated funds</b>					
<b>Balance at 1 July</b>	677,594	646,088	616,134	584,703	592,710
Transfers (to)/from Reserves	(8,794)	1,924	(8,794)	4,700	1,924
Transfers (to)/from Restricted Reserves	1,289	(2,067)	1,289	2,468	(2,067)
Transfers from property Revaluation Reserves on disposal	4,823	2,630	2,207	-	2,630
Surplus for the year	26,544	29,019	20,322	13,760	20,937
<b>Balance at 30 June</b>	<b>701,456</b>	<b>677,594</b>	<b>631,158</b>	<b>605,631</b>	<b>616,134</b>
<b>Ordinary and Council created Reserves</b>					
<b>Balance at 1 July</b>	53,025	54,949	50,409	49,992	52,333
Transfers (to)/from accumulated funds	8,794	(1,924)	8,794	(4,700)	(1,924)
<b>Balance at 30 June</b>	<b>61,819</b>	<b>53,025</b>	<b>59,203</b>	<b>45,292</b>	<b>50,409</b>
<b>Restricted Reserves</b>					
<b>Balance at 1 July</b>	6,100	4,033	6,100	3,227	4,033
Transfers (to)/from accumulated funds	(1,289)	2,067	(1,289)	(2,468)	2,067
<b>Balance at 30 June</b>	<b>4,811</b>	<b>6,100</b>	<b>4,811</b>	<b>759</b>	<b>6,100</b>
<b>Restricted Reserves consists of:</b>					
Development Contribution Reserve	399	1,807	399	(2,032)	1,807
Land Subdivision Reserve	4,414	4,293	4,414	2,791	4,293
<b>Property Revaluation Reserve</b>					
<b>Balance at 1 July</b>	990,226	889,318	943,817	869,769	842,689
Net revaluation gains	73,154	103,453	54,600	25,796	103,758
Income tax recognised directly in other comprehensive revenue and expense	(5,079)	85	-	-	-
Transfers to accumulated funds on disposal of property	(4,823)	(2,630)	(2,207)	-	(2,630)
<b>Balance at 30 June</b>	<b>1,053,478</b>	<b>990,226</b>	<b>996,210</b>	<b>895,565</b>	<b>943,817</b>
<b>Total Reserves</b>	<b>1,120,108</b>	<b>1,049,351</b>	<b>1,060,224</b>	<b>941,616</b>	<b>1,000,326</b>
<b>Total equity</b>	<b>1,821,564</b>	<b>1,726,945</b>	<b>1,691,382</b>	<b>1,547,247</b>	<b>1,616,460</b>

## 23.1 Ordinary reserves

<b>Ordinary Reserves</b>	<b>Activities to which the reserve is applied</b>	<b>Opening Balance 1 July \$000s</b>	<b>Transfer to reserve \$000s</b>	<b>Transfer from reserve \$000s</b>	<b>Closing Balance 30 June \$000s</b>
Emergency events	Infrastructural assets including roading network and Wairau floodplain river protection.	10,627	5,659	(1,793)	14,493
PMNZL special dividend	All activities.	4,313	237	(237)	4,313
Infrastructure upgrade	Infrastructure such as water and sewerage and other activities as determined by Council from time to time.	5,633	4,135	(2,310)	7,458
Forestry and land development	All activities.	11,348	14,083	(9,087)	16,344
Land subdivision loan reserve	Blenheim swimming pool loan.	(400)	400	-	0
People	People focused services including youth, elderly, community services, housing and energy efficiency, democratic participation, safety	(1,679)	1,392	(1,247)	(1,534)
Community facilities	Community facilities.	220	626	(2,428)	(1,582)
Roads and footpaths	Roads and footpaths.	5,159	5,181	(4,497)	5,843
Flood protection	Flood protection.	2,421	1,283	(1,853)	1,851
Sewerage	Sewerage.	(322)	4,086	(5,278)	(1,514)
Stormwater drainage	Stormwater drainage.	5,067	1,499	(145)	6,421
Water supply	Water supply.	3,272	3,441	(5,547)	1,166
Solid waste management	Solid waste management.	186	2,588	(651)	2,123
Environmental management	Environmental management.	(10)	351	(404)	(63)
Regulatory	Regulatory.	879	240	(312)	807
Regional development	Regional development.	52	541	(1,050)	(457)
Other non-activity	All activities.	3,643	2,897	(3,006)	3,534
<b>Total Ordinary Reserves 2019</b>		<b>50,409</b>	<b>48,639</b>	<b>(39,845)</b>	<b>59,203</b>

<b>Restricted Reserves</b>	<b>Activities to which the reserve is applied</b>	<b>Opening Balance 1 July \$000s</b>	<b>Transfer to reserve \$000s</b>	<b>Transfer from reserve \$000s</b>	<b>Closing Balance 30 June \$000s</b>
Land subdivision	Community Facilities	4,293	2,240	(2,121)	4,412
Sewerage	Development contribution	1,233	1,516	(2,679)	70
Stormwater	Development contribution	2	12	-	14
Water supply	Development contribution	572	499	(756)	315
<b>Total Restricted Reserves 2019</b>		<b>6,100</b>	<b>4,267</b>	<b>(5,556)</b>	<b>4,811</b>

### 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.

**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.

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

**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.

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

**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 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; and
- 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 a deficit in any year and deducted from the fund.

### **Ordinary Reserves**

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	
	2018-19 \$000s	2017-18 \$000s	2018-19 \$000s	2017-18 \$000s
<b>Capital commitments:</b>				
Property, plant and equipment	8,342	19,018	8,062	16,062
<b>Total capital commitments</b>	<b>8,342</b>	<b>19,018</b>	<b>8,062</b>	<b>16,062</b>
<b>Operating leases as lessee:</b>				
Not later than one year	561	488	447	437
Later than one year and not later than five years	736	892	493	892
Later than five years	946	-	-	-
<b>Total non-cancellable operating leases</b>	<b>2,243</b>	<b>1,380</b>	<b>940</b>	<b>1,329</b>

### 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	
	2018-19 \$000s	2017-18 \$000s	2018-19 \$000s	2017-18 \$000s
<b>Operating leases as lessor:</b>				
Not later than one year	13,947	13,829	4,256	4,224
Later than one year and not later than five years	30,467	34,809	14,770	14,946
Later than five years	41,906	44,699	31,655	34,103
<b>Total non-cancellable operating leases</b>	<b>86,320</b>	<b>93,337</b>	<b>50,681</b>	<b>53,273</b>

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

## 25. Contingent Assets and Liabilities

### 25.1 Contingent Assets

#### Earthquake Insurance Claim Revenue

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

### 25.2 Contingent Liabilities

	Group		Council	
	2018-19 \$000s	2017-18 \$000s	2018-19 \$000s	2017-18 \$000s
Uncalled capital in MDC Holdings Ltd	-	-	70,000	70,000
Uncalled capital in LGFA	-	-	200	200
Financial guarantees	-	20	-	20
<b>Total contingent liabilities</b>	<b>-</b>	<b>20</b>	<b>70,200</b>	<b>70,220</b>

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 64 Local Authority Councils participating of the LGFA. When Council's LGFA uncalled capital is aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified.

Also, together with the other shareholders and guarantors, Council is a guarantor of a proportion of LGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2019 LGFA had borrowings totaling \$9.3 billion (2018: \$8.2 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. Council's share of this guarantee is 1.3% (2018:1.3%). We believe the 2019 fair value of the liability to be less than \$1.5 million (2018: less than \$1.5 million). Council has not recognised this as it is considered to be 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.

#### Local Authority Protection Programme (LAPP)

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

## 26. Related Parties Transactions

The consolidated financial statements include the results and assets and liabilities of Council and other entities in which Council has a controlling interest. Any related party disclosures also have been made for transactions with entities within the 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	
	2018-19	2017-18
Key management personnel	\$000s	\$000s
<b>Councillors including the Mayor:</b>		
Remuneration	791	829
Full-time equivalent members	13.3	14.0
<b>Senior management team including the Chief Executive:</b>		
Remuneration	2,311	2,204
Full-time equivalent members	12	12
<b>Total remuneration</b>	<b>3,102</b>	<b>3,033</b>
<b>Total full-time equivalent members</b>	<b>25.3</b>	<b>26</b>

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 (2018: Nil).

## 27. Severance Payments

For the year ended 30 June 2019 Council made two severance payments to employees amounting to \$15,000 and \$11,500 each that required disclosure under section 123 of the Local Government Act 2002 (2018: Nil).

## 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 \$32.66 million (2018: \$12.34 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 \$8.15 million (2018: \$4.12 million) and for Council are \$4.20 million (2018: \$1.33 million).

**Valuation techniques with significant non-observable inputs (level 3)** – financial instruments valued using models where one or more significant inputs are not observable. There are no financial instruments classified under this category for Council or the 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 requires 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 \$2.18 million (2018: NZTA \$2.24 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	
	2018-19 \$000s	2017-18 \$000s	2018-19 \$000s	2017-18 \$000s
<b>i) Maximum exposure to credit risk</b>				
Cash at bank and term deposits and bonds	38,515	19,800	36,580	18,175
Debtors and other receivables	14,314	13,203	11,530	11,232
Financial guarantees	-	20	-	20
<b>Total credit risk</b>	<b>52,829</b>	<b>33,023</b>	<b>48,110</b>	<b>29,427</b>
<b>ii) Credit quality of financial assets</b>				
<b>Counterparties with credit ratings - cash at bank and term deposits:</b>				
AA-	38,515	19,278	36,580	17,653
A	-	522	-	522
<b>Total</b>	<b>38,515</b>	<b>19,800</b>	<b>36,580</b>	<b>18,175</b>



(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 S&P Global (formerly 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 with the NZ Government. 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->

(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. The contractual cashflow includes the principal and any interest component.

	Carrying Amount	Contractual Cashflow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Group 2018</b>						
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
<b>Total financial liabilities</b>	<b>113,975</b>	<b>124,251</b>	<b>41,940</b>	<b>14,981</b>	<b>37,745</b>	<b>29,586</b>
<b>Group 2019</b>						
Creditors and other payables	17,050	17,050	17,050	-	-	-
Secured loans	99,465	132,628	41,536	15,948	23,708	51,436
Interest rate swaps	8,148	8,148	54	509	2,284	5,302
<b>Total financial liabilities</b>	<b>124,663</b>	<b>157,826</b>	<b>58,640</b>	<b>16,457</b>	<b>25,992</b>	<b>56,738</b>
<b>Council 2018</b>						
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
<b>Total financial liabilities</b>	<b>112,383</b>	<b>122,659</b>	<b>42,991</b>	<b>14,287</b>	<b>37,712</b>	<b>27,670</b>
<b>Council 2019</b>						
Creditors and other payables	18,060	18,060	18,060	-	-	-
Secured loans	99,465	132,628	41,536	15,948	23,708	51,436
Interest rate swaps	4,201	4,201	-	-	-	4,202
<b>Total financial liabilities</b>	<b>121,726</b>	<b>154,889</b>	<b>59,596</b>	<b>15,948</b>	<b>23,708</b>	<b>55,638</b>

### (iii) Contractual maturity analysis of financial assets

The table following analyses MDC's financial assets into maturity groupings based on the remaining period to the contractual maturity date as at the balance date.

	Carrying Amount	Contractual Cashflow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Group 2018</b>						
Cash and cash equivalents	7,465	7,465	7,465	-	-	-
Debtors and other receivables	13,133	13,133	13,133	-	-	-
<b>Other financial assets:</b>						
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
<b>Total financial assets</b>	<b>34,139</b>	<b>34,519</b>	<b>29,925</b>	<b>2,445</b>	<b>1,874</b>	<b>275</b>
<b>Group 2019</b>						
Cash and cash equivalents	5,853	5,853	5,853	-	-	-
Debtors and other receivables	14,297	14,297	14,297	-	-	-
<b>Other financial assets:</b>						
Term deposits	32,662	33,682	30,009	2,525	1,148	-
Local Authority stock and government bonds	1,369	1,358	204	301	510	343
<b>Total financial assets</b>	<b>54,181</b>	<b>55,190</b>	<b>50,363</b>	<b>2,826</b>	<b>1,658</b>	<b>343</b>
<b>Council 2018</b>						
Cash and cash equivalents	5,840	5,840	5,840	-	-	-
Debtors and other receivables	11,232	11,232	11,232	-	-	-
<b>Other financial assets:</b>						
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
<b>Total financial assets</b>	<b>30,613</b>	<b>30,993</b>	<b>26,399</b>	<b>2,445</b>	<b>1,874</b>	<b>275</b>
<b>Council 2019</b>						
Cash and cash equivalents	3,918	3,918	3,918	-	-	-
Debtors and other receivables	11,530	11,530	11,530	-	-	-
<b>Other financial assets:</b>						
Term deposits	32,662	33,682	30,009	2,525	1,148	-
Local Authority stock and government bonds	1,369	1,358	204	301	510	343
<b>Total financial assets</b>	<b>49,479</b>	<b>50,488</b>	<b>45,661</b>	<b>2,826</b>	<b>1,658</b>	<b>343</b>

### (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.

	2018-19		2017-18	
	-50bps \$000s	+50bps \$000s	-50bps \$000s	+50bps \$000s
<b>Interest rate risk:</b>				
<b>Group</b>				
<b>Financial assets</b>				
Other financial assets - term deposits	(79)	79	(76)	76
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Secured loans	238	(238)	296	(296)
Interest rate swaps	(2,153)	1,876	(1,693)	1,461
<b>Total sensitivity to interest rate risk</b>	<b>(1,994)</b>	<b>1,717</b>	<b>(1,473)</b>	<b>1,241</b>
<b>Council</b>				
<b>Financial assets</b>				
Other financial assets - term deposits	(62)	62	(62)	62
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Secured loans	377	(377)	389	(389)
Interest rate swaps	(1,330)	1,279	(787)	752
<b>Total sensitivity to interest rate risk</b>	<b>(1,015)</b>	<b>964</b>	<b>(460)</b>	<b>425</b>

**(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 details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2018-19 %	2017-18 %	2018-19 \$000s	2017-18 \$000s	2018-19 \$000s	2017-18 \$000s
<b>Outstanding fixed for floating:</b>						
<b>Group</b>						
Less than one year	3.64%	4.01%	3,500	10,000	(55)	(150)
1 to 2 years	4.86%	4.77%	9,500	12,500	(509)	(694)
2 to 5 years	4.77%	3.96%	11,800	900	(1,730)	(33)
Greater than 5 years	3.38%	4.01%	60,000	51,400	(5,855)	(3,244)
<b>Total sensitivity to interest rate risk</b>	<b>3.75%</b>	<b>4.14%</b>	<b>84,800</b>	<b>74,800</b>	<b>(8,149)</b>	<b>(4,121)</b>
<b>Council</b>						
Greater than 5 years	3.19%	3.71%	44,000	24,000	(4,202)	(1,328)
<b>Total sensitivity to interest rate risk</b>	<b>3.19%</b>	<b>3.71%</b>	<b>44,000</b>	<b>24,000</b>	<b>(4,202)</b>	<b>(1,328)</b>

The fall in interest rates results in an accounting loss. This loss will be progressively reversed as debt instruments reach maturity. i.e. when the debt is fully repaid, Council will have only paid the principal and interest that it contracted to when it took out the interest rate swap.

**(e) Cash flow interest rate risk**

Cash flow interest rate risk is the risk that cash flows from an instrument will vary due to fluctuations in interest rates. A balance is achieved through having variable terms that spreads the risk of fluctuating interest rates. Council's subsidiaries mitigate exposure to fair value and cash flow interest rate risk by having a mixture of floating and fixed loans and by the use of interest rate swaps.

	Group		Council		
	Actual 2018-19 \$000s	Actual 2017-18 \$000s	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Actual 2017-18 \$000s
<b>Current liability portion:</b>					
Interest rate swaps	55	150	-	-	-
<b>Non-current liability portion:</b>					
Interest rate swaps	8,094	3,971	4,202	870	1,328
<b>Total derivative financial instruments liabilities</b>	<b>8,149</b>	<b>4,121</b>	<b>4,202</b>	<b>870</b>	<b>1,328</b>

**(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 (2018: \$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; and
- Councils do not generally insure roads or other land. Roads reinstatement is subject to NZTA subsidies.

Council has an Emergency Events Reserve, currently at \$14.49 million (2018: \$10.63 million).

The following information relates to the insurance of Council assets as at 30 June:

	note:	2018-19		2017-18	
		Assets Value at Cost	Maximum cover	Assets Value at Cost	Maximum cover
		\$000s	\$000s	\$000s	\$000s
<b>Council insurance</b>					
Total value of assets covered by insurance contracts and maximum amount to which they are insured	(a)	218,113	497,129	229,433	473,369
Total value of assets covered by financial risk arrangements and the maximum available under these arrangements	(b)	551,653	56,000	515,430	56,000
Total value of self-insured assets and value of any fund held for that purpose	(c)	654,752	14,493	618,951	10,627
Land	(c)	304,566	-	294,263	-
<b>TOTAL</b>		<b>1,729,084</b>	<b>567,622</b>	<b>1,658,077</b>	<b>539,996</b>

- (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 \$497 million (2018: \$473 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 \$3.5 million (2018: \$3.8 million).

Council has an 88.5% share in the MRF. Their assets and standing timber are insured at replacement/ reinstatement value of \$21.3 million (2018: \$20.6 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 \$660 million (2018: \$655 million). The cover is for \$56 million (2018: \$56 million) for a first event. A further 60% of central government funding is available for eligible events.
- (c) The total value of Council's self-insured assets is \$655 million (2018: \$619 million) and a further \$305 million (2018: \$294 million) for land.

**Land:** includes MRF land valued at \$13.32 million (2018: \$11.48 million) and land under roads \$137 million (2018: \$137 million).

**Note:**

**Roading and footpath and carpark assets excluding most bridges:** These activities have a value of \$815 million (2018: \$763 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 \$44 million (2018: \$42 million). Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%.

### 30. Earthquake impacts

The 14 November 2016 Kaikoura earthquake caused significant damage in our region, resulting in insurance and central government subsidy claims. Damage assessment work is still ongoing and it is predicted eligible repair work will continue through to 2020-21 at a minimum. The process also includes ongoing dialogue with insurer and funder representatives.

Estimated repair costs based on current investigation work totals approximately \$24.2 million, i.e. small decrease from the \$26.5 million previously reported. Works have either been carried out or are required across roading, wastewater, storm water, flood protection and community facilities.

Apart from some follow up repairs, Council has completed the majority of works in relation to repairing river protection. The claim process with central government and insurers has also been finalised. These costs were within the original estimates. Roading repairs were largely completed in previous financial years.

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 (which is due for completion on 24 October 2019) and phase 2 which is currently being tendered. When the costs are finalised from these phases they will form part of the ongoing claim to central government. The claim with insurers has been settled.

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 has also been undertaken to complete the repairs and strengthening of Community Facilities, with the largest item being Stadium 2000. The total budget for all work is in excess of \$4.0 million.

In 2018-19 Council has recognised NIL (2017-18: \$1.9 million) asset impairments due to earthquake damage.

	Council	
	2018-19 \$'000	2017-18 \$'000
<b>Earthquake related transactions</b>		
<b>REVENUE</b>		
Sutherland Self Help Trust contribution towards Seddon and Ward memorials repairs	-	20
Insurance recoveries	4,563	-
NZTA earthquake related road repair subsidy	215	603
Aquatic centre contribution towards repairs	-	400
<b>EXPENSES</b>		
Earthquake damage Seddon and Ward memorials repairs and maintenance	-	(102)
Earthquake damage repairs and maintenance	(476)	(1,414)
Taylor River stop bank upgrade	(860)	-
Earthenware sewer pipe relining	(1,120)	-
Earthquake grant paid to strengthen Stadium 2000	(2,394)	(2,387)
Awatere Hall upgrade	(22)	-
Earthquake damage roading repairs and maintenance	(382)	(1,108)
<b>Net costs</b>	<b>(477)</b>	<b>(3,988)</b>
<b>IMPAIRMENT</b>		
Impairment through revaluation reserves	-	(1,881)
<b>Asset impairment recognised</b>	<b>-</b>	<b>(1,881)</b>

### 31. Variance Explanation

Explanations for major budget variances from the Council budget figures in the Annual Plan are as follows:

#### Statement of Comprehensive Revenue and Expense

	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Variance \$000s	Comments
Development and financial contributions	4,940	3,331	1,609	Development Contributions are higher due to increased subdivision activity.
Subsidies and grants	12,410	9,725	2,685	Subsidies and grants are higher than expected due to NZTA roading subsidy towards emergency flood events and other government grants received for development and infrastructure of responsible camping, public conveniences, playgrounds and Flaxbourne irrigation.
Gains	9,681	5,674	4,007	Gains are higher mainly due to higher than budget gains on revaluation of Marlborough Regional Forestry crop (\$3.4 million) and sale of sections (\$0.4 million).
Other revenue	52,863	53,044	(181)	Total Other revenue is higher by \$11.4 million in several categories as explained below (*). However, this increase was offset by lower than expected revenue (\$11.6 million) across a number of areas. Of this, \$10.8 million was due to the budgeted sale of the Queen Street building which is now expected to happen in 2019-20. (*). The significant contributors to the higher revenue were: - Vested assets and land subdivision revenue: \$3.3 million higher due to increased subdivision activity. - User charges: up by \$1.9 million mainly due to increased dump fees (\$1.5 million), commercial property rentals (\$0.2 million) and log sales on flood protection land originally planted for soil erosion purposes (\$0.3 million). - Marlborough Regional Forestry: revenue from the joint venture was \$1.5 million more than budget as export log prices and demand have continued. - Insurance refunds and claims: higher by \$4.8 million due to proceeds received for the Blenheim Transfer Station assets lost in a fire earlier this year (\$1.6 million) and due to proceeds received in relation to the November 16 earthquakes being more than budgeted (\$3.2 million).

Finance costs	6,000	3,460	2,540	\$2.87 million of this variance is in relation to Fair Value of swaps which Council does not budget for. Interest was \$0.3 million less than budget due to continuing low interest rates provided by the LGFA.
Other expenses	74,989	75,199	(210)	Total Other expenses was higher than budget by \$15.2 million as explained below (*). However, this increase was off -set by savings of \$15 million in several areas, the main one being the \$10 million unspent budget for cost of goods sold in regards to the Queen Street building which is now expected to sell in 2019-20. (*). The significant contributors to the higher expenditure were: - 2017-18 carryover grants for the completion of the Marlborough Lines Stadium EQ strengthening (\$2.4 million); - loss on assets disposed/impaired of \$4.2 million, including decommissioned sewerage pipes (\$2.2 million), water reticulation assets written off (\$0.9 million) and the write off of Blenheim Transfer Station assets affected by the fire earlier in the year (\$0.7 million). - Further items are: emergency reinstatement works (\$2.3 million), contracts (\$1.8 million), repairs and maintenance (\$1.3 million), sealed pavement maintenance (\$1.1 million) and consultancy (\$0.8 million).

## Statement of Financial Position

	Actual 2018-19 \$000s	Budget 2018-19 \$000s	Variance \$000s	Comments
Cash and cash equivalents	24,168	54	24,114	Cash and cash equivalents are higher due to timing of short-term term deposits maturities.
Other financial assets - current	11,013	9,223	1,790	Other financial assets are higher than budget due to debt raised via LGFA being held as an investment.
Inventory	8,421	246	8,175	Inventory is higher as the Queen Street building is being held in inventory while it is being prepared for sale in 2019-20.
Property, plant and equipment	1,678,907	1,564,920	113,987	The 2017-18 revaluation increase of \$104 million has thrown the comparatives out as the budget was prepared using 1 July 2017 figures (pre 17-18 reval). In relative terms the 2018-19 actual moment in assets (\$68 million) compares closely to the movement in budget (\$61 million).
Intangible Assets	5,937	2,989	2,948	Intangibles in budget are estimated as a percentage of total Property, plant and equipment based in prior year's actual averages. As the budgeted asset base was lower (refer to Property, plant and equipment comment above) the balance of intangibles in budget was also lower. In relative terms the 2018-19 actual assets additions (\$2 million) compares closely to budget (\$2.4 million).
Other financial assets - non-current	59,758	67,046	(7,288)	Other financial assets have decreased due to lower than budget advances made to MDC Holdings Ltd.
Total borrowings	99,465	100,517	(1,052)	Borrowings have decreased due to lower than budget advances made to MDC Holdings Ltd.



### **32. Events after the balance date**

The Queen Street property will be advertised for sale before Christmas and is expected to be sold in the 2019-20 year.



# Funding Impact Statement

## Marlborough District Council: Funding Impact Statement for 2018-19

	Annual Plan 2017-18 \$000s	Annual Report 2017-18 \$000s	Annual Plan 2018-19 \$000s	Actual 2018-19 \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	41,744	41,892	43,898	43,952
Targeted rates	20,915	22,864	23,618	23,760
Subsidies and grants for operating purposes	5,375	5,916	5,052	8,058
Fees and charges	16,518	18,802	16,599	19,388
Interest and dividends from investments	4,170	3,670	4,574	4,457
Local authorities fuel tax, fines, infringement fees, and other receipts	15,464	19,415	18,411	26,339
<b>Total Operating funding</b>	<b>104,187</b>	<b>112,559</b>	<b>112,152</b>	<b>125,954</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	75,551	76,340	92,036	81,100
Finance costs	2,322	2,868	3,460	3,202
Other operating funding applications	5,588	16,622	6,737	16,208
<b>Total applications of operating funding</b>	<b>83,460</b>	<b>95,830</b>	<b>102,233</b>	<b>100,511</b>
<b>Surplus of operating funding</b>	<b>20,726</b>	<b>16,729</b>	<b>9,919</b>	<b>25,444</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,704	7,722	4,673	4,369
Development and financial contributions	1,813	4,594	2,766	5,812
Increase (decrease) in debt	8,000	8,946	10,277	7,668
Gross proceeds from sale of assets	11,275	11,281	21,152	12,924
Lump sum contributions	-	5,007	-	171
Other dedicated capital funding	-	-	3,700	4,835
<b>Total sources of capital funding</b>	<b>25,792</b>	<b>37,550</b>	<b>42,568</b>	<b>35,780</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	17,046	19,060	15,419	16,455
Capital expenditure to improve the level of service	27,181	15,609	31,091	11,318
Capital expenditure to replace existing assets	17,621	30,144	27,286	21,596
Increase (decrease) in reserves	(14,830)	(3,179)	(18,085)	4,910
Increase (decrease) of investments	(500)	(7,355)	(3,223)	6,944
<b>Total applications of capital funding</b>	<b>46,518</b>	<b>54,279</b>	<b>52,487</b>	<b>61,223</b>
<b>Deficit of capital funding</b>	<b>(20,726)</b>	<b>(16,729)</b>	<b>(9,919)</b>	<b>(25,444)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Marlborough District Council: Funding Impact Statement for 2018-19

	Annual Plan 2017-18 \$000s	Annual Report 2017-18 \$000s	Annual Plan 2018-19 \$000s	Actual 2018-19 \$000s
<b>Reconciliation</b>				
<b>Total operating funding</b>	104,187	112,559	112,152	125,954
plus - Subsidies and grants for capital expenditure	4,704	7,722	4,673	4,369
plus - Development and financial contributions	1,813	4,594	2,766	5,812
plus - Lump sum contributions	-	5,006	-	171
plus - Other dedicated capital funding	-	-	3,700	4,835
plus - Contributions vested assets	2,039	-	1,141	-
plus - Gain on sale of fixed assets	7,920	9,121	5,674	5,729
plus - Fair value gains	-	201	-	-
Plus - Sale of inventory	-	-	10,769	-
plus - Forestry asset revaluation gain	-	4,881	-	3,952
<b>Revenue as per Statement of Comprehensive Revenue and Expense</b>	120,663	144,084	140,875	150,823
<b>Total applications of operating funding</b>	83,460	95,830	102,233	100,511
plus - Depreciation and amortisation	23,589	23,262	24,873	24,912
plus - Loss on sale of fixed assets	42	3,597	9	4,169
plus - Fair value losses	-	0	-	19
plus - Fair value movement (gain) loss on SWAP	-	459	-	2,874
<b>Expenditure as per Statement of Comprehensive Revenue and Expense</b>	107,091	123,148	127,115	132,484
<b>Surplus of operating funding</b>	20,726	16,729	9,919	25,444
less - Depreciation and amortisation	(23,589)	(23,262)	(24,873)	(24,912)
less - Loss on sale of fixed assets	(42)	(3,597)	(9)	(4,169)
less - Impairment of fixed assets	-	-	-	-
less - Fair value losses	-	(0)	-	(19)
less - Fair value movement gain (loss) on SWAP	-	(459)	-	(2,874)
plus - Subsidies and grants for capital expenditure	4,704	7,722	4,673	4,369
plus - Development and financial contributions	1,813	4,594	2,766	5,812
plus - Lump sum contributions	-	5,006	-	171
plus - Other dedicated capital funding	-	-	3,700	4,835
plus - Contributions vested assets	2,039	-	1,141	-
plus - Gain on sale of fixed assets	7,920	9,121	5,674	5,729
Plus - Sale of inventory	-	-	10,769	-
plus - Fair value gains	-	201	-	-
plus - Forestry asset revaluation gain	-	4,881	-	3,952
<b>Surplus as per Statement of Comprehensive Revenue and Expense</b>	13,571	20,936	13,760	18,339



## 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 te 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 2018-19 was 31% (2017-18: 27%).

## 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

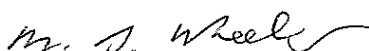
Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act have been complied with.

## 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 2019 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group.



MARK WHEELER  
**CHIEF EXECUTIVE**  
31 October 2019



JOHN LEGGETT  
**MAYOR**  
31 October 2019

## Independent Auditor's Report

### To the readers of Marlborough District Council and Group's annual report for the year ended 30 June 2019

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 31 October 2019. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 140 to 191:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2019;
    - 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 pages 193 to 194, 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 28 to 138:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, 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 28 to 138, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 28 to 138, 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 23 to 25, 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 District 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 District 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 District Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 22 and 196 to 198 and 206, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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 and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, which is compatible with those independence requirements. Other than this engagement, 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](mailto:mdc@marlborough.govt.nz)

Web: [www.marlborough.govt.nz](http://www.marlborough.govt.nz)

## Addresses

### District Administration Building

15 Seymour Street, Blenheim 7201

### Picton Service Delivery Centre (includes Library)

2 Dublin Street, Picton 7220

### Harbour Control

Mariner's Mall, Picton

### Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

### Works and Operations Depot

Wither Road, Blenheim

### Reserves Depot

Pollard Park, Blenheim

## 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  
(Statistics NZ Estimate 30 June 2018) 46,600

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

## Forecast Number of Total Rateable Properties

Forecast growth in the number of rateable properties has been based on the projection of 150 units per annum in the Development Contributions Policy.