







**MARLBOROUGH**  
DISTRICT COUNCIL

# ***ANNUAL REPORT***

***July 2003 - June 2004***

## MISSION STATEMENT






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

## MARLBOROUGH DISTRICT ELECTORAL WARDS

(Note: Wairau and Awatere Wards have since been amalgamated)

### Marlborough District Wards

#### Key

-  Pelorus/Northern Marlborough Sounds Ward
-  Picton Ward
-  Wairau Ward
-  Blenheim Ward
-  Awatere Ward

  
**MARLBOROUGH**  
DISTRICT COUNCIL





*Front/Back Cover  
Riverside Park, Blenheim*

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# MDC DIRECTORY

## POSTAL ADDRESS

P O Box 443, Blenheim

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

Facsimile: (03) 578-6866

Email [mdc@marlborough.govt.nz](mailto:mdc@marlborough.govt.nz)

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

## GENERAL STATISTICS

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

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

## ADDRESSES

### District Administration Building

15 - 21 Seymour Street,  
Blenheim

### Picton Service Delivery Centre (includes Library)

67 High Street,  
Picton

### Marlborough Library

Corner Arthur and Seymour Streets,  
Blenheim

### Animal and Plant Pests Depot

Nelson Street, Blenheim

### Services and Reserves Depot

Parker Street, Blenheim

## SOLICITOR

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

## BANKERS

Bank of New Zealand, Blenheim

## AUDITOR

Auditor General  
Audit New Zealand  
Christchurch

## MAYOR'S REPORT

***Without question, Marlborough has been experiencing a period of astounding growth for some years now. Every person, and every business or organisation in the province will have been touched in some way by the affects of this growth, which is not always universally positive. The impacts of increased land values, and the demand for new housing, for example, have their downside as well as the positives.***

The challenge for Council, as always, is to keep the positive forward momentum whilst balancing the sometimes negative impacts that this has on our communities, and on the environment.

This annual report documents the achievements of Council over the last year. It reflects the particular balance that was struck between the expectations of the community for services and facilities, and the costs of providing them. I am pleased to report that the levels of service performance that we committed to have been met, and that our financial performance and position has likewise been shown to be very positive.

Maintaining this level of achievement through future years will be a focus of your Council. Doing so will require careful planning and some good decision making. It will also entail some hard calls, and perhaps some trade-offs. What will not be traded is Council's commitment to excellence, service, and value.

These are attributes that we must sustain on a district-wide basis, if we wish to enjoy continued prosperity and quality of life. Marlborough has been successful in recent years in attracting substantial new investments into its regional economy, but we cannot assume this will carry on indefinitely. Shortly after the election I attended a meeting in Wellington for the country's 30 or so new mayors. Unsurprisingly, everyone was very gung-ho about their district and planned to promote it aggressively. It was also clear that every district – and especially so the smaller population districts such as Marlborough – has similar needs. These include encouraging skilled tradespeople, attracting new industry, providing opportunities for school leavers and encouraging young people to return when they have completed their education elsewhere or done their travelling. Marlborough depends first and foremost on people, and people have choices about where they live and work. The environment is, therefore, very competitive, and we need to remain competitive both as a region and as a Council, if we are to attract and retain the sort of people we need.

One of the big differences between Marlborough and most other districts is that we have an ever-increasing number of people retiring here, in many cases for the appeal of what they see as something of a village-type atmosphere. However appealing the quiet "village" concept may be to sectors of our community, I believe it is possible to balance the unique attractions of the Marlborough lifestyle with the development of our province. Those values need not be lost, but nor should they prevent us taking advantage of other opportunities.

Inevitably, there will be a cost to progress that will be reflected in rates. Managing growth includes the need to balance growth with ratepayers' ability to pay – and the rating burden was a common theme during the 2004 election campaign. We will consistently look for ways to spend "smarter", but the reality is that Marlborough will probably never be a cheap place to live in terms of rates. The District simply does not have the rating base for that – we don't have sufficient population to spread Council costs wider. That is the price of living in any relatively lowly populated area.

Another issue raised by ratepayers was the need for the Council to concentrate its spending on so-called "core" activities – the provision of roading, footpaths, stormwater drains, sewerage systems, water supplies etc. While it is essential that we provide these services, we are also required, under the Local Government Act, to address community well-being in its broadest sense. That means looking at people's wider needs, and exploring all avenues for how wellbeing can be promoted. We have to do our best to provide something for everyone, and that is quite a challenge in a community as diverse as ours.

A major issue facing Blenheim in particular is the lack of space for industrial and/or business development. There will be ongoing problems in meeting the space demands of growth, particularly given the limitations imposed by the hills that surround us. For the district as a whole, investing in a safe and efficient roading will be key to our future development.

I am certainly looking forward to being at the forefront of our district's growth. The Council elected to serve with me is a good mix of old and new – the wisdom that comes from Council experience and the enthusiasm that new councillors always bring. As this report indicates, we have inherited a sound foundation to build from, and we can give credit to past councils for their good stewardship. It is my intention to ensure that that tradition continues, as we take full advantage of the wonderful opportunities that the future offers us.

It is traditional here to record the thanks of Council for the work that is done by the Chief Executive and his staff. This is not merely a convention: Council is fortunate to be served by an exceptionally able and deeply committed group of staff, and I know that all councillors, current and past, will join me in expressing our appreciation.

**Alistair Sowman**  
**MAYOR**



# CHIEF EXECUTIVE'S REPORT

***Council's annual report for 2003/04 records the financial performance of the organisation, and the degree to which the objectives and targets that were set for the year have been achieved. The pages that follow provide extensive information, detailing the activities of the past year. It is pleasing to be able to report to the community that Council is in good financial health and has achieved the targets set for the year.***

Over the past year a number of highlights and key milestones were achieved. Of note was the production of Council's first Long Term Community Plan, incorporating the community's desired outcomes and setting out how the community along with Council and other organisations in the District hope to achieve these outcomes.

From an infrastructure perspective the year saw significant achievements with the commencement of the Southern Valleys' Irrigation Scheme and the Renwick Sewerage Scheme also. The Southern Valleys' Scheme is the largest infrastructure project undertaken for many years. Both these projects were let in a difficult contracting environment requiring significant negotiation with contractors to achieve prices within budget constraints. The Renwick Sewerage Scheme has seen a new significant contractor open offices in Marlborough servicing Nelson, Tasman and Marlborough.

Another significant infrastructure issue is the impact of heavy traffic on the roading network. Through the establishment of good working relationships significant headway was achieved in the management of forestry traffic on the Port Underwood Road. A barge site has been established that significantly reduces the number of forestry trucks on the Port Underwood road. The barge site along with the road visibility improvements carried out have improved road safety and significantly reduced the cost of road maintenance. Council has worked hard with both the community and the industry to ensure a solution that was acceptable to all parties was reached.

Marlborough has been very active this year with unprecedented activity throughout the District. Increased economic activity places a significant amount of pressure on Council to meet community expectations, especially in the operational areas of roads, water, sewerage, and in the processing of building and resource consents.

The heightened economic activity has seen a significant increase in the value of Marlborough's natural resources, especially our land and water. Ensuring the sustainable management of these resources places greater pressure on Council and its environmental policies. Over the year significant studies and policy work has undertaken with regard to urban planning, the rural environment and water allocation that will culminate in possible policy and plan changes. Cumulative pressures on our roading network are also likely to require a response in the near future.

The strength of the Marlborough economy was further bolstered through the approval of a second Major Regional Initiative grant of \$2

million from central government for the establishment of an Aviation Heritage Centre at Omaka. Construction of the Centre has just commenced with the building expected to be completed in time for the Easter airshow in 2005. Council staff were pleased to play a facilitative role in securing this grant, but a significant amount of praise needs to go to the members of the aviation industry cluster who have pursued a vision for aviation in Marlborough and worked tirelessly towards it. Council also provided assistance this year to the Cawthron Institute to enable the opening of a new laboratory at the Marlborough Research Centre. The on site and on farm presence of the Cawthron Institute in Marlborough will bring significant benefit to Marlborough businesses in the future.

The future looks challenging for Council, with the pressure of growth likely to continue, and significant legislative changes envisaged in the Resource Management Act, the Foreshore and Seabed Bill, the Building Act, the proposed Drinking Water Standards and the Aquaculture Law Reform Bill to name a few. With the support of the community, I am confident that we will be able to meet these challenges.

I wish to take the opportunity to thank Council staff who have worked tirelessly for the community over the past year. It is the individual and collective efforts of staff and councillors that ensure the community is well served and I am appreciative of their effort.



**Andrew Besley**  
**CHIEF EXECUTIVE**



## ROLE OF ANNUAL REPORT

This Annual Report has been prepared to enable readers to assess the performance of the Marlborough District Council against the policies, activities, objectives, performance targets and financial details contained in the Council's 2003/2004 Annual Plan.

An Annual Report is required by Section 283 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 Judith North, Committee Secretary (03) 578-5249, Blenheim.

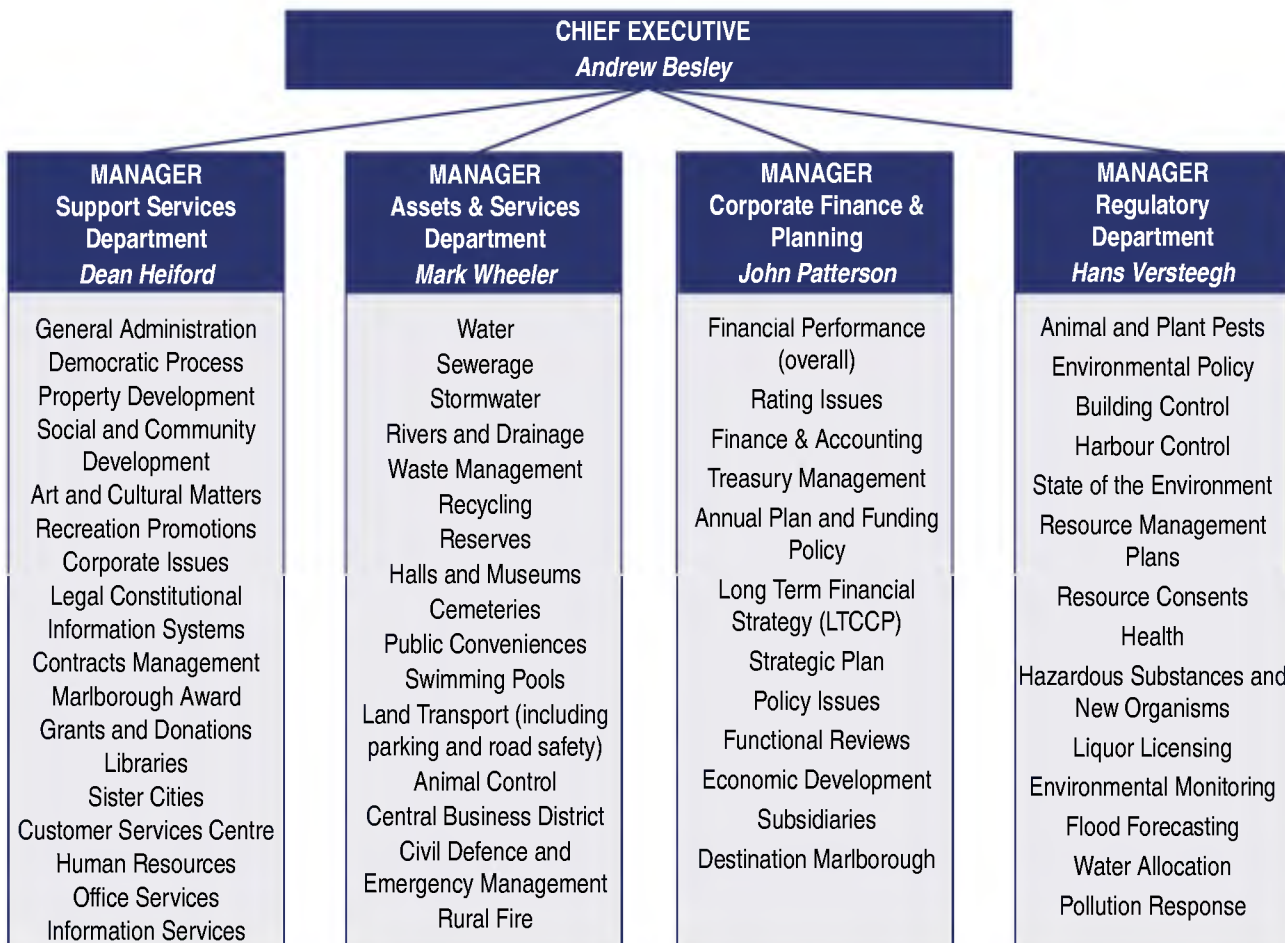
## ENTITY STATEMENT

The Annual Report covers the activities of the Marlborough District Council. The Council is a unitary authority established under the Local Government Act 1974. A unitary authority has the functions, duties and powers of both a regional council and a territorial authority as conferred by the Local Government Act.

The Annual Report also covers the activities of the following subsidiary entities of the Marlborough District Council:

- MDC Holdings Limited (100% owned by Council).
- Port Marlborough New Zealand Limited (100% owned by MDC Holdings Limited).
- Marlborough Airport Company (100% owned by Port Marlborough New Zealand Limited).
- Marlborough Regional Forestry (88.62% owned by Council).

## COUNCIL STAFF STRUCTURE



# ELECTED COUNCIL MEMBERS

## (AS AT 30 JUNE 2004)

### BLenheim WARD



Jenny Andrews



Frank Connor



John Craighead



Liz Davidson



David Dew



Alistair Sowman

### MAYOR



Tom Harrison

### WAI RAU WARD



Francis Mahar



Ian Mitchell



Larry Pigou

### AWATERE WARD



Andrew Barker  
(Deputy Mayor)

### PICTON WARD



Cliff Bowers



Cheryl Cairns

### PELORUS/NORTHERN MARLBOROUGH SOUNDS WARD



Graeme Barsanti

# COUNCIL COMMITTEES AND MEMBERS

## (AS AT 30 JUNE 2004)

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

The present committees and their membership are as follows:

### FINANCE & ADMINISTRATION

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This committee is responsible for annual reports, funding policy, organisational reviews, financial performance, financial services including rate collection and treasury management, general administration, property management and development, council subsidiaries, corporate issues, libraries, customer services, democratic process, liquor licensing and information systems.

Chairperson – Clr David Dew  
 Deputy Chairperson – Clr Alistair Sowman  
 Clr Jenny Andrews  
 Clr Graeme Barsanti  
 Clr Cliff Bowers  
 Clr Frank Connor  
 Clr Larry Pigou  
 (Iwi representative)  
 Mayor Tom Harrison (ex officio)

- **Liquor Licensing Sub-Committee**

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

Clr Alistair Sowman - Chair  
 Clr Jenny Andrews  
 Clr Frank Connor  
 Clr John Craighead

### COMMUNITY DEVELOPMENT

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This committee is responsible for annual plans, Local Government Act 2002 implementation (including Long Term Council Community Plan), overall strategic and policy issues, economic development, community and social development, youth, elderly and access issues, art, culture and heritage, grants and donations, and sister cities.

Chairperson – Clr Alistair Sowman  
 Deputy Chairperson – Clr Francis Maher  
 Clr Jenny Andrews  
 Clr Cheryl Cairns  
 Clr John Craighead  
 Clr David Dew  
 Clr Ian Mitchell  
 Clr Larry Pigou  
 Mayor Tom Harrison (ex officio)

- **Grants Sub-Committee**

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

Clr Jenny Andrews - Chair  
 Clr Andrew Barker  
 Two iwi representatives  
 Creative Marlborough representative  
 Sports Trust representative  
 Four community representatives

- **Sister City Sub-Committee**

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

Clr Graeme Barsanti - Chair  
 Clr Cheryl Cairns  
 Mayor Tom Harrison  
 Five community representatives

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

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

Clr Jenny Andrews - Chair  
 Clr Cheryl Cairns  
 Clr Frank Connor  
 Clr John Craighead

### ASSETS & SERVICES

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This committee has responsibility for water supplies, sewerage, stormwater, rivers and drainage, waste management, recycling, reserves, halls, museums, cemeteries, public conveniences, animal control, civil defence and emergency management (including rural fire control), roading, parking, and road safety.

Chairperson – Clr Graeme Barsanti  
 Clr Jenny Andrews  
 Clr Cliff Bowers



Clr Frank Connor  
 Clr David Dew  
 Clr Larry Pigou  
 Clr Alistair Sowman  
 Mr Richard Hunter (iwi representative)  
 Mayor Tom Harrison (ex officio)

• **Animal Control Sub-Committee**

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

Clr Liz Davidson - Chair  
 Clr Jenny Andrews  
 Clr John Craighead

• **Regional Land Transport Committee**

The function of the Regional Land Transport Committee is to prepare for approval by Council the Regional Land Transport Strategy prepared under Section 175 of the Land Transport Act 1998 and the Regional Programme prepared under Section 42F of the Transit New Zealand Act 1989.

Clr Cliff Bowers - Chair  
 Clr Graeme Barsanti  
 Clr David Dew  
 Land Transport Safety Authority representative  
 Transfund New Zealand representative  
 Transit New Zealand representatives (2)  
 NZ Police representative  
 Railway Operator  
 Commercial Road User  
 Private Road User  
 Cycling representative  
 NZCCS representative  
 Taxi representative  
 Marlborough Chamber of Commerce representative

**ENVIRONMENT**

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

Chairperson – Clr Ian Mitchell  
 Deputy Chairperson – Clr Francis Maher  
 Clr Andrew Barker  
 Clr Cheryl Cairns  
 Clr John Craighead  
 Clr Liz Davidson  
 Mrs Yvonne Burns (iwi representative)  
 Mr Chris Bowron (rural services representative)

**HEARINGS**

The hearings committee makes decisions on applications for resource consents. Provision has been made for two hearings committees of three members each. The makeup of each committee may change from time to time.

Any three out of the following pool:

Chairperson – Clr Francis Maher  
 Clr Ian Mitchell  
 Clr Liz Davidson  
 Clr Cheryl Cairns  
 Clr Andrew Barker  
 Clr John Craighead

• **Interim Southern Valleys' Irrigation Scheme (SVIS) Sub-Committee**

This Sub-Committee has been formed until September 2005 to oversee the construction and commissioning of the Scheme and to consider any variations to the contract for the Scheme. Members include the three Wairau Ward Councillors and three representatives from the Marlborough Water Augmentation Group.

Chairperson – Mr Stuart Smith  
 Clr Francis Maher  
 Clr Ian Mitchell  
 Clr Larry Pigou  
 Mr Chris Simmonds  
 Mr Ivan Sutherland

**MARLBOROUGH CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP**

This committee has been formed in accordance with the Civil Defence And Emergency Management Act 2002.

The Group is responsible for overseeing the development, maintenance, monitoring and evaluation, and implementation of the Group Plan required by Section 17(1)(i) of the Act.

Mayor Tom Harrison  
 Clr Ian Mitchell  
 Clr Larry Pigou  
 Clr Alistair Sowman  
 Clr Graeme Barsanti (until local body election 2004)

**MĀORI ADVISORY KOMITI**

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

Currently, there are six iwi represented on the committee:

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

## APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES

### MDC Holdings Limited

Mayor Tom Harrison (Director)  
 Clr David Dew (Director)  
 Andrew Besley (Director)

### Port Marlborough NZ Limited and Marlborough Airport Limited

Clr David Dew (Chairperson)

### Marlborough Regional Forestry

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

Clr Andrew Barker (Chairperson)  
 Mayor Tom Harrison

## STAFF EMPLOYED (FULL TIME EQUIVALENTS) (AS AT 30 JUNE 2004)

	30.6.04		30.6.03	
	Male	Female	Male	Female
<b>General Management</b>				
Management and Support	4	2	3	2
<b>Assets and Services</b>				
Development and Project Management	6		5	
Engineering	9	1	7	1
Operations	13	3	14	3
Reserves and Amenities	4.6		3.6	
Rivers and Land Drainage	5		5	
Management and Support	3	1	3	1
Civil Defence/Emergency Management	1.75		1.75	
<b>Finance &amp; Corporate Planning</b>				
Management and Support	2		2	
Treasury	4	5	4	5
<b>Regulatory</b>				
Animal and Plant Pests	7		7	
Building Control	9		7	
Environmental Health and Liquor	2		2	
Environmental Unit	8	5	8	5
Harbour Functions	2		2	
Resource Management Control	9	5.6	8	7.6
Management and Support	3	11	3	9
<b>Support Services</b>				
Community Development Management		1		1
Democratic Services Management	1	1	1	1
Office Services	-	7.10	1.25	12.8
Contracts Management		.5	.5	
Human Resources		1		.9
Information Services	6	8	5.5	3
Customer Service Centres	2	13.1	1	15.5
Libraries	4	9.3	4	9.3
<b>Totals</b>	<b>105.35</b>	<b>74.60</b>	<b>98.60</b>	<b>77.10</b>

# INFRASTRUCTURAL ASSETS

	30.6.04		30.6.03	
<b>Roads</b>				
	<b>Urban</b>	<b>Length</b>	<b>Urban</b>	<b>Length</b>
	Sealed	167.1 km	Sealed	164.0 km
	Metalled	1.2 km	Metalled	1.2 km
	<b>Rural</b>	<b>Length</b>	<b>Rural</b>	<b>Length</b>
	Sealed	669.8 km	Sealed	664.7 km
	Metalled	687.8 km	Metalled	692.9 km
	<b>TOTAL</b>	<b>1525.9 km</b>	<b>TOTAL</b>	<b>1522.8 km</b>
<b>Bridges</b>				
	<b>Number</b>	<b>Lineal Metres</b>	<b>Number</b>	<b>Lineal Metres</b>
One lane bridges	298	5195	298	5195
Two lane bridges	55	781	55	781
Footbridges	6	209	6	209
<b>TOTAL</b>	<b>359</b>	<b>6185</b>	<b>359</b>	<b>6185</b>
<b>Wharves</b>				
	12		12	
<b>Street Lighting</b>				
	3,370 lights		3,254 lights	
<b>Water Supply Schemes</b>				
	7 schemes with 357 kms of reticulation		7 schemes with 355 kms of reticulation	
<b>Sewerage Systems</b>				
	5 schemes with 219 kms of reticulation		5 schemes with 205 kms of reticulation	
<b>Stormwater System</b>				
	120 kms of reticulation		115 kms of reticulation	



# REPORT ON LONG TERM FINANCIAL STRATEGY AND POLICIES

During the 2003/2004 financial year MDC has made significant progress towards the achievement of objectives and policies for the year as set out in the Annual Plan and its Long Term Financial Strategy, Revenue and Financing Policy, Investment Policy and Liability Management Policy. Council prepared its first Long Term Council Community Plan in accordance with the Local Government Act 2002 commencing 1 July 2004. This Plan included a review of Council's Revenue and Financing Policy.

## LONG TERM FINANCIAL STRATEGY

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### Background

The Long Term Financial Strategy (LTFS) as outlined in the Annual Plan identifies significant activities of the Council and provides for the associated estimated future expenses, revenues, cashflows and other movements in the statement of financial position.

The general aim of the LTFS is to ensure that the Council has adequately considered and accounted for its future operations in accordance with the following six principles:

- Prudent management of Council activities in the interest of the district and its inhabitants.
- Adequate provision for expenditure needs of the Council.
- Adequate consideration and assessment of benefits and costs of different options.
- Lawful funding mechanisms that on reasonable grounds can be considered as appropriate.
- Maintaining prudent levels of debt in accordance with borrowing management policy.
- Operating revenue to cover all projected operating expenses.

### Overall Performance

Council has substantially achieved the level of non-financial and financial performance set in the Annual Plan.

## REVENUE AND FINANCING POLICY

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### Background

The Revenue and Financing Policy, as outlined in the Annual Plan, is designed to ensure that the allocation of costs by function is met by the people or groups benefiting from the function. Council reviewed its Revenue and Financing Policy during the 2003/04 financial year.

### Overall Performance

Council has funded the cost of functions in the manner outlined in the Revenue and Financing Policy.

## INVESTMENT POLICY AND LIABILITY MANAGEMENT POLICY

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These Policies set out the parameters for the Treasury operations both in terms of investments and borrowings. There have been no significant variations or material departures from the Council's Investment Policy and Liability Management Policy as reported in the Annual Plan.

# STATEMENT OF COMPLIANCE

## Compliance

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The Council and Management of Marlborough District Council confirm that all the statutory requirements of Section 283 of the Local Government Act 2002, which includes the requirements to comply with Part VIIA of the Local Government Act 1974 regarding financial management and borrowing, have been complied with.

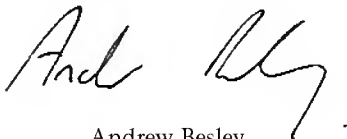
## Responsibility

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The Council and management of Marlborough District Council accept responsibility for the preparation of the Annual Financial Statements and the judgments used in them.

The 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 the Council and management of Marlborough District Council, the annual Financial Statements for the year ended 30 June 2004 fairly reflect the financial position and operations of Marlborough District Council.



Andrew Besley  
Chief Executive  
19 November 2004



Alistair Sowman  
Mayor  
19 November 2004

# AUDIT OFFICE REPORT



Audit New Zealand

## AUDIT REPORT TO THE READERS OF MARLBOROUGH DISTRICT COUNCIL AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

The Auditor-General is the auditor of Marlborough District Council (the District Council) and group. The Auditor-General has appointed me, Devan Menon, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the District Council and group, on his behalf, for the year ended 30 June 2004.

### Unqualified Opinion

In our opinion the financial statements of the District Council and group on pages 15 to 70:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the District Council and group's financial position as at 30 June 2004;
  - the results of operations and cash flows for the year ended on that date; and
  - the service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 22 November 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

### Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.



We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

### **Responsibilities of the Council and the Auditor**

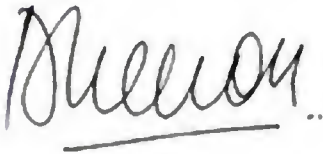
The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the results of operations and cash flows and service performance achievements for the year ended on that date. The Council's responsibilities arise from the Local Government Act 2002, which requires the Council to prepare financial statements under the Local Government Act 1974.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the District Council or any of its subsidiaries.



D Menon  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand



# STATEMENT OF ACCOUNTING POLICIES

## REPORTING ENTITY

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

The group consists of:

- MDC Holdings Limited - MDC wholly owned.
- Port Marlborough NZ Limited - wholly owned by MDC Holdings Limited.
- Marlborough Airport Limited - wholly owned by Port Marlborough NZ Limited.
- Marlborough Regional Forestry (MRF) - Joint Committee (88.62% MDC owned). MRF is accounted for in these financial statements as an activity of Council.
- Housing for the Elderly Trust.
- Destination Marlborough Trust.
- Mayoral Drought Relief Trust.

The financial statements have been prepared in terms of Subpart 2 of Part 6 of the Local Government Act 2002.

## MEASUREMENT BASE

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

## ACCOUNTING POLICIES

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

## BASIS OF CONSOLIDATION

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The consolidated financial statements include Marlborough District Council and its subsidiaries. The subsidiaries are accounted for by adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis. All significant interentity transactions are eliminated on consolidation.

## ACCOUNTS RECEIVABLE

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Accounts receivable are valued at expected realisable value.

## INVENTORIES

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

## PROPERTIES INTENDED FOR SALE

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Properties intended for sale have been valued at the lower of cost and net realisable values. The valuation of net realisable value was carried out by Abel Properties Limited.

## FIXED ASSETS

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### Land Improvements and Buildings

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

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

In the case of Port Marlborough these assets are stated at acquisition cost less accumulated depreciation.

In the case of Marlborough Regional Forestry, land and improvements were valued by Merrill & Ring New Zealand Limited (Forestry Consultants).

### **Library Books and Parking Meters**

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

### **Forestry**

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

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

### **Other Fixed Assets Excluding Infrastructural Assets**

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

In the case of Port Marlborough these assets are stated at acquisition cost less accumulated depreciation.

### **Infrastructural Assets (Marlborough District Council Only)**

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

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

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

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

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

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

## **DEPRECIATION**

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Depreciation is provided on a straight line basis on all fixed assets other than land, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

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



MAJOR ASSET CLASS	LIFE	RATE
<b>Roads, Streets and Bridges</b>		
• Land under roads	Not depreciated	
• Pavement formation	Not depreciated	
• Pavement layers	80 - 100 years	1 - 1.25%
• Pavement surface	13 years	7.692%
• Culverts	20 - 50 years	2 - 5%
• Kerb and channel	80 years	1.25%
• Concrete stormwater channels	80 years	1.25%
• Earth water channels	Not depreciated	
• Footpaths	30 - 80 years	1.25 - 3.33%
• Bridges	40 - 100 years	1 - 2.5%
• Footbridges	50 - 100 years	1 - 2%
• Retaining walls	30 years	3.33%
• Street berms	Not depreciated	
• Traffic signs	20 years	5%
• Street lighting	20 years	5%
• Traffic islands	50 years	2%
• Street trees	40 years	2.5%
• Street furniture	25 years	4%
• Paved and cobbled areas	30 years	3.33%
• Council wharves	40 years	2.5%
• Port Marlborough wharves and marinas	10 - 50 years	2 - 10%
<b>Carparks</b>		
• Parking meters	10 years	10%
• Land	Not depreciated	
• Formation	Not depreciated	
• Basecourse	80 years	1.25%
• Surfacing	20 years	5%
• Markings	3 years	33.33%
<b>Buildings (excluding properties intended for sale)</b>	100 years	1%
<b>Council Computers (excluding Finance 1)</b>	4 years	25%
<b>Council Finance 1 computer equipment</b>	5 years	20%
<b>Plant, equipment (excluding Council infrastructural assets)</b>	5 - 13.33 years	7.69 - 20%
<b>Mowers/chainsaws</b>	1 - 2 years	50 - 100%
<b>Sewerage</b>		
• Pipes	80 - 100 years	1 - 1.25%
• Pump stations	20 - 100 years	1 - 5%
• Oxidation ponds		
• Liner	Not depreciated	
• Waveband	75 years	1.33%
• Treatment plant	20 - 100 years	1 - 5%
<b>Stormwater</b>		
• Pipes	80 - 100 years	1 - 1.25%
• Pump stations	20 - 100 years	1 - 5%
<b>Water</b>		
• Pipes	50 - 100 years	1 - 1.67%
• Reservoirs	80 years	1.25%
• Surface connections	100 years	1%
• Pumps	10 years	10%
• Pump stations	20 - 60 years	1.67 - 5%
• Treatment plant	20 - 100 years	1 - 5%
• Dams	150 years	.667%
<b>Rivers and Drainage</b>		
• Pump stations	35 - 100 years	1 - 2.86%
• Stopbanks/earthworks	Not depreciated	
• Rock and gabion protection	Not depreciated	
• Trees and tree retards	Not depreciated	
• Culverts and gates	Not depreciated	
• Channels	Not depreciated	
• Dam	100 years	1%
<b>Library books</b>	13.33years	7.69%

Council has depreciated the cost of the Blenheim landfill development over its 45 year life and charged the depreciation to operating costs. The amortisation rate is based on volume utilisation divided by the capacity of the landfill site.

### **Landfill Post Closure Costs**

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

## **BUDGET FIGURES**

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The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budget figures have been prepared in accordance with the generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

## **TAXATION**

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### **Marlborough District Council**

The Marlborough District Council is subject to income tax in respect of income received from its subsidiaries.

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences.

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

### **Marlborough Regional Forestry**

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

### **Goods and Services Taxation**

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

## **COST OF DISTRICT COUNCIL'S SIGNIFICANT ACTIVITIES**

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(a) Operating Costs

All direct costs of providing services and allocating overheads have been charged to the relevant significant activity.

(b) Direct costs include salaries and wages, materials, services, depreciation and a share of the other costs of managing each significant activity within the groupings of:

- Services
- Resource Management and Regulatory
- Commercial and Other Property

(c) Allocated Overheads

The costs of providing supporting services for the Marlborough District Council are accumulated and then allocated to each significant activity using appropriate allocation bases which reflect usage and/or capacity for each significant activity.

(d) General type rates have been allocated to significant activities of Council in the Cost of Service statements. The basis of allocation is as detailed in the Annual Plan.

## **RESTRICTED RESERVES**

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(a) Revenue

Revenue related to restricted reserves is reported in the Statement of Financial Performance. It is not available for ordinary purposes.

**(b) Expenditure**

Operating expenditure from a restricted reserve is shown within the appropriate significant activity to which it relates. Capital expenditure is added to the appropriate fixed asset category in the Statement of Financial Position.

**(c) Appropriations**

The net amount of restricted reserves revenue less allowable expenditure as in (b) above, is appropriated from accumulated funds to restricted reserves each year. These appropriations are shown in note 8 of the Notes to the Financial Statements.

**EMPLOYEE ENTITLEMENTS**

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Provision is made in respect of the Council's liability for retiring gratuity allowances and Annual and Long Service Leave. The liability for Annual Leave has been calculated on an actual entitlement basis at current rates of pay. The Retiring Gratuity Liability and Long Service Leave Liability have been 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.

**INVESTMENTS**

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All investments are valued at the lower of cost and net realisable value. Records of the cost were not available for all investment when the Council adopted accrual accounting methods. Where investments have been purchased at a premium/discount that premium/discount is amortised over the term of the investment.

**FINANCIAL INSTRUMENTS**

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The Council and its subsidiaries are party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, investments, receivables, payables and borrowing. All financial instruments with the exception of derivative financial instruments, are recognised in the Statement of Financial Position. Revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

**STATEMENT OF CASH FLOWS**

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

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

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

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

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

**CHANGES IN ACCOUNTING POLICIES**

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Council has changed its accounting policy for the valuation of Land and Buildings in order to comply with FRS3: Accounting for Property, Plant and Equipment. This Standard came into effect for periods ending on or after 31 March 2002. It requires assets to be valued at fair value which has been determined by reference to the highest and best use. The previous policy had been to determine the fair value of those items by reference to their existing use. The effect of the change is unable to be quantified.

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

# COUNCIL GOALS

The Marlborough District Council has nine key goals:

## **1 Customer Service**

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To provide quality customer service by identifying and delivering appropriate services efficiently, courteously and in the most cost effective manner which meets the needs of the community.

## **2 Community**

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To provide recreational, cultural and social services to meet the needs of the various communities within the District.

## **3 Sustainability**

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To manage the natural resources of the District in a sustainable manner to achieve benefits for present and future generations.

## **4 Development**

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To ensure that planning for the District is undertaken in a manner that encourages social and economic development, giving full recognition to the natural environment.

## **5 Services**

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To provide services that meet the needs and provide for the well being of the various communities within the District.

## **6 Communication**

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To use an open and consultative approach to decision making, and inform the public on matters relating to Council activities and policies.

## **7 Employment**

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To be a good employer and in particular promote equal employment opportunities and develop a work environment that responsibly provides for change.

## **8 Assets and Property**

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To manage and maintain Council assets (including land and buildings owned by the Marlborough District Council) in the most cost effective and efficient manner while taking account of community needs.

## **9 Administration**

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To develop administrative services which serve the Marlborough District Council's requirements in an efficient and effective manner. To administer the regulatory obligations of the Marlborough District Council in a manner which is fair, responsible and courteous to the public.



# SIGNIFICANT ACTIVITIES

## DEMOCRATIC PROCESS

Activities in this group are associated with the following outcomes:

- **Marlborough residents' and ratepayers' interests are represented in a fair and equitable manner.**
- **The District's communities are able to participate in the decision-making processes that affect them.**

### Description

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

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

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

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

### Marlborough District Council Committees, Statutory and Sub-Committees:

- Finance & Administration
  - Liquor Licensing
- Community Development
  - Grants
  - Sister City
  - Youth, Elderly and Access
- Assets & Services
  - Animal Control
  - Regional Land Transport
- Environment
- Resource Hearings
- Interim SVIS Sub-Committee
- Civil Defence Emergency Management

OBJECTIVES FOR 2003/2004	PERFORMANCE INDICATORS
To represent constituents in a fair and equitable manner.	<ul style="list-style-type: none"> <li>• All meetings of councillors to comply with the provisions of the Local Government Official Information and Meetings Act and Standing Orders.</li> </ul> <p><b><i>No breaches of the Local Government Official Information and Meetings Act and Standing Orders were reported in relation to meetings of councillors.</i></b></p>
To conduct Council business in a transparent manner.	<ul style="list-style-type: none"> <li>• All scheduled meetings advertised in the local media no less than five working days prior to meetings wherever possible.</li> </ul> <p><b><i>Scheduled meetings were advertised and complied with s46 of the Local Government Official Information and Meetings Act, which requires a more stringent condition than the performance target. Advertisements were placed not more than 14 days and not less than five days before the end of every month, notifying scheduled meetings to be held in the following month (including date, time and venue).</i></b></p> <ul style="list-style-type: none"> <li>• Agendas and attachments available at least three working days prior to meetings wherever possible.</li> </ul> <p><b><i>Agendas (including attachments) were completed and available at least three clear working days prior to the</i></b></p>

To implement the requirements of the new Local Government Act.

*meeting i.e. for a Thursday meeting, the agenda was photocopied and posted to members on the Friday prior, and was available for viewing on that day.*

- Council's Annual Plan and Report adopted in accordance with statutory requirements.

***Council adopted the 2002/03 Annual Report on 27 November 2003 and adopted the 2004-14 Long Term Council Community Plan on 24 June 2004.***

- All requirements for 2003/04 complied with.

***All requirements were met. No issues were raised by statutory agencies.***

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>		
Democratic Process	1,975	1,904	1,657	Rates	1,916	1,837
				Other Revenue	0	67
				Total Revenue	1,916	1,904
				General Revenues Applied	59	0
<b>Total Operating Costs</b>	<b>1,975</b>	<b>1,904</b>	<b>1,657</b>		<b>1,975</b>	<b>1,657</b>

## COMMUNITY, RECREATION, CULTURE AND HERITAGE

Activities in this group are associated with the following outcomes:

- ***Marlborough residents, and visitors to Marlborough, have access to services and facilities that foster community health and well-being.***
- ***Marlborough is a lively and creative region with a strong sense of its own culture and heritage.***

### Description

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

The Council undertakes the following roles in achieving community outcomes:

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

### OBJECTIVES FOR 2003/2004

To provide well maintained gardens, reserves and walkways for public recreational use.

### PERFORMANCE INDICATORS

- Maintain reserves to the standard required in the Reserves Asset Management Plan.

***Monthly monitoring and contractor audit reports ensured specified performance standards were maintained.***

	<ul style="list-style-type: none"> <li>• 100% compliance of playground equipment with New Zealand Standards (NZS) 5828. <i>All playgrounds met current NZS 5828. New playground standard based on the European model became effective as of 1 July 2004.</i></li> <li>• Respond to all customer enquiries within three working days. <i>Commitment to making initial contact with caller within three day period on a "first in- first out" priority basis, with the emphasis on minimum response times.</i></li> </ul>
<p>To provide access to recreation opportunities for all communities in Marlborough.</p>	<ul style="list-style-type: none"> <li>• Facilities are maintained to agreed services and standards. <i>Nationally recognised standards were used for all recreation facility design, operation and maintenance. This included sports parks, pools, walking tracks, reserves and halls. Twice yearly audits of sports parks by NZ Sports Turf Institute inspections ensured turf was of a high standard and well maintained. The recently introduced NZS Handbook on Tracks and Outdoor Structures was adopted in relation to relevant public facilities as provided for on Council land.</i></li> <li>• Facilities are allocated to meet the needs of Marlborough Sports Codes. <i>Sports field allocations took place winter and summer to meet all code requirements. One Saturday sports day was cancelled due to weather over the winter season. No sports days were lost over summer. Three complaints were received from Marlborough sports codes in respect of the allocation or standard of Council grounds. These were – shortage of night illuminated training grounds in Blenheim; on-going problems with inadequate drainage on Waitohi Domain, Picton rugby fields; localised drainage problems on Renwick Domain.</i> <i>Non mainstream sports were also accommodated where practical i.e. skateboarding and Riding for the Disabled.</i></li> <li>• Report on Sport Marlborough programme as contracted by Council. <i>Recreation programmes were approved and implemented under contract (\$49,522) as follows:</i> <ul style="list-style-type: none"> <li>- Seven weekly activities for elderly.</li> <li>- Three weekly activities for women.</li> <li>- A joint venture with secondary schools and the Public Health Unit provided programmes for youth.</li> </ul> <i>Programmes were run in Blenheim, Picton, Seddon, Renwick.</i></li> </ul>
<p>To create opportunities for Marlborough residents and communities to participate in a wide variety of arts and cultural activity, appealing to the region's diverse range of ages, cultures and interests.</p>	<ul style="list-style-type: none"> <li>• Administer the Creative Communities New Zealand Funding Scheme in line with partnership agreement. <i>The Scheme was administered in accordance with the agreement with Creative New Zealand. Twenty-seven (27) grants totalling \$28,000 were allocated to organisations providing arts activities in the community.</i></li> <li>• Report on Marlborough Festivals and Events Trust programme as supported by Council. <i>A programme was approved and implemented under contract (\$130,304) as follows:</i></li> </ul>

	<ul style="list-style-type: none"> <li>- Festivals including summer concert series held in Renwick, Blenheim and Havelock.</li> <li>- Great Marlborough Treasure Hunt.</li> <li>- Monthly Event Guide.</li> </ul>																																		
<p>To ensure that Marlborough's heritage resources are appropriately recognised, protected and promoted.</p>	<ul style="list-style-type: none"> <li>• An initial stocktake of Marlborough's heritage resources commenced by 30 June 2004. <i>Approval for resourcing for this was finalised as part of adoption of the Long Term Council Community Plan. This work is to be undertaken in 2004/05.</i></li> <li>• Provide assistance to museums and archives on a case-by-case basis as provided in existing budgets. <i>Assistance was provided to Brayshaw Park, Renwick museum, Picton museum, Edwin Fox and the planned Aviation Heritage Centre at Omaka. Of note is the approval of major regional initiative funding of \$2 million from central government for the establishment of the Aviation Heritage Centre.</i></li> <li>• Maintain to an appropriate standard all memorial monuments, clocks and fountains. <i>Monthly inspections were undertaken on all monuments and memorials in accordance with contract requirements and performance specifications. Maintenance works were undertaken as required.</i></li> </ul>																																		
<p>To provide and promote a library service which is accessible and cost effective for the Marlborough community.</p>	<ul style="list-style-type: none"> <li>• Increase usage and membership of library services. <i>Active membership 2002/2003 – 20,501; 2003/04 – 21,311. Issues 2002/03 – 606,280; 2003/04 – 630,090. 16,418 public enquiries were recorded at the Information Services help desk in 2003/04; an increase of 512. In-house book reserves in 2003/04 increased by 240 to 10,901.</i></li> <li>• Maintain average age of library resources. <i>The average age of stock was maintained at 9.7 years.</i></li> <li>• Maintain the average cost per issue. <i>2002/2003 - \$1.72 per issue; 2003/2004 - \$1.72 per issue.</i></li> </ul>																																		
<p>To plan and promote community development within the Marlborough community.</p>	<ul style="list-style-type: none"> <li>• Provide grants and donations for social and community development groups from within existing budgets. <i>Council provided grants to the following organisations in the 2003/04 financial year:</i></li> </ul> <table border="0"> <tr> <td><i>Citizens Advice Bureau</i></td> <td style="text-align: right;"><i>\$5,097</i></td> </tr> <tr> <td><i>Marlborough District Brass Band</i></td> <td style="text-align: right;"><i>\$10,000</i></td> </tr> <tr> <td><i>Creative Marlborough</i></td> <td style="text-align: right;"><i>\$10,000</i></td> </tr> <tr> <td><i>Picton Resource Centre</i></td> <td style="text-align: right;"><i>\$1,500</i></td> </tr> <tr> <td><i>Sport Tasman</i></td> <td style="text-align: right;"><i>\$7,500</i></td> </tr> <tr> <td><i>Marlborough Safer Community Group</i></td> <td style="text-align: right;"><i>\$7,500</i></td> </tr> <tr> <td><i>Marlborough Rugby Union</i></td> <td style="text-align: right;"><i>\$10,000</i></td> </tr> <tr> <td><i>Millennium Art Gallery</i></td> <td style="text-align: right;"><i>\$77,300</i></td> </tr> <tr> <td><i>Marlborough Historical Society</i></td> <td style="text-align: right;"><i>\$71,000</i></td> </tr> <tr> <td><i>Marlborough Youth Trust</i></td> <td style="text-align: right;"><i>\$20,000</i></td> </tr> <tr> <td><i>Awatere Community Activities</i></td> <td style="text-align: right;"><i>\$5,200</i></td> </tr> <tr> <td><i>Edwin Fox Society</i></td> <td style="text-align: right;"><i>\$10,000</i></td> </tr> <tr> <td><i>Life Flight Trust</i></td> <td style="text-align: right;"><i>\$10,000</i></td> </tr> <tr> <td><i>NZ Aviation Museum</i></td> <td style="text-align: right;"><i>\$150,000</i></td> </tr> <tr> <td><i>NZ Aviation Museum (for 5 yrs only)</i></td> <td style="text-align: right;"><i>\$20,000</i></td> </tr> <tr> <td><i>Marlborough Hospice Trust</i></td> <td style="text-align: right;"><i>\$100,000</i></td> </tr> <tr> <td><i>Marlborough Golf Club</i></td> <td style="text-align: right;"><i>\$8,998</i></td> </tr> </table>	<i>Citizens Advice Bureau</i>	<i>\$5,097</i>	<i>Marlborough District Brass Band</i>	<i>\$10,000</i>	<i>Creative Marlborough</i>	<i>\$10,000</i>	<i>Picton Resource Centre</i>	<i>\$1,500</i>	<i>Sport Tasman</i>	<i>\$7,500</i>	<i>Marlborough Safer Community Group</i>	<i>\$7,500</i>	<i>Marlborough Rugby Union</i>	<i>\$10,000</i>	<i>Millennium Art Gallery</i>	<i>\$77,300</i>	<i>Marlborough Historical Society</i>	<i>\$71,000</i>	<i>Marlborough Youth Trust</i>	<i>\$20,000</i>	<i>Awatere Community Activities</i>	<i>\$5,200</i>	<i>Edwin Fox Society</i>	<i>\$10,000</i>	<i>Life Flight Trust</i>	<i>\$10,000</i>	<i>NZ Aviation Museum</i>	<i>\$150,000</i>	<i>NZ Aviation Museum (for 5 yrs only)</i>	<i>\$20,000</i>	<i>Marlborough Hospice Trust</i>	<i>\$100,000</i>	<i>Marlborough Golf Club</i>	<i>\$8,998</i>
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*In addition Council allocated \$93,333 under the Financial Assistance Policy (grants applied annually) as follows:*

<i>Brayshaw Park Administrators</i>	<i>\$2,500</i>
<i>Marlborough Military Re-Enactment Group</i>	<i>\$2,500</i>
<i>Ngati Apa Social Services</i>	<i>\$3,000</i>
<i>Marlborough Vintage Farm Machinery</i>	<i>\$3,000</i>
<i>Marlborough Branch Vintage Car Club of NZ Inc</i>	<i>\$2,500</i>
<i>Historic Places Trust Marlborough Branch</i>	<i>\$1,800</i>
<i>Marlborough District Brass Band</i>	<i>\$10,000</i>
<i>Marlborough Historical Society</i>	<i>\$5,000</i>
<i>SPELD Blenheim</i>	<i>\$641</i>
<i>Horizon Trust</i>	<i>\$5,700</i>
<i>Lifeline Marlborough</i>	<i>\$220</i>
<i>Marlborough Kindergarten Assn Inc</i>	<i>\$4,350</i>
<i>Parkinson Society Marlborough</i>	<i>\$2,000</i>
<i>Redwood Kindergarten</i>	<i>\$500</i>
<i>Picton Toy Library</i>	<i>\$225</i>
<i>Bread of Life Trust</i>	<i>\$2,500</i>
<i>Seniornet Marlborough Sounds</i>	<i>\$475</i>
<i>The Welcome Mat</i>	<i>\$1,600</i>
<i>Marlborough Search and Rescue</i>	<i>\$5,000</i>
<i>St Lukes Building Committee</i>	<i>\$2,000</i>
<i>Superkids Trust</i>	<i>\$3,000</i>
<i>Elim Youth Group</i>	<i>\$1,600</i>
<i>Manaroa/Clova Bay Rural Fire Party</i>	<i>\$2,500</i>
<i>Marlborough Netball Centre</i>	<i>\$2,000</i>
<i>Brooklyn Croquet Club</i>	<i>\$1,200</i>
<i>Rotoiti Lodge Outdoor Education Trust</i>	<i>\$1,500</i>
<i>Marlborough Cricket Association</i>	<i>\$2,500</i>
<i>WYNRS NZ Trust</i>	<i>\$1,328</i>
<i>Netball Tasman</i>	<i>\$950</i>
<i>Blenheim Boys Novice Rowing (Blenheim Rowing Club)</i>	<i>\$3,000</i>
<i>Werohia Community Trust</i>	<i>\$1,000</i>
<i>Linkwater Community Sports Club</i>	<i>\$650</i>
<i>Marlborough Colleges Sailing Club</i>	<i>\$5,500</i>
<i>Queen Charlotte Yacht Club</i>	<i>\$1,375</i>
<i>Awatere Bowling Club</i>	<i>\$719</i>
<i>Marlborough Pony Club</i>	<i>\$1,500</i>
<i>Kia Mataara Hoe Waka Club</i>	<i>\$5,000</i>
<i>Awatere Pony Club</i>	<i>\$2,500</i>

- Provide assistance as required to community groups to access funds from other sources.

*In excess of 50 organisations received assistance with funding information and/or application completion to access funding from other sources. Funding workshops and information sessions were provided during the year. In addition the Funding Information Service and Breakout database of scholarships for individuals are made publicly accessible at the Blenheim and Picton libraries and the Awatere Community Centre.*

- Provide support to the Marlborough Safer Community Group in line with sponsorship agreement.

*Council provided administration support, funding assistance and liaison as required to MSCG and the projects the group manages including: Truancy Service*

	<p><i>Marlborough, Pathways Marlborough (alternative education programme), Turnaround Marlborough (restorative justice project), Job Path Marlborough (youth employment transition project). The partnership with the Crime Prevention Unit of the Ministry of Justice is under review with the MSCG renamed Safer Communities Marlborough and now operating and reporting under the Support Services Department of Council.</i></p> <ul style="list-style-type: none"> <li>• Provide liaison and develop partnerships between community organisations.</li> </ul> <p><i>Liaison and assistance is provided through the Community Development Co-ordinator in conjunction with other areas of Council. Partnerships on community projects included TrustPower Community Awards, Community Directory project, Regional Arts, Strategy Development, Regional Physical Activity Plan Development, Older Persons Transport Project, assistance for the monthly Community Worker forum meetings, Picton community meetings and Council's Youth and Older Persons Forums which encourage linkages and networks between organisations and agencies.</i></p> <ul style="list-style-type: none"> <li>• Provide assistance for regular networking and forums for youth workers and youth issues.</li> </ul> <p><i>Assistance was provided to the Youth Worker forum, Marlborough Youth Trust, Marlborough Youth Mentoring for development of networking opportunities and furthering responses to youth issues. In addition monthly forums have been held with youth representatives of secondary schools in Marlborough and councillors on the Youth, Access &amp; Elderly Sub-Committee of Council.</i></p>
<p>To provide cost effective cemetery services to meet the needs of the Marlborough community.</p>	<ul style="list-style-type: none"> <li>• Implement recommendations of the Review of Cemetery operations.</li> </ul> <p><i>Transfer of all historic cemetery records to database is complete with the exception of Omaka Cemetery which will be completed in 2004/05. This will finalise the process for all Council managed cemeteries before moving onto trustee run cemeteries throughout the District.</i></p>
<p>To provide attractive, hygienic public conveniences at locations designed to cater for public needs.</p>	<ul style="list-style-type: none"> <li>• Inspect all public conveniences monthly to ensure compliance with contract specifications.</li> </ul> <p><i>Monthly inspections in conjunction with the contractor were undertaken to ensure compliance with performance specifications.</i></p> <ul style="list-style-type: none"> <li>• Investigate complaints relating to operations and facilities within 12 hours.</li> </ul> <p><i>All public complaints investigated within the 12 hour timeframe. Except for major maintenance upgrades, no facilities were removed from public use for more than 6 hours.</i></p> <ul style="list-style-type: none"> <li>• Remedy minor faults within public conveniences within 24 hours of notification.</li> </ul> <p><i>Remedial works, where practical, were completed immediately or within 24 hours. Except for major maintenance upgrades, no facilities were unavailable for public use for more than 6 hours.</i></p>

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Swimming Pools	450	492	430	Rates	4,561	4,453	4,293
Reserves	1,996	2,003	1,966	Subsidies	11	5	96
Halls, Museums & Memorials	186	215	177	Other Revenue	323	623	684
Libraries	1,093	1,115	1,042	Total Revenue	4,895	5,081	5,073
Cemeteries	290	268	291				
Public Conveniences	340	360	348				
Community Development	978	1,272	1,126	General Revenues Applied	476	686	313
Special Work Schemes	38	42	6				
<b>Total Operating Costs</b>	<b>5,371</b>	<b>5,767</b>	<b>5,386</b>		<b>5,371</b>	<b>5,767</b>	<b>5,386</b>
<b>CAPITAL WORKS</b>							
Swimming Pools	-	-	3				
Reserves	2,334	337	1,120				
Cemeteries	6	35	82				
Halls and Museums	9	41	22				
Libraries	280	222	292				
Public Conveniences	149	80	66				
Community Development	29	340	-				
<b>Total Capital Works</b>	<b>2,807</b>	<b>1,055</b>	<b>1,585</b>				

Note 1: The favourable expenditure variance in Community Development and unfavourable variance in other income relate to the accounting treatment of the Safer Community Group where costs have been netted against income.

Note 2: The unfavourable variance in Reserves capital works is mainly attributable to the Riverside Park development approved by Council during the year.

Note 3: The favourable variance in Community Development capital expenditure relates to the postponement of the purchase of security cameras which are to be purchased in the 2004/05 year.

Note 4:

Operating Costs as above	5,371	5,767	5,386
Less Internal Interest	100	82	92
Operating Costs as per page 56	5,271	5,685	5,294

## ECONOMIC DEVELOPMENT

Activities in this group are associated with the following outcome:

- **The collective wealth of Marlborough residents and ratepayers is increased.**

### Description

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

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

For the bulk of this activity Council is primarily a purchaser of regional development services. It provides funding of \$375,000 to Destination Marlborough; \$155,000 to the Marlborough Regional Development Trust and \$124,000 to the Marlborough Research Centre. These three organisations are important partners for the Council in assisting the region to achieve economic development outcomes, in particular attracting visitors, residents and investment to Marlborough, adding value to Marlborough enterprises, and enriching the quality of life for Marlborough residents. The three organisations work closely with each other, with Council, and with other development-focussed groups and organisations in the District. All

organisations receiving funding under this activity are required to provide an annual report to the Council describing its operations and achievements for the year, including how it has contributed to the development of the regional economy.

Indicators of economic development within the region that information is collected on include:

- Increases in the value of land.
- Increased capitalisation of land.
- Levels of unemployment.
- Levels of income generated by individuals and industries.

OBJECTIVES FOR 2003/2004	PERFORMANCE INDICATORS
<p>Assist the establishment of the Marlborough Regional Development Trust.</p>	<ul style="list-style-type: none"> <li>• Report on progress towards the establishment of the proposed Regional Development Trust. <i>The Marlborough Economic Development Trust was renamed the Marlborough Regional Development Trust to emphasis the broader role of regional development undertaken. Closer working relationships with other bodies who contribute to regional development are being established.</i></li> </ul>
<p>Assist in the introduction of a high speed internet infrastructure for the Marlborough region.</p>	<ul style="list-style-type: none"> <li>• High speed internet services are available to at least 75% of Marlborough residents by 30 June 2004. <i>Asymmetric Digital Subscriber Line (ADSL) broadband services are available to an estimated 70% plus of Marlborough households. Wireless and/or satellite services are available to most areas not currently served by ADSL.</i></li> </ul>
<p>Promote the economic development of the Marlborough region.</p>	<ul style="list-style-type: none"> <li>• Report on regional development programmes supported by Council. <i>Highlights for Council during the year were the opening of the Wine Centre of Excellence, the granting by central government of a second major regional initiative grant of \$2 million for the establishment of an Aviation Heritage Centre, the establishment of the aviation cluster co-ordination, and the opening of a laboratory by Cawthron Institute at the Marlborough Research Centre on State Highway 1. In addition to these projects, construction of the Southern Valleys' Irrigation Scheme commenced.</i></li> </ul>
<p>Promote Marlborough as a tourist destination.</p>	<ul style="list-style-type: none"> <li>• Report on regional promotion programmes supported by Council. <i>Destination Marlborough has achieved significant progress over the year including the implementation of a domestic marketing campaign to supplement international marketing. In addition sufficient industry support was received for the implementation of a targeted tourism rate.</i></li> </ul>
<p>Identify opportunities for major regional initiatives in aviation and aquaculture.</p>	<ul style="list-style-type: none"> <li>• Opportunities identified by 31 October 2003.</li> <li>• Preferred initiative confirmed by 31 December 2003. <i>Opportunities in progressing the aviation cluster were identified with the initiative for an Aviation Heritage Centre to be constructed as a flagship for the aviation industry pursued. Central Government approved \$2 million for the initiative with construction planned to commence in November 2004. Council will act as agent for the Heritage Centre administering the funds granted by Trade &amp; Enterprise New Zealand.</i></li> </ul>



Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Destination Marlborough	480	300	300	Rates	383	375	378
Marlborough Research Centre	120	121	120				
Other	184	67	188	General Revenues Applied	401	113	230
<b>Total Operating Costs</b>	<b>784</b>	<b>488</b>	<b>608</b>	<b>Total Revenue</b>	<b>784</b>	<b>488</b>	<b>608</b>

Note: Variance in operating costs are associated with Council approvals during the year for Destination Marlborough and the Marlborough Regional Development Trust.

## EMERGENCY MANAGEMENT

Activities in this group are associated with the following outcome:

- **The region is well prepared for emergency events, and any harm or loss from emergency events is minimised.**

### Description

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

The Council is also a Rural Fire Authority under the Forest and Rural Fires Act 1977, and must meet requirements for the prevention, detection, and suppression of rural fires.

OBJECTIVE FOR 2003/2004	PERFORMANCE INDICATORS
The Marlborough region is adequately prepared for emergency events.	<ul style="list-style-type: none"> <li>• Regional hazards are identified and planned for. <i>The regional hazards have been identified in the new draft Civil Defence Emergency Management Group Plan for Marlborough. The hazards have been identified in accordance with the Civil Defence Emergency Management Act 2002 and the guidelines published by the Director from the Ministry of Civil Defence and Emergency Management. The initial planning to mitigate against hazards has occurred with planning for hazards being an on going requirement.</i></li> <li>• All staff and volunteers are appropriately trained, qualified, and resourced. <i>All staff and volunteers are appropriately trained in both civil defence and rural fires. 80% of Council's rural fire force members have achieved the minimum competency standards required in the Rural Fire Management Code of Practice. All members of the Blenheim and Waihopai rural fire forces had passed the unit standards required. Both the Awatere and Flaxbourne rural fire force members are working towards achieving required standards.</i></li> <li>• Emergency management equipment, control facilities and communication systems are well maintained and upgraded as required. <i>All equipment including radio communications and rural fire suppression equipment are checked on a regular basis – weekly checks on all communication equipment at the Emergency Operations Centre was carried out; and the rural fire equipment was checked</i></li> </ul>

*on a regular basis. Pumps were run and checked two monthly which is a requirement of the Rural Fire Management Code of Practice. Fire hoses were tested in accordance with the Code of Practice.*

- Applications for Rural Fire permits meet all requirements of the Forest and Rural Fires Regulations 1979 and are issued within five working days.

*All fire permits issued met the requirements of the Forest and Rural Fire Regulations 1979. During the past year 475 fire permits were issued. 98% of the permits issued were within five working days from date of application.*

- Public is well informed of the likelihood and consequences of possible hazards.

*In the civil defence and emergency management area 8,000 civil defence planning guides were delivered to households in the Marlborough District. A number of schools and community organisations were visited. In the rural fire area pamphlets and rural fire safety information was distributed to 90% of the rural property owners in the south Marlborough area. During the fire season daily fire risk predictions were broadcast over a local radio station. Restricted and prohibited fire seasons were advertised in accordance with legislation.*

- Emergency events are responded to promptly and efficiently.

*In February 2004 a flood event in Picton occurred. This event was responded to in a prompt and efficient manner. Several debrief and post event reviews were carried out at a local and national level. All rural fires were responded to in accordance with the requirements of the Marlborough District Council's Rural Fire plan. All fires were responded to within the time lines set by the Rural Fire Management Code of Practice.*

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Emergency Management	509	535	505	Rates	431	410	342
				Subsidies	111	8	17
				Other Revenue	33	50	54
Total Operating Costs	509	535	505	Total Revenue	575	468	413
Operating Surplus	66	-	-	General Revenues Applied	-	67	92
	<b>575</b>	<b>535</b>	<b>505</b>		<b>575</b>	<b>535</b>	<b>505</b>
<b>CAPITAL WORKS</b>							
Emergency Management	30	24	477				
<b>Total Capital Works</b>	<b>30</b>	<b>24</b>	<b>477</b>				

Note 1: The increase in subsidy income relates to subsidies on Fire Appliances to be purchased in 2004/05.

## LAND TRANSPORT

Activities in this group are associated with the following outcome:

- **The movement of people and goods within and through the District is convenient and safe.**

### Description

As owner of the local roading network Council has a legal requirement to provide services to certain standards.

Other services and facilities are provided in order to ensure safety and to enhance the economy by encouraging and facilitating development.

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of Transit New Zealand. In addition Council is responsible for all roading related assets - footpaths, berms, street trees and plots, kerb and channelling, undergrounding (in conjunction with Marlborough Lines), street lighting and carparks. Council also participates in road safety programmes for Marlborough roads.

OBJECTIVES FOR 2003/2004	PERFORMANCE INDICATORS
<p>To provide a cost effective, safe and efficient roading network.</p>	<ul style="list-style-type: none"> <li>• Maintain average road roughness standards for sealed roads of:               <ul style="list-style-type: none"> <li>• 110 for urban roads, and</li> <li>• 95 for rural roads.</li> </ul> <p>Note: A newly sealed road has an average roughness value of 50-70. A very rough gravel road will have a roughness value higher than 300.</p> <p><b>Average roughness was within desired limits: 102 for urban roads, 85 for rural roads.</b></p> </li> <li>• Not more than eight motor vehicle crashes involving injury on District roads recorded on the Land Transport Safety Authority database with a reported contributing factor of "Road Conditions".               <p><b>There were four injury crashes recorded in the Land Transport Safety Authority database with road conditions cited as the contributing factor.</b></p> </li> <li>• Maintain roading network in accordance with the Asset Management Plan.               <p><b>The annual roading programme devolves directly from the Asset Management Plan. Routine audits continue to be undertaken and show the network to be in good condition.</b></p> </li> <li>• Maintain residents' level of satisfaction with roading network to: 80% for sealed roads; 50% for unsealed roads.               <p><b>An annual survey showed residents' level of satisfaction was maintained at 90% for sealed and 50% for unsealed roads.</b></p> </li> </ul>
<p>Commence a programme to mitigate the adverse effects of log transport.</p>	<ul style="list-style-type: none"> <li>• Provision of funds in the 2004/05 Annual Plan following community consultation and refinement of suitable options.               <p><b>Marlborough Roads negotiated a contribution from Weyerhaeuser NZ Ltd to ensure that logging on Northbank Road is sustainable. This contribution will be renegotiated in 2004/05.</b></p> <p><b>Marlborough District Council undertook extensive consultation with Port Underwood forest owners, other road users and landowners adjacent to the Port Underwood and Waikawa Bay Roads. The outcome is that a barge site is established in Opuia Bay and will reduce log truck travel on Port Underwood Road by 70%. Alternative to Roading funding has been sought from central government for 2004/05.</b></p> </li> </ul>

<p>Create and sustain a roading and paving environment in the Central Business District that is conducive to retail shopping.</p>	<ul style="list-style-type: none"> <li>Continue Blenheim CBD upgrade. <b>The fourth and final stage of the CBD upgrade was completed.</b></li> <li>Inspect and report on street cleanliness and asset condition of Blenheim CBD area at least twice annually. <b>Weekly reports of street cleaning were provided by Marlborough Roads. An Annual Report was presented to Council. CBD inspections were undertaken with councillors.</b></li> </ul>
<p>Maintain all sealed footpaths free from potholes and concrete footpaths free from unevenness.</p>	<ul style="list-style-type: none"> <li>Minor faults on footpaths repaired within 20 working days of detection. Unevenness greater than 8mm repaired within 5 days. <b>Achieved within budget constraints. A full survey of inner Blenheim residential footpaths was carried out and an increased renewal budget of \$120,000 per annum has been approved by Council.</b></li> </ul>
<p>To provide well maintained street trees and plots.</p>	<ul style="list-style-type: none"> <li>Maintain street trees and plots to contract standards and monitor through three monthly audits. <b>Monthly meetings with contractor and fortnightly on-site inspections of specific target areas ensured the contractor met required performance specifications. Complaints were forwarded to the contractor for action within 24 hours. A high level of complaints to Council were received as a result of the 1,128 Overhanging Growth Notices issued this year. As a result procedural changes were introduced to better recognise resident attempts to comply in the first instance.</b></li> <li>Plant no fewer than 100 new or replacement street trees each year. <b>126 new or replacement trees were planted in the province during the 2003/04 season.</b></li> </ul>
<p>To ensure that parking is reasonably available for the use of shoppers and visitors.</p>	<ul style="list-style-type: none"> <li>Maintain estimated occupancy rates (on and off-street) at no more than 85%. <b>Occupancy of the Queen Street car park was recorded at 98.9% July 2003 – June 2004. For all other car parks, 85% occupancy was not exceeded.</b></li> <li>Increased compliance with parking limits. <b>Slightly more infringement notices (10,876) were issued compared to the previous year (10,514). There was an increased rate of compliance in off-street car parks with 98% parked with paid parking (previously 90%). Compliance in kerbside parks – 74% paying for parking (previous year 61%).</b></li> </ul>

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>		
Roads, Streets and Bridges	10,311	9,516	9,303	Rates	6,107	6,055
Subdivision Works	38	34	32	Subsidies	3,758	3,720
Parking	632	582	485	Other Revenue	1,515	579
Total Operating Costs	10,981	10,132	9,820			
Operating Surplus	399	222	395			
	<b>11,380</b>	<b>10,354</b>	<b>10,215</b>	<b>Total Revenue</b>	<b>11,380</b>	<b>10,354</b>
					<b>10,215</b>	



**CAPITAL WORKS**

Roads, Streets and Bridges	5,313	4,855	4,608
Subdivision Works	43	113	132
Parking	6	105	122
<b>Total Capital Works</b>	<b>5,362</b>	<b>5,073</b>	<b>4,862</b>

Note 1: *The Other Revenue is above budget due to additional parking revenue, roading contributions and vested asset income.*

Note 2: *The unfavourable variance in Roads Streets and Bridges expenditure is caused by an increase in the Minor Safety Projects, and flood damage expenditure.*

Note 3: *The variance in Capital works is attributable to vested assets.*

Note 4:

Operating Costs as above	10,981	10,132	9,820
Less Internal Interest	621	528	594
Operating Costs as per page 56	<u>10,360</u>	<u>9,604</u>	<u>9,226</u>

## RIVERS AND LAND DRAINAGE

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Activities in this group are associated with the following outcomes:

- ***There is a level of protection against flood damage to houses and property commensurate with the economic risk that is faced by the community.***
- ***The ecological values of Marlborough rivers and watercourses are balanced with the needs of flood protection.***
- ***Council floodway reserve land is available for secondary usage of public recreation, commercial utilisation and conservation of environmental values.***
- ***The life-supporting capacity of Marlborough's lands and waterways is sustained.***
- ***There is a level of protection of property and public health from stormwater flooding (in designated areas) commensurate with the economic risk that is faced by the community.***

### Description

The Wairau River is as large and powerful as any river in New Zealand with a long history of flood damage requiring river control works. These intervention works have enabled the floodplain to be developed productively. Being a natural system there has also been natural counter reaction to this intervention, especially in the form of gravel build up and sedimentation. The 10 year major Wairau upgrading programme is nearing completion, but continual monitoring and maintenance of the river channel system is required, including strategic gravel and other sediment removal.

The low lying floodplain also requires considerable drainage measures, particularly to combat aquatic weed that impedes the 200 km of minor watercourses and drains. Such measures also have to be done carefully to minimise detrimental impact on the ecological and fishery values of these small watercourses for which there is much increasing community awareness.

Marlborough is currently undergoing significant development especially viticulture, lifestyle houses on the plains and the Sounds, and urban development. Much of this development is on land that has flood or erosion hazard, and recent legislation requires mitigation measures as a condition of subdivision or other resource consent conditions. The Rivers and Drainage section is involved in assessing this flood hazard and either approving, and in many cases carrying out, mitigation measures.

With the greatly increased land prices for development there is greater pressure being put on Council owned floodway reserve land for public recreational and other uses. This applies not only for the Wairau but also the Taylor, Spring Creek, Wither Hills streams and other rivers.

OBJECTIVES FOR 2003/2004	PERFORMANCE INDICATORS
<p>Completion of stopbanking upgrading on Wairau and Lower Opawa Rivers.</p>	<ul style="list-style-type: none"> <li>Stopbanks upgraded to adequately sustain a 1 in 100 year return period flood as per 1994 Wairau River Floodways Management Plan.</li> </ul> <p><b><i>A large part of the outstanding stopbank upgrading programmed for those rivers was carried out. This has included stopbank raising and also stopbank thickening in places on the Wairau River where piping is a potential failure mechanism. On the Lower Opawa River the stopbank upgrading works consisted of raising and structural strengthening; but also had to be integrated with berm shaping works and if required stopbank realignment to suit landowners' wishes.</i></b></p>
<p>Completion of rural pumping station upgrading.</p>	<ul style="list-style-type: none"> <li>Rural pumping stations upgraded based on 1996 Wairau Drainage Plan.</li> </ul> <p><b><i>Roberts, Rouses pumping station upgrades have been completed. The new Riverlands Industrial was near completion at time of reporting.</i></b></p>
<p>Development of ecologically friendly aquatic weed control methodology in Spring Creek, Taylor River, Grovetown area watercourses and other priority rivers and drains.</p>	<ul style="list-style-type: none"> <li>Aquatic weed control strategies are developed that achieve desired drainage standards while ensuring ecological values are looked after.</li> </ul> <p><b><i>The focus this year has particularly been on the Taylor and Spring Creek where appropriate weed control methods are being developed in association with Council's Environmental Policy Section providing advice on ecological values of these waterways. Control methods include agrichemical herbicide, weedcutter and excavator.</i></b></p>
<p>Upgrade Riverlands Coop floodway system and its tributary Wither Hills streams following a revision of required standards.</p>	<ul style="list-style-type: none"> <li>The Riverlands catchment system upgraded to cope with a 1 in 100 year return period event.</li> </ul> <p><b><i>The upgrading of channels and stopbanks on the Riverlands Co-op following the December 2002 flood was near completion at time of reporting.</i></b></p>
<p>Review and upgrade as required the spillway standards for the Taylor Dam to cope with a probable maximum flood.</p>	<ul style="list-style-type: none"> <li>A report clarifying existing standard and upgrading of spillway carried out if required.</li> </ul> <p><b><i>A draft report has been prepared reviewing the probable maximum flood for the Taylor River. Finalising the report and actioning its recommendations have yet to occur.</i></b></p>
<p>Improved flood hazard analysis and advice throughout Marlborough including examination of likely appropriate mitigation measures.</p>	<ul style="list-style-type: none"> <li>Development of GIS plans showing flood hazard, and the provision of information to the Regulatory Department and the public on feasible and acceptable flood hazard mitigation measures.</li> </ul> <p><b><i>This project is progressing with the use of Council's GIS system.</i></b></p>
<p>Examine the feasibility and initiate resource consent consultation procedures for gravel banking control of the inlet to the Wairau Diversion.</p>	<ul style="list-style-type: none"> <li>Consultation documents produced.</li> </ul> <p><b><i>This project has started and will continue through 2004/05.</i></b></p>
<p>Monitor and maintain flood control works and drainage channels to the required standard.</p>	<ul style="list-style-type: none"> <li>Channels are monitored especially during flood events in areas of high gravel extraction and with respect to drainage channels especially during periods of high weed growth.</li> </ul>

*Gravel extraction on the Wairau River was monitored. The only significant flood was in the Waitohi and Waikawa Streams which were in major flood in February to a level far exceeding the expected design standard. Detailed monitoring of the flood was carried out and remedial works as far as practical have been initiated.*

- Appropriate contracts are in place to ensure maintenance work is carried out effectively.

*Considerable effort has been put into initiating a new river and drain maintenance contract.*

- A supply of quarried rock is available for emergency and maintenance bank protection work.

*An improved methodology for operation of large quarried rock has been implemented enabling a supply of rock to be built up.*

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Wairau Floodplain Rivers	2,266	1,784	1,869	Rates	2,774	2,778	2,873
Wairau Floodplain Drainage	472	521	492	Other Revenue	1,967	1,103	1,345
Rivers Outside Wairau	241	110	80				
Wairau River Leases	326	25	16				
Total Operating Costs	3,305	2,440	2,457				
Operating Surplus	1,436	1,441	1,761				
	<b>4,741</b>	<b>3,881</b>	<b>4,218</b>	<b>Total Revenue</b>	<b>4,741</b>	<b>3,881</b>	<b>4,218</b>
<b>CAPITAL WORKS</b>							
Wairau Floodplain Rivers	383	530	848				
Wairau Floodplain Drainage	417	215	114				
Rivers outside Wairau	36	-	9				
<b>Total Capital Works</b>	<b>836</b>	<b>745</b>	<b>971</b>				

Note 1: The variance in operating costs relate to private works, quarry costs, gorse and broom work on the Wither Hills, flood damage and operating (contract) costs.

Note 2: The variance in Other Revenue relates to additional lease income, capital works contributions, private works and rock sales.

## SEWERAGE

Activities in this group are associated with the following outcome:

- **Council-provided sewage collection, treatment and disposal services provide protection against public health risks without endangering the environment.**

### Description

Council operates urban sewage collection, treatment and disposal system to protect both the health of the community and the physical environment. Council operates five sewerage systems as follows:

AREA	PIPELINE LENGTH (kms)	NUMBER OF PROPERTIES (Estimate)
Blenheim	159 km	9,570
Picton	40 km	2,110
Havelock	9 km	249
Seddon	7 km	210
Spring Creek	4 km	149

OBJECTIVES FOR 2003/2004	PERFORMANCE INDICATORS
<p>To provide sewage collection, treatment and disposal to a high standard.</p>	<ul style="list-style-type: none"> <li>Respond to 95% of unplanned interruptions or blockages of the sewerage system of such events within two hours, and to restore toilet facilities to all customers affected within six hours of notification. <b>Reporting systems are being developed to capture this information.</b></li> <li>Where extended interruption occurs, to provide alternative toilet facilities after the six hour period. <b>There were no sewer interruptions exceeding six hours.</b></li> <li>Respond to blockages in the sewerage reticulation system causing an overflow within one hour of notification, take action to stop the overflow within two hours, and clean up after overflows within 24 hours. <b>An audit of works showed compliance with the response and action target. All sewer pumps with the potential to overflow to the environment should a pump failure occur are monitored via radio telephone and staff are notified automatically through this alarm system.</b></li> </ul>
<p>To dispose of sewage in a manner which does not endanger public health.</p>	<ul style="list-style-type: none"> <li>100% compliance with Resource Consent requirements. <b>Although Council had a target to achieve 100% compliance with Resource Consent requirements, there were instances where this was not achieved. During the next 12 months, strenuous efforts will be made to meet the requirements. Results are summarised and trends considered in sewer treatment plant annual reports. These are available on request with copies also at the Marlborough Library.</b></li> <li>Monitor groundwater flows against sewer flows and report on the effectiveness of the infiltration improvement programme. <b>Groundwater levels are monitored continuously via Council's scada network. The results are compared to sewer flows to determine infiltration impacts to sewer networks.</b></li> </ul>
<p>To provide sustainable sewage disposal networks.</p>	<ul style="list-style-type: none"> <li>Maintain asset management systems and plans for all sewerage systems. <b>Asset management systems maintained and updated for sewerage systems.</b></li> </ul>

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Blenheim	1,979	2,149	1,767	Rates	3,363	3,292	2,528
Picton	710	765	618	Other Revenue	981	568	745
Havelock	85	94	87				
Renwick	-	18	-				
Seddon	50	47	49				
Spring Creek	42	38	42				
Total Operating Costs	2,866	3,111	2,563				
Operating Surplus	1,478	749	710				
	<b>4,344</b>	<b>3,860</b>	<b>3,273</b>	<b>Total Revenue</b>	<b>4,344</b>	<b>3,860</b>	<b>3,273</b>



**CAPITAL WORKS**

Blenheim	3,047	4,268	2,743
Picton	173	238	109
Havelock	38	52	1
Renwick	290	4,135	353
Seddon	-	1	2
Spring Creek	2	15	-
<b>Total Capital Works</b>	<b>3,550</b>	<b>8,709</b>	<b>3,208</b>

Note 1: Variances in the Blenheim operating and capital expenditure against budget are attributable to treatment upgrade and pipeline works carried forward to the following year.

Note 2: The variance in the Capital expenditure relates to work on the Blenheim pipeline and the Renwick scheme carried forward to the new year.

Note 3: The variance in Other Revenue relates to capital works contributions and vested assets.

Note 4:

Operating Costs as above	2,866	3,111	2,563
Less Internal Interest	561	473	526
Operating Costs as per page 56	<u>2,305</u>	<u>2,638</u>	<u>2,037</u>

## STORMWATER

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Activities in this group are associated with the following outcome:

- **There is a level of protection of property and public health from stormwater flooding (in designated areas) commensurate with the economic risk that is faced by the community.**

### Description

Stormwater systems are provided to minimise disruptions from rain events and to provide for the safety of residents.

Council operates 120 kilometres of stormwater pipe drains for these purposes, predominantly in the urban areas of Picton and Blenheim. As stormwater systems are complex and expensive, a degree of prioritisation is required. Those areas where there is a possibility of water entering houses or commercial buildings are given first priority. Second priority is given to areas where there is a possibility of water entering garages or outbuildings, followed by areas where water may pond on garden areas and roads.

### OBJECTIVE FOR 2003/2004

To provide stormwater collection and disposal to a high standard.

### PERFORMANCE INDICATORS

- Carry out scheduled maintenance of stormwater disposal assets and ensure that flow obstruction caused by debris build up is kept within acceptable limits.  
**Scheduled maintenance has been completed as required and within budget. All inlet and outlet screens are checked monthly and during significant rainfall events. Logs are kept for these inspections identifying any maintenance required.**
- For storms of severity equivalent to a two year return period, there will be no incidences of stormwater damage to homes or commercial buildings.  
**There have been no reported stormwater flooding of homes or commercial buildings during an event equivalent to a two year return period storm. Flooding of buildings did occur in areas of Picton during the February 17th event, however, the return period of this storm is estimated to have been in excess of a 1 in 200 year event.**

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Blenheim	605	634	593	Rates	756	786	673
Picton	166	157	143	Other Revenue	441	58	231
Other Schemes	61	73	42				
<b>Total Operating Costs</b>	<b>832</b>	<b>864</b>	<b>778</b>	<b>Total Revenue</b>	<b>1,197</b>	<b>844</b>	<b>904</b>
Operating Surplus	365	-	126	General Revenues Applied	-	20	-
	<b>1,197</b>	<b>864</b>	<b>904</b>		<b>1,197</b>	<b>864</b>	<b>904</b>
<b>CAPITAL WORKS</b>							
Blenheim	532	170	246				
Picton	114	80	84				
Other Schemes	35	18	16				
<b>Total Capital Works</b>	<b>681</b>	<b>268</b>	<b>346</b>				

Note 1: The variances in Other Revenue and capital expenditure relates to vested assets

Note 2:

Operating Costs as above	832	864	778
Less Internal Interest	221	221	221
Operating Costs as per page 56	611	643	557

## WATER SUPPLY

Activities in this group are associated with the following outcome:

- **Council-provided water reticulation systems are reliable and sustainable, and meet agreed community health standards.**

### Description

Council has a legal obligation to undertake the provision of water to urban areas and seeks to ensure appropriate quality and service standards are met. In addition Council ensures that growth is catered for and that reticulation systems meet fire-fighting standards.

The combined existing water schemes consist of over 350 kilometres of watermains, 18 groundwater pump stations, 5 treatment plant facilities, two dams and 23 storage facilities. The Southern Valleys scheme, when completed, will consist of 64 km of pipe. Council operates seven water supply systems as follows:

AREA	PIPELINE LENGTH (kms)	NUMBER OF CONNECTIONS (Estimate)
Blenheim	151 km	9,440
Picton	48 km	2,020
Havelock	8 km	230
Renwick	13 km	650
Riverlands/ Cloudy Bay	9 km	89
Wairau Valley	3 km	42
Awatere	125 km	600

### OBJECTIVES FOR 2003/2004

To provide a reliable water supply.

### PERFORMANCE INDICATORS

- Council and its contractors operate to the following service targets:
  - Respond within two hours to complaints of lost supply.  
**Reporting systems are being developed to capture this information.**
  - Restore any lost supply within eight hours of the fault.  
**There were no water interruptions exceeding eight hours.**
  - Install 85% of new connections within 10 working days of application, or by agreed alternative date.  
**During the year 12% of water connections were installed within 10 days. The low rate of compliance has been due to the large numbers of**

	<p><i>new connections required. Council asked several contractors to install connections under contract, however, they either could not assist owing to other commitments or their quotes were too high. Council has liaised with property owners to ensure the delay in installing connections did not hold up their project.</i></p>
<p>To provide a water supply which meets agreed community standards.</p>	<ul style="list-style-type: none"> <li>All water systems tested regularly to ensure that the water quality established for that system is maintained (the standard against which results are compared is the Drinking Water Standards for New Zealand 2000).</li> </ul> <p><i>All Marlborough District Council drinking water supplies are tested to show compliance with the Drinking Water Standards for NZ 2000. The community has accepted that the Awatere water supply does not meet the standards. A 'boil water' notice is in place permanently for that supply. Council is working with Ministry of Health on compliance with the testing regime.</i></p> <ul style="list-style-type: none"> <li>Details of test results supplied to the Ministry of Health for inclusion in the national grading programme.</li> </ul> <p><i>All of the water supply sampling results are entered in to the Water Information New Zealand (WINZ) database. The Ministry of Health maintain this database, using the information to assess the water grading for each supply.</i></p>
<p>To provide a sustainable water supply.</p>	<ul style="list-style-type: none"> <li>Maintain asset management systems and plans for all water supply systems.</li> </ul> <p><i>Asset management systems maintained and updated for water supply systems.</i></p>
<p>To provide effective irrigation supplies.</p>	<ul style="list-style-type: none"> <li>To commence construction of the Southern Valleys Irrigation Scheme with the view to commissioning by December 2004.</li> </ul> <p><i>Construction of Southern Valleys' Irrigation Scheme underway and on programme.</i></p>

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Blenheim	1,772	1,778	1,719	Rates	5,271	5,222	3,411
Picton	650	649	685	Other Revenue	1,427	148	315
Renwick	158	151	139				
Havelock	115	110	107				
Awatere	250	262	211				
Riverlands	226	229	88				
Wairau Valley	19	18	20				
Southern Valleys	112	1,250	-				
Total Operating Costs	3,302	4,447	2,969				
Operating Surplus	3,396	923	757				
	<b>6,698</b>	<b>5,370</b>	<b>3,726</b>	<b>Total Revenue</b>	<b>6,698</b>	<b>5,370</b>	<b>3,726</b>
<b>CAPITAL WORKS</b>							
Blenheim	391	1,087	759				
Picton	206	195	213				
Renwick	12	25	29				
Havelock	77	35	14				
Awatere	62	115	12				
Riverlands	105	1,000	965				
Southern Valleys	12,039	15,620	-				
Total Capital Works	<b>12,892</b>	<b>18,077</b>	<b>1,992</b>				

Note 1: Variances in the Other Revenue relate to Southern Valley Water contributions, vested assets and Blenheim connections and Network upgrade levies.

Note 2: Variances in the Blenheim, Riverlands and Southern Valley Water expenditure relate to reprogrammed works

Note 3:	Operating Costs as above	3,302	4,447	2,969
	Less Internal Interest	707	535	565
	Operating Costs as per page 56	<u>2,595</u>	<u>3,912</u>	<u>2,404</u>

## SOLID AND HAZARDOUS WASTE MANAGEMENT

Activities in this group are associated with the following outcome:

- Marlborough's solid and hazardous waste is managed in a manner that is environmentally and economically acceptable.

### Description

Council provides waste management services for public health reasons and to protect the environment. Council is committed to the principles of "reduce, reuse and recycle", and endeavours wherever practicable to recover resources from the waste stream. Kerbside refuse collection is provided in Picton and Blenheim and waste transfer stations are operated at seven locations throughout Marlborough. Waste is transported to the regional landfill south of Blenheim on the Taylor Pass Road.

Green waste composting facilities are provided at the Blenheim transfer station along with a hazardous waste collection facility.

Council conducts education for waste minimisation and sustainability as well as providing support for research programmes and recycling initiatives.

OBJECTIVES FOR 2003/2004	PERFORMANCE INDICATORS
To ensure the provision of waste collection in specified areas.	<ul style="list-style-type: none"> <li>• Weekly kerbside refuse collection services in Blenheim and Picton. <b>Completed to contract specifications.</b></li> </ul>
To dispose of the District's waste in an environmentally acceptable manner.	<ul style="list-style-type: none"> <li>• Landfill sites comply fully with resource consent conditions. <b>Landfill monitoring as required by Resource Consents has been undertaken. Results are summarised and trends considered in the landfill annual report. This will soon be available on request with copies also available at the Marlborough Library.</b></li> <li>• A landfill gas collection system is designed. <b>Council has commenced the design of the gas collection system.</b></li> </ul>
To encourage better waste minimisation and sustainability practices.	<ul style="list-style-type: none"> <li>• Provide an education programme on waste minimisation and sustainability for schools, communities and industry. <b>Council has provided education programmes as follows: Sustainable Households in conjunction with the Ministry for the Environment; Kids Edible Garden trial programme; developed the Sustainable Schools linking to Enviroschools Awards nationally; promoted the use of worm farms in schools; provided Marlborough's Saturday Express with monthly Greentalk column, discussing waste minimisation topics; promoted and delivered waste minimisation and general education programmes to community groups on request.</b></li> <li>• Develop a waste minimisation strategy and programme which reflects the NZ waste strategy. <b>A working group comprising councillors, council staff and members of the public has been formed to review the existing waste minimisation strategy and develop a strategy, meeting the principles of the NZ Waste Strategy.</b></li> </ul>



*The following list of priorities has been set:*

*That recycling facilities be set up to replace the service the 'Blue Door' currently provides.*

*That a kerbside collection of putrescibles and paper be evaluated.*

*That a refuse collection system for Sounds' properties that do not have road access be implemented (this may be an annual or bi-annual collection).*

*That the kerbside collection of plastics be evaluated.*

*That Council encourage government to legislate against the use of clopyralid to enable lawn-clippings to be composted.*

*That alternatives to landfilling be investigated for treated timber disposal or re-use.*

- Work with other local authorities to produce nationally based programmes.

*Council, other territorial local authorities and the Ministry for the Environment have worked together to develop the Sustainable Households programme.*

- Support resource recovery initiatives.

*Council continues to support the Blue Door and other organisations providing resource recovery initiatives.*

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Landfill and Transfer Stations	2,030	1,990	2,304	Rates	1,532	1,501	1,472
Refuse Collection	814	768	787	Other Revenue	1,019	828	962
<b>Total Operating Costs</b>	<b>2,844</b>	<b>2,758</b>	<b>3,091</b>	Total Revenue	2,551	2,329	2,434
				General Revenues Applied	293	429	657
<b>CAPITAL WORKS</b>				<b>Total Revenue</b>	<b>2,844</b>	<b>2,758</b>	<b>3,091</b>
Landfill and Transfer Stations	145	15	186				
<b>Total Capital Works</b>	<b>145</b>	<b>15</b>	<b>186</b>				

Note 1:

Operating Costs as above	2,844	2,758	3,091
Less Internal Interest	404	390	390
Operating Costs as per page 56	2,440	2,368	2,701

## HARBOUR CONTROL

Activities in this group are associated with the following outcome:

- **Safe and economic use is able to be made of Marlborough's coastal waters.**

### Description

Harbour control is undertaken primarily to ensure safety in Marlborough's waterways. The Marlborough Sounds contain 4,136 square kilometres (total water area) and approximately 1,500 kilometres of coastline that is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries.

The Council is tasked with the responsibility of addressing matters of navigation and safety as required in the Local Government Act 2002 and the Marine Transport Act 1994.

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

OBJECTIVES FOR 2003/2004	PERFORMANCE INDICATORS
<p>To ensure that marine farms comply with lighting requirements and do not pose a danger to navigation.</p>	<ul style="list-style-type: none"> <li>Carry out a programme of random auditing to increase compliance rates by 5% over 2002/03 levels. <i>During the 2003/04 year, a total of 179 marine farms were inspected in six different areas with the following results:</i>  <ul style="list-style-type: none"> <li>&gt; 121 - (67.6%) {50.6%} of farms inspected complied fully.</li> <li>&gt; 46 - (25.7%) {43.3%} of farms had one or more light extinguished</li> <li>&gt; 16 - (6.7%) {6.1%} of farms inspected did not have any operational lights.</li> </ul> </li> </ul> <p><i>Percentile figures in brackets { } above show the compliance figures for 2002/03 for comparison purposes. A number of infringement notices were issued to non-compliant farmers. A further joint-initiative between Council and Ministry of Fisheries is examining marine farms on a bay-by-bay basis with a view of rationalising lighting systems resulting in enhanced compliance.</i></p>
<p>To maintain swimming areas and water-ski access lanes in the Marlborough Sounds.</p>	<ul style="list-style-type: none"> <li>Inspect swimming and water-ski access lanes monthly between Labour weekend and Easter of the following year. <i>Inspection of the relevant areas was undertaken. The swimming platforms were established immediately prior to Labour weekend and removed after Easter. As an additional safeguard for swimmers on the Picton foreshore, a buoyed demarcation line was established preventing smaller boats from accessing the area. General maintenance of the water-ski and swimming lanes was carried out on a monthly basis with regular written reports submitted.</i></li> </ul>
<p>To ensure that the existing navigation aid network is kept fully operational.</p>	<ul style="list-style-type: none"> <li>Inspect leading lights quarterly, remaining lights bi-annually. <i>All navigation aid inspections and maintenance are carried out under contract with the contractor submitting reports on a monthly basis. All lights were inspected as required by the contract.</i></li> <li>Repair outages within 24 hours. Action on leading light outages to be taken immediately. <i>During the course of the year 17 outages were reported and repaired within the time frames specified. There was one exception to this. A recurring problem, difficult to isolate, with East Head light meant that this light did not operate with complete reliability for a number of weeks. Appropriate navigation warnings were in place to cover this matter. An on-going replacement programme of old technology continued throughout the year with a total of eight new units being installed. In addition, a system of synchronised lights has been trialled in the approaches to Havelock from Cullen's Point to the marina entrance. Feed-back from users has been positive and trials have been extended prior to making a decision on permanently establishing this type of light.</i></li> </ul>
<p>To monitor waters within harbour limits for breaches of Marlborough District Council Bylaws and appropriate Maritime legislation.</p>	<ul style="list-style-type: none"> <li>Implement Navigation Safety Bylaws (2002) and associated Infringement Regulations.</li> </ul>

*General awareness of the Navigation Safety Bylaws was a specific target of the summer patrol particularly over the 2003/04 holiday period. As a result of consultation amendments to the proposed bylaws have been made with further consultation to occur in the coming year.*

- Investigate reports of breaches of bylaws and appropriate Maritime legislation and respond within five working days.  
*Reported breaches were investigated, where possible with education being the preferred course of action taken. Public response to this approach was generally favourable.*

To maintain a Regional Marine Oil Spill Contingency Plan.

- Review the approved Marlborough Maritime Oil Spill Contingency Plan as required pursuant to Section 297 of the Maritime Transport Act prior to 23 January 2004.  
*The required review of the contingency plan has only been partially achieved. An extension to the required completion date has been granted by MSA and completion is now expected by the end of September 2004.*
- Conduct a desk-top marine oil spill response management exercise annually.  
*A desk-top exercise involving the management team was completed in May 2004. The team was set a number of objectives as an exercise outcome and achieved these in an efficient and timely manner.*
- Conduct at least one water equipment deployment exercise of appropriate oil spill response equipment located in Marlborough.  
*An equipment exercise utilising locally stored response equipment was run in conjunction with an Equipment Operator's revalidation course held in the District by MSA training providers.*
- Evaluate oil spill reports within one hour of notification.  
*A total of six oil spills were reported and investigated during the course of the year. Generally these spills related to bilge discharges of light grade fuels, naturally evaporating without further action being required. It is unfortunate that no spillers were able to be identified enabling action to be taken should this have been appropriate.*

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>		
Harbour Control	523	806	591	Rates	367	346
Total Operating Costs	523	806	591	Other Revenue	178	145
Operating Surplus	22	-	-	Total Revenue	545	491
	<b>545</b>	<b>806</b>	<b>591</b>	Net Cost of Service	-	100
					<b>545</b>	<b>806</b>
<b>Capital Works</b>						
Harbour Control	180	235	16			
<b>Total Capital Works</b>	<b>180</b>	<b>235</b>	<b>16</b>			

Note 1: The favourable variance in operating expenditure relate to the proposed fee structure change not proceeding.

## CONSENTS AND COMPLIANCE

Activities in this group are associated with the following outcomes:

- **There is safe use of the region's natural resources.**
- **Total compliance costs (including the costs to applicants, appellants and to Council) of administering the statutory processes associated with resource consents, building consents and any regulatory responsibilities are minimised.**
- **Residents and visitors are protected from public health risks.**

### REGULATORY

- 1 Resource Consents
- 2 Compliance
- 3 Building Consents
- 4 Environmental Health

### Description

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

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

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

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

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

### OBJECTIVES FOR 2003/2004

To meet all statutory timeframes for regulatory processing.

### PERFORMANCE INDICATORS

- 100% compliance with statutory timeframes.

***Buoyant economic times have seen a significant increase in the number of resource and building consent applications. The number of consents and the complexity of applications received have significantly increased Council's workload. Council staff have responded well to the increased pressures and workload and have sought to ensure customers have been kept informed of the progress of their applications. The increase in the number of notified consents and longer timeframes is symptomatic of the increased complexity of applications received.***

#### **Resource Consents**

***The number of applications for resource consents has risen in 2003/2004 to 2,003 – significantly above the last three years' average of 1,500.***



	Applications Received 2003/04	Meeting Timeframe
Not required to be notified to the public	1,730	Achieved except for water and mooring consents
Notified	258	
Limited Notification	15	

**Building Consents**

**Total consents issued 2,151 – up 146 (6.1%) from last year.**

**Consents issued for applications less or equal to \$500,000 in value were 1,816 with 67.9% being issued within the 10 days target (last year 1,809 with 99.7%).**

**Consents issued where value was greater than \$500,000 was 335, with 96.4% issued within the 20 day target (last year 218 with 100%). Processing of building consents is taking longer due to a high number of incomplete applications being submitted.**

**Liquor Licences**

**697 liquor licensing applications were processed in 2003/04 in accordance with statutory timeframes.**

To monitor resource users for compliance with resource consent conditions.

- Maintain a database for the monitoring of resource consents. **Monitoring schedules are checked on a monthly basis and assigned to staff to follow up. Temporary staff have been employed at various intervals through the year to assist with this task.**

To monitor all complaints received by Council with regard to non-compliance with Resource Management and Building Act statutory requirements.

- Resolve all complaints, or develop a resolution strategy, within 21 days of receipt. **A total of 1109 requests for action were received by the Regulatory Department. 1078 were actioned within the target timeframe. Compliance 97.2%.**

To optimise the safety of all food manufactured, prepared, stored or sold in food establishments and issue licences where necessary in matters of environmental health, food quality and the safety of the community.

- To carry out at least one inspection of all registered food premises, and premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders to ensure compliance with health standards. **542 inspections carried out. All premises were registered during the year.**

To optimise the safety of all dangerous goods manufactured, stored, used or sold from industrial and commercial premises.

- To carry out at least one inspection of all premises where dangerous goods are manufactured, stored or used to ensure that safety standards are being met. **159 inspections carried out. Due to licensing of dangerous goods by councils ending on 31 March 2004 only high at risk premises were inspected. The licensing regime is being replaced by test certificates and approved handler certificates issued by test certifiers approved by Environmental Risk Management Authority (ERMA). All licensees were advised in writing of the new requirements. Occupational Safety and Health (OSH) is now responsible for all places of work as from 1 April 2004.**

To ensure the control of pollution incidences, environmental noise, and nuisances within the community.

- To respond to and investigate within two working days all incidents that threaten public health.

**1080 incidences investigated involving air/land pollution, environmental noise and statutory nuisances. All were responded to within two working days and appropriate action taken.**

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>		
Resource Consents	2,177	1,762	1,938	Rates	1,932	1,893
Building Consents	1,028	936	902	Other Revenue	1,957	1,801
Resource Consent Hearings	636	510	550			
Environmental Health	308	312	281			
<b>Total Operating Costs</b>	<b>4,149</b>	<b>3,520</b>	<b>3,671</b>	<b>Total Revenue</b>	<b>3,889</b>	<b>3,619</b>
				<b>General Revenues Applied</b>	<b>260</b>	<b>52</b>
	<b>4,149</b>	<b>3,520</b>	<b>3,671</b>		<b>4,149</b>	<b>3,671</b>
<b>CAPITAL WORKS</b>						
Resource Consents	2	4	15			
Building Consents	5	1	1			
Resource Consent Hearings	7	2	-			
Environmental Health	1	-	-			
<b>Total Capital Works</b>	<b>15</b>	<b>7</b>	<b>16</b>			

Note 1: The favourable variance in the Other Revenue is due to increased demand in consent applications, which in turn has resulted in additional costs of Resource Consents and Hearing costs.

## ENVIRONMENT

Activities in this group are associated with the following outcomes:

- The production of policy statements and resource management plans that promote the sustainable management of Marlborough's natural and physical resources.**
- Extensive and reliable information is available on the state of Marlborough's environment.**
- Local communities participating actively in sustainable management of the Marlborough's resources.**

### Description

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

### OBJECTIVES FOR 2003/2004

To develop policy statements and plans.

### PERFORMANCE INDICATORS

- Commence the review of the Marlborough Regional Policy Statement.  
**Preliminary consideration of Regional Policy Statement undertaken in relation to state of environment monitoring and reporting.**
- Respond to legislative changes to the Resource Management Act.  
**Aquaculture law reform – contributed to working processes of developing aquaculture legislation.**  
**Foreshore and seabed – response to government's**

*discussion document and Bill. RMA review – contribution to national workshop. Also active through select committee in review of Hazardous Substances and New Organisms (HSNO) legislation for genetically modified organisms.*

- Monitor the effectiveness of provisions within the resource management plans and undertake changes where necessary.

*Developing Marlborough Sounds Plan changes: -Minor zone and heritage sites; Domestic waste water disposal; Variation 3 – effects of ship wake; Natural hazards.*

*Developing Wairau/Awatere Resource Management Plan variation for Rural 3 Zone.*

*Commencement of a review of water allocation provisions of the Wairau/Awatere plan.*

To monitor the environment in accordance with the Resource Management Act 1991.

- Carry out monitoring as specified in the monitoring strategies and programmes for hydrology, air quality, fresh and coastal water quality, soils condition and freshwater, terrestrial and coastal ecosystems.

*Air Quality – ongoing visibility, particulate and nitrogen and sulphur dioxide monitoring (report produced).*

*Hydrology – ongoing gathering of rainfall and river flow information. Groundwater – monitoring of quality for nitrates, metals and seawater intrusion. Monitoring of aquifer levels for trends and long-term sustainability. (Report produced for groundwater quality monitoring).*

*Fresh and Coastal Water Quality – has included the following: - Recreational bathing water monitoring and shellfish quality monitoring (report produced); Macro-invertebrate monitoring ongoing; Picton Harbour sediment contamination – report produced.*

*Freshwater, Terrestrial and Coastal Ecosystems – Monitoring for National Freshwater Fish Database; Monitoring for Ministry for the Environment Coastal Habitat Assessment Programme; Ongoing monitoring of shoreline and ecology for assessment of effects from ship wake; Monitoring with Department of Conservation and Fish and Game to determine fish populations.*

- Carry out investigations to assist in the sustainable management of natural and physical resources.

*Wairau Plain aquifer sustainability studies – development of aquifer simulation model; Lower Wairau crop and water demands. Verification of land uses in the Wairau Plain to enable analysis of water demand per land use type in particular aquifers.*

*Investigation and report prepared on Ward water resources.*

*Three reports prepared on investigations into arsenic contamination of groundwater at Rarangi.*

*Report prepared on investigation into leaching from chemically treated vineyard posts.*

*Investigation into soil contamination at a Rarangi sheep dip site – report pending.*

*Development of an alternative commercial forestry model for discussion with Marlborough Sounds foresters based on landscape and ecology principles.*

	<p><b>Study of bird behaviour/occurrence on native vegetation on the Wairau Plain.</b></p> <p><b>North Marlborough terrestrial and freshwater ecology – survey work underway for investigation into significant natural areas.</b></p> <p><b>Survey of small Marlborough Sounds streams for effects of domestic water takes on fish life completed (report prepared).</b></p> <p><b>Investigation into pest fish distribution in Marlborough and control of pest fish in Taylor Dam.</b></p> <p><b>Coastal ecosystems – effects of forestry use on ecology assessed (report produced). Development of a Council ecological database relating to the Sounds environment.</b></p> <p><b>Blenheim residential growth study.</b></p> <p><b>Subdivision trends analysis for rural 3 Zone.</b></p>
<p>To report on the state of the environment.</p>	<ul style="list-style-type: none"> <li>• Record environmental data and report on any significant trends, as soon as they are detected, to the Environment Committee.</li> </ul> <p><b>The Environmental Policy and Information Group report six weekly to the Environment Committee on ongoing projects, trends and data when appropriate.</b></p> <ul style="list-style-type: none"> <li>• Arrange media articles on environmental issues and projects.</li> </ul> <p><b>Examples of media articles: - Invasive aquatic weeds; Pest fish; Air quality; Whitebait; Grovetown Lagoon; Water restrictions and shortages; Rarangi Landcare Group, Wairau Plain Landscape Concept Plan implementation.</b></p> <ul style="list-style-type: none"> <li>• Provide river flow and rainfall information to the Council's Rivers group, the Marlborough Express and others as part of the public information process.</li> </ul> <p><b>This information has been provided.</b></p> <ul style="list-style-type: none"> <li>• Provide resource information to assist in the assessment of applications for resource consents and in the development of policy.</li> </ul> <p><b>Resource information is provided to assist in assessing resource consents on groundwater and surface water takes and use, air quality, land use, contaminated site, discharges to water and land and aquatic habitat.</b></p>
<p>To work with iwi, industry and the community on projects for maintaining and enhancing the condition of natural resources.</p>	<ul style="list-style-type: none"> <li>• Provide information, education, advocacy to the community on opportunities to maintain or enhance resources.</li> </ul> <p><b>Information, education and advocacy provided by working with school groups through school science fairs, university groups and community groups and also through publishing the State of the Environment Report. Continuing liaison with iwi on key projects such as Landscape Plan, Significant Natural Areas and Grovetown Lagoon. Provide information to water users through regular aquifer newsletters in Southern Valleys' area and Rarangi. Publication of freshwater aquatic life field guide. Assisted Department of Conservation in producing an environmental information package for primary schools. Produced "critter cards" – to encourage children's appreciation of aquatic life.</b></p>



**Worked with Wairau Southern Valleys, Wairau Valley and Ward communities on water augmentation proposals.**

- Assist land users and community groups in works to implement enhancement strategies for South Marlborough ecological areas, Spring Creek, Rai River, Rarangi Beach and Grovetown Lagoon.

**South Marlborough ecological areas – working with several landowners to protect areas of significant conservation value. Rai River – ongoing work with the local community to develop and implement a strategy to eliminate dairy herd crossings of waterways. Ongoing work with Rarangi Landcare group on beach biodiversity enhancement. Grovetown Lagoon – ongoing work with iwi, landowners and Department of Conservation to assist in restoration of lagoon environment. Ongoing work with landscape working groups to implement the Wairau Plain Landscape Concept Plan.**

- Find solutions for and promote best practice relating to resource use and development issues.

**Irrigation practice – ongoing regulated deficit irrigation trials – report pending; report produced assessing water demand related to vineyard planting density.**

**Contributed to production of Agri-chemical use guidelines – GroSafe Calculator CD Rom.**

**Riparian management – through projects on Spring Creek, Rai River, Landscape Concept Plan for Wairau Plain and Grovetown Lagoon restoration project; shade experiments on stream as alternative to agrichemical use (report prepared).**

**Domestic waste disposal – partial development of local guidelines for design, construction and management of domestic wastewater systems in the Marlborough Sounds.**

**Domestic waste disposal – release of a brochure for appropriate use and maintenance of septic tanks.**

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Environment Policy	1,135	1,341	965	Rates	2,012	1,986	1,860
Environment Monitoring	1,606	973	1,400	Other Revenue	76	5	12
				Total Revenue	2,088	1,991	1,872
				General Revenues Applied	653	323	493
<b>Total Operating Costs</b>	<b>2,741</b>	<b>2,314</b>	<b>2,365</b>		<b>2,741</b>	<b>2,314</b>	<b>2,365</b>
<b>CAPITAL WORKS</b>							
Environment Monitoring	38	49	45				
<b>Total Capital Works</b>	<b>38</b>	<b>49</b>	<b>45</b>				

*Note 1: The in total operating costs compared to budget is primarily due to the Council approved carryovers from the previous year. In addition the extent of the activity within the district requiring resource consent impacted on the costs of hydrology advice. These costs were recovered from consent applicants and are shown in the consents and compliance activity.*

## ANIMAL AND PLANT PESTS

Activities in this group are associated with the following outcomes:

- **The economic and ecological threats of animal and plant pests in the District are minimised.**
- **The spread of Bovine Tuberculosis is contained and the number of infected herds reduced.**

### Description

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

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

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

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

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

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

OBJECTIVES FOR 2003/2004	PERFORMANCE INDICATORS
<p>To monitor and implement control for regional animal and plant pests throughout the District.</p>	<ul style="list-style-type: none"> <li>• Monitor and report on the effectiveness of control programmes for regional pests.</li> <li>• Long-term (5 year +) trend of no new infestations of containment control plant pests outside known areas.</li> <li>• Long-term (5 year +) trend of decline in total control pest populations.</li> </ul> <p><b><i>All properties with infestations of total control plants have been inspected and all total control plants destroyed. 75% of those properties issued with a control programme have been inspected to ensure land occupier compliance with control programmes. Monitoring of relevant pest population trends has also been achieved. The Regional Pest Management Strategy operational plan report 2003/04 provides comprehensive detail of the achievement of pest population objectives, population trends and surveillance outcomes.</i></b></p> <ul style="list-style-type: none"> <li>• 100% compliance for all land occupiers where containment control pests exist and control is required under the Regional Pest Management Strategy.</li> </ul>

*Three property occupiers were served with 'Notice of Direction' for non-compliance. All complied with the directions.*

To prevent the establishment of new Bovine Tuberculosis risk areas and/or the expansion of existing risk areas into farmland free of Bovine Tb.

- Maintain possum populations in operational areas to less than or equal to the residual trap catch level stipulated in the operational plan.

*A total of seventeen possum control operations covering approximately 211,503ha of the District were completed. All monitoring targets (residual trap catch) were met with the exception of the lower Awatere operation. This operation failed to achieve the specified performance targets and additional works have been carried out.*

- No infected herds outside existing risk areas.

*No cattle or deer herds are recorded as infected with Bovine Tb in the designated 'vector free' area as at 30 June 2004. Information source: Animal Health Board.*

To prevent any increase from vector related Bovine Tb in vector control areas.

- Hold or decline in the number of infected herds in existing risk areas.

*A reduction from thirteen to nine infected cattle and deer herds were recorded as at 30 June in the defined vector risk area. Information source: Animal Health Board.*

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03		ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>			
Regional Pest Control	561	559	499	Rates	778	734	686
Bovine TB Control	3,192	3,433	2,709	Subsidies	2,461	2,705	2,206
				Other Revenue	443	376	261
				Total Revenue	3,682	3,815	3,153
<b>Total Operating Costs</b>	<b>3,753</b>	<b>3,992</b>	<b>3,208</b>	General Revenues Applied	71	177	55
					<b>3,753</b>	<b>3,992</b>	<b>3,208</b>
<b>CAPITAL WORKS</b>							
Bovine TB Control	3	-	1				
<b>Total Capital Works</b>	<b>3</b>	<b>-</b>	<b>1</b>				

Note 1: Expenditure and subsidy income are less than budget due to Central Government approving a lesser TB programme than was originally budgeted.

## ANIMAL CONTROL

Activities in this group are associated with the following outcome:

- **There is effective dog and stock control in the District.**

### Description

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

## OBJECTIVES FOR 2003/2004

To provide effective animal control in the Marlborough District.

## PERFORMANCE INDICATORS

- Investigate all dog attacks within four hours of notification and complete processing within three days.  
***Fifty-eight (58) reported incidences of dog attack in the 12 month period. Contractor achieved compliance with requirement for investigation of all dog attacks within four hours where incident was reported immediately. Historical incidences not requiring immediate response, were investigated within two working days upon notification being received. Recommendations to Council on action to be taken received within three working days.***
- Investigate all other complaints within two working days.  
***Seven hundred & thirty-two (732) requests for service received for the 12 month period. Initial response to complainant made within two working days of receipt.***
- Recover all dog control costs through registration fees and fines.  
***Achieved.***
- Recover 70% of other pound costs through impounding fees.  
***Pound operating expenses were \$3,550 for the 12 month period. Impounding fees recovered totalled \$2,665 (75%).***

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>				<b>REVENUE</b>		
Animal Control	286	224	228	User Charges	277	225
Operating Surplus	(9)	1	8	<b>Total Revenue</b>	<b>277</b>	<b>236</b>
	<b>277</b>	<b>225</b>	<b>236</b>			
<b>CAPITAL WORKS</b>						
Animal Control	-	-	11			
<b>Total Capital Works</b>	<b>-</b>	<b>-</b>	<b>11</b>			

## PROPERTY

Activities in this group are associated with the following outcome:

- All property holdings provide the maximum benefit to the community by either achieving a commercial return on investment or appropriate levels of utilisation.***

### Description

Council's property functions are carried out for community benefit and to assist Council operations.

The Marlborough District Council has inherited a number of property holdings due to the amalgamation of local councils and regional authorities. These properties can be classified as being held for commercial, community or operational means.

In addition to holding property Council occasionally becomes involved in the development of land holdings.

Council has limited its role in the development of land by selling or leasing land to enable commercial development to occur. Examples include the lease of land to enable vineyard development at Condors, Renwick and the sale of land for subdivision at Harbour Heights, Picton. In the case of the Forest Hills residential development at the Taylor Pass/Wither Road area, Council entered into a development agreement with a third party which has seen the risks associated with



development resting with the developer. Council will continue to consult with the community with regard to the developments around the Wither Hills area, including the potential for further development of Forest Hills. Council constantly reviews its land holdings to ensure that they are required by Council and are achieving the best return for the District.

OBJECTIVES FOR 2003/2004	PERFORMANCE INDICATORS
To maximise return on investment.	<ul style="list-style-type: none"> <li>Achieve a market acceptable return for land development whilst retaining minimal risk to Council. <b>Forest Park development showed a return to Council of 88% against cost (excluding landholding costs). The joint venture agreement which was in place for all previous stages was terminated and Council undertook the development itself. The risk to Council was minimised by predevelopment sales being achieved before construction commenced.</b></li> <li>Manage Council's rental portfolio (including Community Housing) to achieve a minimum level of 90% occupancy at market rentals. <b>A minimum level of 90% occupancy was achieved at all times throughout the year. Due to high demand for housing, occupancy rates achieved were on average 98%. Community Housing rentals were maintained at market levels.</b></li> </ul>
To provide provision of maximum benefit to the community.	<ul style="list-style-type: none"> <li>Monthly report to be provided within ten working days from the end of the month that outlines expenditure/income across all property groups against budget, compliance certifications, status of rent renewals, and acquisitions and disposals being undertaken for Council. <b>Monthly reports were received per requirements.</b></li> </ul>

Cost of Services - \$000's	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03	ACTUAL 2003/04	BUDGET 2003/04	LAST YEAR 2002/03
<b>OPERATING COSTS</b>						
Leased Property	956	860	919			
Forestry	88	11	1,349			
Land Development	(32)	8	9			
Total Operating Costs	1,012	879	2,277			
Operating Surplus	343	314	433			
	<b>1,355</b>	<b>1,193</b>	<b>2,710</b>			
<b>REVENUE</b>						
Other Revenue				1,355	1,193	2,710
				1,355	1,193	2,710
<b>Total Revenue</b>				<b>1,355</b>	<b>1,193</b>	<b>2,710</b>
<b>CAPITAL WORKS</b>						
Leased Property	79	142	163			
Land Development	722	-	-			
<b>Total Capital Works</b>	<b>801</b>	<b>142</b>	<b>163</b>			

Note 1:

Operating Costs as above	1,012	879	2,277
Less Internal Interest	130	130	130
Operating Costs as per page 56	882	749	2,147

## SUBSIDIARIES

### MARLBOROUGH DISTRICT COUNCIL

#### MDC Holdings Ltd

#### Port Marlborough NZ Ltd

#### Marlborough Airport Ltd

### MDC HOLDINGS LIMITED

The Marlborough District Council established MDC Holdings Limited on 1 July 1996. The holding company acquired Council's interest in Port Marlborough New Zealand Limited. The company is a council-controlled trading organisation (CCTO) and is owned 100% by Council.

#### OBJECTIVES FOR 2003/2004

- To operate as a successful holding company.
- To provide the means for bringing the main trading enterprises of the Marlborough District Council together into one structure.
- To separate the commercial trading activities of the Council from the other functions carried out by the Council.
- To obtain commercial borrowing facilities at the most attractive rates attainable.

#### PERFORMANCE INDICATORS

- Prepare and forward financial statements to Council in accordance with legislative requirements.  
***Annual Report audited and adopted by Council in accordance with legislative requirements.***
- Report annually to Council on the performance of the subsidiary trading enterprises.  
***MDC Holdings Limited and Port Marlborough NZ Limited report to Council annually.***
- Report annually to Council on the level and rate of its borrowings.  
***Reports prepared during the year with the facility for MDC Holdings Limited to assist Council fund infrastructure projects.***

### PORT MARLBOROUGH NEW ZEALAND LIMITED

#### Mission Statement

- ***To expertly and profitably manage and develop the company's assets and operations to achieve their full potential and benefit the company's customers and shareholders.***

#### Relationship to Marlborough District Council

Port Marlborough New Zealand Limited is a company established under the Port Companies Act 1988. While the Marlborough District Council owns 100% of the shares, through MDC Holdings Limited, its intent is that Port Marlborough operates as a separate commercial entity in a completely commercial manner.

Councillor David Dew is appointed as Marlborough District Council's representative on Port Marlborough's Board of Directors. The company operates on a 30 June financial year.

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

#### Port Marlborough Provides:

- Port facilities and services for Cook Strait freight and passenger ferry services including four roll on - roll off berths, a passenger terminal and associated facilities.
- Wharf facilities for cargo ships, cruise ships, fishing vessels, freight barges and vessels used in the marine farming industry.
- Stevedoring services for shippers using the Port of Picton.

- Cargo storage areas.
- Marinas and boat storage facilities for recreational craft and facilities for associated businesses.
- Facilities and services related to the above activities.
- The company is the sole shareholder of Marlborough Airport Limited which operates a passenger and freight terminal facility at Marlborough Airport (Woodbourne).

**OBJECTIVE FOR 2003/2004**
**PERFORMANCE INDICATORS**

To operate a successful port company.

- To achieve a pre-tax profit of \$5.7 million for the operations of Port Marlborough for the year ending 30 June 2004.  
***A pre-tax profit of \$5 million was achieved.***
- To achieve non-ferry terminal cargo flows in excess of the previous three-year average (1,013,932 cargo tonnes).  
***Achieved (1,264,440 cargo tonnes).***
- To achieve 93% capacity usage of marina berths.  
***Achieved 96%.***
- To achieve 95% capacity usage of small craft storage facilities.  
***Achieved 96%.***
- Determine the viability of coal exports using Shakespeare Bay.  
***Report commissioned, received and demonstrated viability.***
- Complete the refurbishment of the ablution block at the Ferry Terminal.  
***Completed in May 2004.***
- Complete the assessment of cruise ship berth development.  
***Completed in May 2004.***

**MARLBOROUGH REGIONAL FORESTRY (JOINT COMMITTEE)**
**Goal:**

- **To maximise return on investment.**

Marlborough Regional Forestry (MRF) is a joint committee of the Marlborough District Council and the Kaikoura District Council (KDC). MDC owns 88.62% of the forestry estate and KDC owns the remaining 11.38%. The estate was valued at \$28.4 million as at 30 June 2004.

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

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

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

**OBJECTIVE FOR 2003/2004**
**PERFORMANCE INDICATORS**

To ensure the programme of timber extraction maximises return on investment.

- Harvesting strategy maintained.  
***Harvest of 59,065m<sup>3</sup> for the year – harvesting strategy revised during year due to low demand and prices achievable.***
- Operating plans for pruning, maintenance and replanting reviewed annually.  
***Operating plans reviewed by committee along with budgets at beginning of financial year.***

# STATEMENT OF FINANCIAL PERFORMANCE

## Statement of Financial Performance for the year ended 30 June

EXPENDITURE	NOTES	CONSOLIDATED			MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL
		2003/04 \$000's	2003/04 \$000's	2002/03 \$000's	2003/04 \$000's	2003/04 \$000's	2002/03 \$000's
Democratic Process		1,975	1,904	1,657	1,975	1,904	1,657
Community Amenities / Services	(2)	5,271	5,685	5,294	5,271	5,685	5,294
Economic Development		784	488	608	784	488	608
Emergency Management		509	535	505	509	535	505
Land Transport and Other Services	(2)	10,360	9,604	9,226	10,360	9,604	9,226
Rivers and Land Drainage		3,305	2,440	2,457	3,305	2,440	2,457
Sewerage	(2)	2,305	2,638	2,037	2,305	2,638	2,037
Stormwater	(2)	611	643	557	611	643	557
Water	(2)	2,595	3,912	2,404	2,595	3,912	2,404
Solid and Hazardous Waste Management	(2)	2,440	2,368	2,694	2,440	2,368	2,694
Harbour Control		523	806	591	523	806	591
Consents and Compliance		4,149	3,520	3,671	4,149	3,520	3,671
Environment		2,741	2,314	2,365	2,741	2,314	2,365
Animals and Plant Pest Control		3,753	3,992	3,208	3,753	3,992	3,208
Animal Control		286	224	228	286	224	228
Commercial and Other Property	(2)	882	749	2,147	882	749	2,147
		<b>42,489</b>	<b>41,822</b>	<b>39,649</b>	<b>42,489</b>	<b>41,822</b>	<b>39,649</b>
Subvention Payment to MDC Holdings		0	0	0	441	619	558
General District Expenses		803	909	921	803	909	921
Marlborough Regional Forestry Expenditure		1,900	433	912	1,900	433	912
<b>Total Expenditure Council Services</b>		<b>45,192</b>	<b>43,164</b>	<b>41,482</b>	<b>45,633</b>	<b>43,783</b>	<b>42,040</b>
<b>SUBSIDIARIES EXPENDITURE</b>							
MDC Holdings (Consolidated)		9,762	9,284	8,551	0	0	0
<b>Total Expenditure</b>	(1)	<b>54,954</b>	<b>52,448</b>	<b>50,033</b>	<b>45,633</b>	<b>43,783</b>	<b>42,040</b>
<b>REVENUE</b>							
Rates	(6A)	31,980	31,396	27,548	32,201	31,673	27,762
Subsidies and Grants	(6B)	6,340	6,437	5,379	6,340	6,437	5,379
Interest	(6C)	721	908	882	1,542	1,500	1,661
Dividends	(6D)	0	0	0	77	709	400
Subvention Payments		0	0	0	0	0	0
Other Income	(6E)	12,825	8,565	11,262	13,035	8,565	11,382
Marlborough Regional Forestry	(6F)	3,612	3,980	2,492	3,612	3,980	2,492
<b>Total Revenue Council Services</b>		<b>55,478</b>	<b>51,286</b>	<b>47,563</b>	<b>56,807</b>	<b>52,864</b>	<b>49,076</b>
<b>SUBSIDIARIES REVENUE</b>							
MDC Holdings Limited (Consolidated)		14,933	15,126	13,545	0	0	0
<b>Total Revenue</b>		<b>70,411</b>	<b>66,412</b>	<b>61,108</b>	<b>56,807</b>	<b>52,864</b>	<b>49,076</b>
<b>Operating Surplus / (Deficit)</b>		<b>15,457</b>	<b>13,964</b>	<b>11,075</b>	<b>11,174</b>	<b>9,081</b>	<b>7,036</b>
<b>Assets vested in Council from Subdivisions</b>		1,365	0	1,354	1,365	0	1,354
<b>Building Revaluation Adjustment</b>	(26)	3,734	0	0	3,734	0	0
<b>Surplus / (Deficit)</b>		<b>20,556</b>	<b>13,964</b>	<b>12,429</b>	<b>16,273</b>	<b>9,081</b>	<b>8,390</b>
<b>Less Taxation</b>	(7)	1,505	2,038	1,578	0	0	0
<b>Net Surplus / (Deficit) After Taxation</b>		<b>19,051</b>	<b>11,926</b>	<b>10,851</b>	<b>16,273</b>	<b>9,081</b>	<b>8,390</b>

### Explanation of Council Net Surplus

- The Council has made a net Surplus after tax of \$16.273m compared to a Budget of \$9.081m

The main areas Other Income is over budget are -

- Additional lease/property income - \$663,000.
- Increased subdivision levies - \$1,058,000.
- Increased parking revenue - \$178,000.
- Increased user charges from consents - \$599,000.
- Contributions received for capital and operating works for Reserves, Roading, and Services - \$1,520,000.

More detailed explanations are contained in the Significant Activity statements as appropriate.



# STATEMENT OF MOVEMENTS IN EQUITY

## Statement of Movements in Equity for the year ended 30 June

EXPENDITURE	NOTES	CONSOLIDATED			MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL
		2003/04	2003/04	2002/03	2003/04	2003/04	2002/03
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Equity at the beginning of the year		565,781	550,404	543,135	557,743	543,274	537,558
<b>Surplus and Revaluations</b>							
Net surplus for the period		19,051	11,926	10,851	16,273	9,081	8,390
Revaluation of Fixed Assets	(9)	33,584	0	11,795	33,584	0	11,795
<b>Total recognised revenues and expenses</b>		<b>52,635</b>	<b>11,926</b>	<b>22,646</b>	<b>49,857</b>	<b>9,081</b>	<b>20,185</b>
<b>Closing Ratepayers Equity</b>		<b>618,416</b>	<b>562,330</b>	<b>565,781</b>	<b>607,600</b>	<b>552,355</b>	<b>557,743</b>

# STATEMENT OF FINANCIAL POSITION

## Statement of Financial Position as at year ended 30 June

EXPENDITURE	NOTES	CONSOLIDATED			MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL
		2003/04	2003/04	2002/03	2003/04	2003/04	2002/03
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>RATEPAYERS' EQUITY AND MINORITY INTERESTS</b>							
Accumulated funds	(8)	425,771	421,787	407,399	417,571	411,812	401,977
Ordinary and Council Created Reserves	(8)	22,851	22,923	23,851	20,235	22,923	21,235
Restricted Reserves	(8)	7,292	0	5,613	7,292	0	5,613
Revaluation Reserve	(9)	162,502	117,620	128,918	162,502	117,620	128,918
<b>Total Ratepayers Equity</b>		<b>618,416</b>	<b>562,330</b>	<b>565,781</b>	<b>607,600</b>	<b>552,355</b>	<b>557,743</b>
<i>Represented by:-</i>							
<b>CURRENT ASSETS</b>							
Cash and Deposits	(10)	12,110	8,042	8,732	9,907	7,677	7,425
Receivables and Prepayments	(11)	6,603	7,411	8,472	5,215	5,379	7,190
Stocks		350	241	311	163	42	141
Tax refund due		76	0	392	0	0	0
Properties for Sale		603	0	578	603	0	578
		<b>19,742</b>	<b>15,694</b>	<b>18,485</b>	<b>15,888</b>	<b>13,098</b>	<b>15,334</b>
<b>CURRENT LIABILITIES</b>							
Bank Current Account		0	0	180	0	0	180
Payables and Accruals	(16)	10,394	7,530	9,257	8,975	6,469	7,447
Deposits Trusts and Agencies	(17)	1,858	2,605	1,094	1,858	2,605	1,094
Provision for Taxation		37	0	34	0	0	0
Current portion of Term Liabilities	(18)	842	0	886	842	0	886
		<b>13,131</b>	<b>10,135</b>	<b>11,451</b>	<b>11,675</b>	<b>9,074</b>	<b>9,607</b>
<b>Working Capital</b>		<b>6,611</b>	<b>5,559</b>	<b>7,034</b>	<b>4,213</b>	<b>4,024</b>	<b>5,727</b>
<b>NON CURRENT ASSETS</b>							
Deferred Taxation	(7)	404	200	305	0	0	0
Investments	(13)	6,924	8,197	7,434	14,364	21,937	21,174
Fixed Assets	(12)	639,911	606,618	579,777	591,314	553,505	533,368
		<b>647,239</b>	<b>615,015</b>	<b>587,516</b>	<b>605,678</b>	<b>575,442</b>	<b>554,542</b>
<b>Less Non Current Liabilities</b>	(18)	<b>35,434</b>	<b>58,244</b>	<b>28,769</b>	<b>2,291</b>	<b>27,111</b>	<b>2,526</b>
<b>Net Assets</b>		<b>618,416</b>	<b>562,330</b>	<b>565,781</b>	<b>607,600</b>	<b>552,355</b>	<b>557,743</b>

Signed on behalf of Council by



Andrew Besley  
 Chief Executive  
 19 November 2004



Alistair Sowman  
 Mayor  
 19 November 2004

# STATEMENT OF CASHFLOWS

For the Year Ended 30 June 2004

	NOTES	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
		ACTUAL	ACTUAL	ACTUAL	ACTUAL
		2003/04 \$000's	2002/03 \$000's	2003/04 \$000's	2002/03 \$000's
<b>OPERATING ACTIVITIES</b>					
<b>CASH WAS PROVIDED FROM:</b>					
Rates		31,947	27,538	32,167	27,752
Monies from deposits, agency and in trust		2,926	206	2,926	206
Receipts from customers		40,058	31,395	24,687	18,439
Interest received		684	917	2,251	1,657
Dividends		0	0	77	400
Net GST		0	0	0	0
		75,615	60,056	62,108	48,454
<b>CASH DISBURSED TO:</b>					
Payments to suppliers and employees		(45,449)	(38,736)	(39,114)	(34,276)
Interest paid		(1,887)	(1,620)	(116)	(116)
Deposits, agency, trust fund money refunded		(2,162)	(89)	(2,162)	(89)
Taxes paid		(1,285)	(1,699)	0	0
Net GST		(953)	234	(948)	234
		(51,736)	(41,910)	(42,340)	(34,247)
Net Cash Flows from Operations	(20)	23,879	18,146	19,768	14,207
<b>INVESTING ACTIVITIES</b>					
<b>CASH WAS PROVIDED FROM:</b>					
Sale of assets		342	2,393	300	2,393
Proceeds from sale of investments		13,839	1,873	13,839	2,038
		14,181	4,266	14,139	4,431
<b>CASH WAS SUPPLIED TO:</b>					
Purchase of fixed and forestry assets		(27,487)	(21,079)	(23,718)	(15,180)
Purchase of investments		(13,329)	0	(7,029)	0
		(40,816)	(20,179)	(30,747)	(15,180)
Net Cash Flow from Investing Activities		(26,635)	(16,813)	(16,608)	(17,749)
<b>FINANCING ACTIVITIES</b>					
<b>CASH WAS PROVIDED FROM:</b>					
Term Liabilities		7,700	2,750	0	0
		7,700	2,750	0	0
<b>CASH WAS APPLIED TO:</b>					
Repayment of term liabilities		(1,386)	(9)	(498)	(9)
		(1,386)	(9)	(498)	(9)
Net Cash Flow from Financing Activities		6,314	2,741	(498)	(9)
<b>Net Increase / (Decrease) in Cash</b>		3,558	4,074	2,662	3,449
Add opening cash		8,552	4,478	7,245	3,796
<b>Ending Cash Balance</b>		12,110	8,552	9,907	7,245
<b>REPRESENTED BY:</b>					
Cash and Bank		2,889	1,732	686	425
Bank Overdraft		0	(180)	0	(180)
Short Term Investments		9,221	7,000	9,221	7,000
		12,110	8,552	9,907	7,245

# STATEMENT OF COMMITMENTS AND CONTINGENCIES

## Commitments:

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These represent contracts entered into but the goods or services have either not been received or the work has not been completed as of 30 June 2004. Total commitments for Council are 2003/2004 \$7,568,632 (2002/2003 \$1,311,068).

### A summary of commitments is as follows:

<b>Emergency Management</b>	
• Rural 4x4 Fire Appliance	\$49,562
<b>Land Transport</b>	
• Renwick Power Undergrounding	\$238,000
<b>Services and Operations</b>	
• Blenheim Northwest Relief Sewer	\$2,182,152
• Blind River Loop Road water pipeline	\$53,940
• Renwick Sewerage scheme - Professional services	\$91,088
• Southern Valleys Irrigation Scheme - Professional services	\$152,329
• Southern Valleys Irrigation Scheme - Pump Stations and reticulation	\$3,760,773
• Southern Valleys Irrigation Scheme - Intake	\$112,795
• Southern Valleys Irrigation Scheme - Pump supply	\$628,350
<b>Reserves</b>	
• Seymour Square paving	\$94,223
• Renwick Domain skatepark	\$56,920
<b>Waste Management</b>	
• Recycling Press	\$148,500
<b>TOTAL COMMITMENTS</b>	<b>\$7,568,632</b>

### Intentions to Commit:

Your attention is drawn to the Marlborough District Long Term Council Community Plan for July 2004 to June 2005. This document is available from Council offices and agencies and shows details of our intentions for the next year in particular, and the ensuing two years in general terms.

## Contingencies and Guarantees:

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The following loan guarantees have been provided by Council:

• <b>Marlborough Hockey Association</b>	<b>\$70,000</b>
• <b>Havelock Community Association</b>	<b>\$17,000</b>
• <b>Awatere Settlers Association</b>	<b>\$20,000</b>

As at 30 June 2004 Council has issued uncalled share capital from MDC Holdings of \$30,000,000 (2002/03 \$30,000,000).

As at 30 June 2004 there are no contingent assets (2003 – nil).

# STATEMENT OF FINANCIAL INTEREST IN LOCAL AUTHORITY TRADING ENTERPRISES

Marlborough District Council has control over MDC Holdings Limited (100% owned). Council's financial interest in MDC Holdings include:

- **\$6,000,000 Share Capital**
- **\$1,440,019 Loan Advance**

The cost to MDC Holdings Limited for the financial interests, finance or financial assistance of the Council is as follows:

• <b>Dividends</b>	<b>\$76,800</b>
• <b>Interest</b>	<b>\$500,693</b>
<b>Total</b>	<b>\$577,493</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTES - \$000's

#### 1. Expenditure Disclosures

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	ACTUAL 2003/04 \$000's	ACTUAL 2002/03 \$000's	ACTUAL 2003/04 \$000's	ACTUAL 2002/03 \$000's
Audit Fees				
- Audit NZ	86	84	78	76
- Other Auditors	23	25	0	2
- Other Services	0	0	0	0
Bad Debts				
- Write-offs	166	122	144	119
- Increase in Provision	85	0	85	0
Councillors and Directors Fees	577	469	430	353
Depreciation / Amortisation				
- Landfill	546	546	546	546
- Bridges	592	589	592	589
- Buildings	522	554	313	320
- Carparks	42	69	42	69
- Library books	137	130	137	130
- Office Equipment, Furniture and Equipment	819	677	710	540
- Parking Meters	35	24	35	24
- Plant Machinery and Equipment	522	561	187	231
- Public Conveniences	9	9	9	9
- Reserves	61	53	61	53
- River Works	89	86	89	86
- Roads and Streets	3,533	3,358	3,296	3,128
- Sewerage schemes	581	525	581	525
- Stormwater Drainage Systems	278	274	278	274
- War Memorials	1	1	1	1
- Water Supply Schemes	700	671	700	671
- Wharves	691	616	0	0
Loss/(Gain) on Sale	72	(811)	72	(811)
Grants and Donations	1,260	1,292	1,235	1,271
Interest Expense	1,887	1,918	116	116
Lease of Equipment	541	571	465	495
Rentals	15	74	15	74



## 2. Internal Interest Eliminations

Interest on internally financed loans has been charged to the Significant Activity Accounts for the current year. This interest has been eliminated in the Statement of Financial Performance as follows:

Activity	\$000's	\$000's
Community Amenities / Services	100	92
Land Transport and Other Services	621	594
Sewerage	561	526
Stormwater	221	221
Waste Management	404	397
Water	707	565
Commercial and Other Property	130	130
General District Expenses	13	13
Total Elimination	2,757	2,538

## 3. Remuneration of the Chief Executive

The Chief Executive of the Marlborough District Council appointed under Section 119C(1)(a) of the Local Government Act 1974 receives a salary of \$200,164 (2003 \$167,016). In terms of his contract, the Chief Executive also receives the following additional benefits:

Additional Benefit	2003/04	2002/03
Car (see note below)	17,021	16,257
Miscellaneous Employment related expenses	1,780	1,780

*Note: The Department of Internal Affairs' guideline for calculating the additional benefit for cars requires the assessed benefit to be calculated on a formula basis. This formula is based on 24% of the cost price of the motor vehicle (\$40,500) and fringe benefit tax.*

For the year ending 30 June 2004, the total annual cost to the Marlborough District Council of the remuneration package being received by the Chief Executive (and including fringe benefit tax), is calculated at \$203,283. (2003 \$174,892).

## 4. Miscellaneous Expenditure

In terms of Section 233J and 223E(12) of the Local Government Act 1974, the Marlborough District Council has expended money for the following purposes:

	Marlborough District Council	
	2003/04 \$000's	2002/03 \$000's
• The payment of premiums in respect of any contract of insurance entered into by the Council for any purpose which the Council considered appropriate with its functions, duties and powers.	886	908
• Severance payments exceeding \$50,000	0	0
• The making of any exgratia payments to any person who suffered any loss or damage to property while rendering assistance to, or performing any action the control or authority of, the Council.	0	0
• Ceremonies for the public or a section of the public.	3	23
• The purchase of insignia and robes of office and civic insignia of any kind.		
• The provision of entertainment	13	17
• The payment of subscriptions, levies, fees or general contribution to any organisation that the Council considered appropriate in connection with its functions, duties and powers.	1,310	1,341

## 5. Unauthorised Expenditure

In terms of Section 223K of the Local Government Act 1974, the Marlborough District Council has not expended any monies out of its general revenues for purposes not authorised by any Act or law for the time being in force.

## 6. Reconciliation of Total Revenue

### A) Rates

ACTIVITY	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2003/04 \$000's	2002/03 \$000's	2003/04 \$000's	2002/03 \$000's
<b>Total Significant Activity Rates</b>	<b>32,183</b>	<b>27,779</b>	<b>32,183</b>	<b>27,779</b>
<b>Other Revenues</b>				
Other MDC Activities	33	3	18	(17)
Inter Company Eliminations	(236)	(234)	0	0
<b>Total Rates</b>	<b>31,980</b>	<b>27,548</b>	<b>32,201</b>	<b>27,762</b>
<b>B) Subsidies and Grants</b>	<b>6,340</b>	<b>5,379</b>	<b>6,340</b>	<b>5,379</b>
<b>C) Interest</b>				
<b>Total Significant Activity Interest</b>	<b>261</b>	<b>219</b>	<b>261</b>	<b>219</b>
<b>Other Revenues</b>				
Other MDC Activities	460	663	781	507
MDC Holdings Revenue	0	0	500	935
<b>Total Interest</b>	<b>721</b>	<b>882</b>	<b>1,542</b>	<b>1,661</b>
<b>D) Dividend Income</b>	<b>0</b>	<b>0</b>	<b>77</b>	<b>400</b>
<b>E) Other Council Income</b>				
<b>Significant Activity Other Income</b>	<b>9,513</b>	<b>9,605</b>	<b>9,513</b>	<b>9,605</b>
<b>Other Revenues</b>				
Land Subdivision Revenues	1,211	681	1,211	681
Development Impact Levies	284	184	284	184
Other MDC Activities	2,027	912	2,027	912
Inter Company Eliminations	(210)	(120)	0	0
<b>Total Council Other Income</b>	<b>12,825</b>	<b>11,262</b>	<b>13,035</b>	<b>11,382</b>
<b>F) Marlborough Regional Forestry</b>	<b>3,612</b>	<b>2,492</b>	<b>3,612</b>	<b>2,492</b>
<b>Subvention Payment Received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Revenue</b>	<b>55,478</b>	<b>47,563</b>	<b>56,807</b>	<b>49,076</b>

## 7. Taxation

Profit Before Taxation	20,556	12,429	16,273	8,390
Prima Facie Tax at 33%	6,783	4,102	5,370	2,769
Plus (less) effect of permanent differences	(5,278)	(2,524)	(5,370)	(2,769)
Over provision in previous years	0	0	0	0
• Less Imputation tax credit adjustment	0	0	0	0
	1,505	1,578	0	0
<b>Comprising :</b> Current tax	1,604	1,645	0	0
Deferred tax	(99)	(67)	0	0
	1505	1,578	0	0

Tax losses of \$666,998 (2003: \$654,418) with a tax benefit of \$219,000 (2003: \$215,000) have been transferred to Port Marlborough NZ Ltd via group loss offset.

### DEFERRED TAX ACCOUNT

Opening balance	305	238	0	0
Current year's movement	99	67	0	0
<b>Closing balance</b>	<b>404</b>	<b>305</b>	<b>0</b>	<b>0</b>

### TAX IMPUTATION ACCOUNT

Opening Balance	10,646	9,149	0	0
<b>Credits :</b>				
Income tax payments	1,632	2,001	0	0
Imputation credits attached to dividends paid or payable	(38)	0	0	0
Income tax refund	(392)	(304)	0	0
Imputation credits attached to dividends received	0	0	0	0
<b>Closing balance</b>	<b>11,848</b>	<b>10,846</b>	<b>0</b>	<b>0</b>

At 30 June, the imputation credits available to the shareholders of the parent Company were:

Through Direct Shareholding in the MDC Holdings Parent Company	2,494	1,901	0	0
Through indirect interest in the MDC Holdings Subsidiaries	9,374	8,945	0	0
<b>Closing balance</b>	<b>11,848</b>	<b>10,846</b>	<b>0</b>	<b>0</b>

\* The Councils financial statements report dividends net of imputation tax credits.

## 8. Movements in Equity

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2003/04 \$000's	2002/03 \$000's	2003/04 \$000's	2002/03 \$000's
<b>Reserves, Special and Separate Funds</b>				
<b>Accumulated Fund</b>				
Opening Balance	407,399	397,917	401,977	394,956
Surplus / (deficit)	19,051	10,851	16,273	8,390
Transfers (To) / From Reserves	(679)	(1,369)	(679)	(1,369)
Closing Balance	425,771	407,399	417,571	401,977
<b>Ordinary and Council Created Reserves</b>				
Opening Balance	23,851	22,160	21,235	19,544
Transfers (To) / From Accumulated Fund	(1,000)	1,691	(1,000)	1,691
Closing Balance	22,851	23,851	20,235	21,235
<b>Restricted Reserves</b>				
Opening Balance	5,613	5,793	5,613	5,793
Transfers (To) / From Accumulated Fund	1,679	(180)	1,679	(180)
Closing Balance	7,292	5,613	7,292	5,613

## 9. Revaluation Reserve

Opening Balance				
- Land	28,901	11,876	28,901	11,876
- Buildings and Improvements	0	0	0	0
- Forestry Crop	19,291	24,662	19,291	24,662
- Roading	29,707	29,707	29,707	29,707
- Bridges	134	134	134	134
- Rivers	18,926	18,926	18,926	18,926
- Sewerage	8,947	8,947	8,947	8,947
- Stormwater	11,336	11,336	11,336	11,336
- Water	10,572	10,572	10,572	10,572
- Car Parks	1,104	1,104	1,104	1,104
- Plant & Equipment		0		0
- Investments		0		0
Plus Revaluations		0		0
- Land	29,889	17,166	29,889	17,166
- Forestry Crop	(2,785)	(5,371)	(2,785)	(5,371)
- Buildings and Improvements	6,480	0	6,480	0
- Transfers (To) / From Accumulated Fund	0	(141)	0	(141)
	162,502	128,918	162,502	128,918

## 10. Cash and Deposits

Cash Floats	2	2	2	2
Current Accounts	2,887	1,730	684	423
Term Deposits	9,221	7,000	9,221	7,000
	12,110	8,732	9,907	7,425

### Funds Which Have Legal Restrictions

Within the definition of cash for the Statement of Cash Flows, and within both bank and Deposits per the Consolidated Statement of Financial Position of the Council, there are \$8,794,000 (2003 \$5,613,000) of funds which have legal restrictions.

## 11. Receivables and Prepayments

Sundry	270	2,321	270	2,321
Inter Entity Receivables	0	0	543	619
G.S.T. Receivable	1,216	571	1,216	571
Trade Debtors (includes rates)	4,219	3,879	2,235	1,944
Less Provision for Doubtful Debts	(180)	(75)	(127)	(41)
	5,525	6,696	4,137	5,414
Roading Subsidy	418	675	418	675
Prepayments and Accruals	660	1,101	660	1,101
	6,603	8,472	5,215	7,190

## 12. Fixed Assets

### MARLBOROUGH DISTRICT COUNCIL

	COST OR VALUATION \$000's	ACCUMULATED DEPRECIATION \$000's	30/06/04 BOOK VALUE \$000's	30/06/03 BOOK VALUE \$000's
<b>(a) Operational Assets</b>				
Work in Progress	965	0	965	523
Buildings	22,307	0	22,307	12,347
Forest Crops	21,189	0	21,189	23,731
Land	69,669	0	69,669	39,522
Landfill	6,227	3,295	2,932	3,367
Library Books	3,233	2,214	1,019	978
Other Structures and Improvements	2,812	252	2,560	2,547
Office Equip, Furnishings & Fittings	6,669	4,484	2,185	2,254
Paintings	52	0	52	52
Parking Meters	497	308	189	225
Plant, Machinery & Equipment	3,525	2,094	1,431	949
	<b>137,145</b>	<b>12,647</b>	<b>124,498</b>	<b>86,495</b>
<b>(b) Infrastructural Assets</b>				
Work in Progress	15,254	0	15,254	1,176
Bridges	27,543	1,765	25,778	26,304
Car parks	7,038	190	6,848	6,408
Public Conveniences	922	3	919	751
Reserves and Parks	14,754	353	14,401	12,760
River Works	89,233	262	88,971	87,679
Roads and Streets	235,289	9,277	226,012	224,257
Sewerage Schemes	39,431	1,577	37,854	37,345
Stormwater Drainage Schemes	21,312	820	20,492	20,144
War Memorials	117	16	101	102
Water Supply Schemes	32,213	2,027	30,186	29,947
	<b>483,106</b>	<b>16,290</b>	<b>466,816</b>	<b>446,873</b>
<b>Total Operational and Infrastructural Assets</b>	<b>620,251</b>	<b>28,937</b>	<b>591,314</b>	<b>533,368</b>

### CONSOLIDATED ASSETS

<b>(a) Operational Assets</b>				
Work in Progress	6,187	0	6,187	6,889
Buildings and Improvements	31,207	1,418	29,789	18,478
Forest Crops	21,189	0	21,189	23,731
Land	77,259	0	77,259	47,101
Landfill	6,227	3,295	2,932	3,367
Library Books	3,233	2,214	1,019	978
Office Equip, Furnishings & Fittings	7,724	5,296	2,428	2,492
Other Structures and Improvements	2,812	252	2,560	2,547
Paintings	52	0	52	52
Parking Meters	497	308	189	225
Plant, Machinery & Equipment	8,023	4,558	3,465	2,969
	<b>164,410</b>	<b>17,341</b>	<b>147,069</b>	<b>108,829</b>
<b>(b) Infrastructural Assets</b>				
Work in Progress	15,254	0	15,254	1,176
Bridges	27,543	1,765	25,778	26,304
Car parks (unmetered areas)	7,038	190	6,848	6,408
Public Conveniences	922	3	919	751
Reserves and Parks	14,754	353	14,401	12,760
River Works	89,233	262	88,971	94,097
Roads and Streets	243,163	11,319	231,844	217,839
Sewerage Schemes	39,431	1,577	37,854	41,758
Stormwater Drainage Schemes	21,312	820	20,492	20,144
War Memorials	117	16	101	102
Water Supply Schemes	32,213	2,027	30,186	29,946
Wharves	25,579	5,385	20,194	19,663
	<b>516,559</b>	<b>23,717</b>	<b>492,842</b>	<b>470,948</b>
<b>Total Operational and Infrastructural Assets</b>	<b>680,969</b>	<b>41,058</b>	<b>639,911</b>	<b>579,777</b>



## Fair Value of Land and Improvements

The Council considers the fair value of the Land and Improvements to be \$111,411,900 (consolidated) and \$86,299,000 (Council). This is the aggregate of the latest valuation of land and buildings as at 30 June 2004.

## Urban Portions of the State Highway Network

The ownership of urban portions of the State Highway Network is unclear although there is legal opinion indicating that the ownership resides with Local Authorities. Transit NZ maintains these Highways in their entirety without any costs accruing to the Local Authorities.

As a consequence, even if ownership resides with Local Authorities, in practice Transit New Zealand controls the economic resources. Pending clarification of ownership and further consideration of the accounting issues which may arise, Council has not recognised the urban portion of the carriageway of the State Highway Network as an asset in these financial statements. The estimated distance of highway involved is 18 Kilometres.

The Footpaths, Kerb and Channel and Streetlighting are recognised as assets of Council.

## 13. Investments

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2003/04 \$000's	2002/03 \$000's	2003/04 \$000's	2002/03 \$000's
Local Authority Stock	0	1,000	0	1,000
Term Deposits	6,691	5,571	6,691	5,571
Shares - MDC Holdings Limited	0	0	6,000	6,000
- Other	75	75	75	75
Sinking Funds	0	708	0	708
Mortgage Advances	158	80	1,598	7,820
	<b>6,924</b>	<b>7,434</b>	<b>14,364</b>	<b>21,174</b>

## 14. Joint Venture

The group has a 88.62% participating interest in Marlborough Regional Forestry. The Principal activity is forestry.

### (a) Share of assets employed

The Council's interest in the joint venture is disclosed in the financial statements under the classifications shown below:

<b>Fixed assets</b>				
Forest crops	20,830	23,410	20,830	23,410
Land	4,346	4,224	4,346	4,224
Plant	30	27	30	27
<b>Current assets</b>				
Cash	1,334	1,561	1,334	1,561
Debtors	187	852	187	852
<b>Share of assets employed</b>	<b>26,727</b>	<b>30,074</b>	<b>26,727</b>	<b>30,074</b>
<b>(b) Share of Liabilities</b>				
Term Liabilities	677	1,018	677	1,018
Current Liabilities	1,063	1,343	1,063	1,343
<b>Share of Liabilities employed</b>	<b>1,740</b>	<b>2,361</b>	<b>1,740</b>	<b>2,361</b>
<b>(c) Share of net expenses</b>	<b>1,900</b>	<b>912</b>	<b>1,900</b>	<b>912</b>
<b>(d) Share of revenue</b>	<b>2,510</b>	<b>1,599</b>	<b>2,510</b>	<b>1,599</b>

## 15. Bank Overdraft Facility

Although Marlborough District Council had no formal overdraft facility in place as at 30.06.04, a "setoff" facility was in place which allows Council to have its net position assessed on the 00, 02, 03, 05, 06, and 08 accounts. The interest rates are 9.35% (overdraft) and 2.25% in funds. Interest accrues daily and is paid at the end of the month.

## 16. Payables and Accruals

Trade Creditors	3,034	4,504	2,031	3,707
G.S.T. Payable	66	173	66	173
Wages, including Holiday Pay	1,140	950	881	680
Interest	0	0	0	0
Other Sundry Accruals	6,154	3,630	5,526	2,329
Inter Entity Payables	0	0	471	558
	<b>10,394</b>	<b>9,257</b>	<b>8,975</b>	<b>7,447</b>

## 17. Deposits, Trust Funds and Agencies

Deposits	1,313	716	1,313	716
Monies held as agent	350	214	350	214
Trust Funds	195	164	195	164
	<b>1,858</b>	<b>1,094</b>	<b>1,858</b>	<b>1,094</b>

## 18. Non Current Liabilities

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2003/04 \$000's	2002/03 \$000's	2003/04 \$000's	2002/03 \$000's
<b>Loan Maturities and Interest Rates</b>				
<i>Maturity</i>		<i>Interest Rate Range</i>		
Up to one year	842	886	842	886
One to two years	32,816	26,172	586	642
Two to three years	50	0	50	0
Three to four years	0	0	0	0
Four to five years	0	0	0	0
Five to ten years	41	376	41	376
Over ten years	0	0	0	0
	<b>33,749</b>	<b>27,434</b>	<b>1,519</b>	<b>1,904</b>
Loans	33,749	27,434	1,519	1,904
Less Current Portion	(842)	(886)	(842)	(886)
Balance 30 June	<b>32,907</b>	<b>26,548</b>	<b>677</b>	<b>1,018</b>
<b>Provisions</b>				
Employee Entitlements	1,177	1,107	1,177	1,107
Provision for Landfill aftercare	437	401	437	401
Provision for runway reseal	913	713	0	0
<b>Total Non Current Liabilities</b>	<b>35,434</b>	<b>28,769</b>	<b>2,291</b>	<b>2,526</b>

## 19. Landfill Aftercare Liability

Marlborough District Council gained a resource consent in November 1995 to operate the Blenheim Landfill. The Council has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

There are closure and post closure responsibilities such as the following :

Closure responsibilities:

- final cover application and vegetation
- incremental drainage control features
- completing facilities for leachate collection and monitoring
- completing facilities for water quality monitoring
- completing facilities for monitoring and recovery of gas.

Post-closure responsibilities:

- treatment and monitoring of leachate
- ground water and surface monitoring
- gas monitoring and recovery
- implementation of remedial measures such as needed for cover, and control systems
- ongoing site maintenance for drainage systems, final cover and vegetation.

To provide for the estimated cost a charge is made each year.

The estimated liability for closure and post closure is \$3.0m

Capacity of the Site

- The remaining capacity of the site is 2.1 million cubic meters (refuse cleanfill and cover)
- The estimated remaining life is 43 years. Estimates of the life have been made by the Council's engineers based on historical volume information. These estimates assume the granting of Resource Consent renewals.

## 20. Reconciliation of Cashflows from Operating Activities with Reported Operating Surplus

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2003/04 \$000's	2002/03 \$000's	2003/04 \$000's	2002/03 \$000's
Net Surplus / (deficit) from operations	19,051	10,851	16,273	8,390
Add / (Less) non cash Items:				
Depreciation	9,158	8,743	7,577	7,196
Assets vested in Council	(1,365)	(1,354)	(1,365)	(1,354)
Movement in deferred tax	(99)	(68)	0	0
Runway Seal Provision	201	200	0	0
Landfill after Care Provision	36	23	36	23
Building Valuation Adjustment	(3,734)	0	(3,734)	0
	4,197	7,544	2,514	5,865
Add / (Less) movements in other working capital items:				
Increase/(decrease) in accounts payable and accruals	(6,942)	1,836	(6,480)	1,560
Increase/(decrease) in accounts receivable and accruals	2,514	(510)	2,620	(66)
(Increase)/decrease in inventory	(39)	(20)	(22)	16
Increase/(decrease) in trusts deposits agencies	764	117	764	117
Increase/(decrease) in taxation asset provision	319	(54)	0	0
	(3,384)	1,311	(3,118)	1,512
Add / (Less) items classified as investing activities:				
Net loss / (gain) on sale of assets	30	(811)	72	(811)
Movement in fixed asset related accounts payable	3,958	(648)	3,958	(648)
Movement in Non Current Employee Entitlements	27	(101)	69	(101)
	4,015	(1,560)	4,099	(1,560)
Net cash flows from operating activities	23,879	18,146	19,768	14,207

## 21. Major Budget Variations

Explanations for major variations from the budget figures in the 2003/04 Annual Plan are as follows:

### Statement of Financial Performance

- The Major Variances in expenditure related to:
  - The increase in the Bovine TB programme. This is funded by a corresponding increase in Central Government subsidy.
  - The partial writeoff of the Condors Bend forestry crop. The resulting increase in lease income is reflected in the Rivers and Land Drainage account.
- The major variances in revenue related to:
  - Operating revenue is over budget in Subsidies (as explained above) and Other Income.
- The main areas Other Income is over budget are -
  - Profits on sale of sections
  - Additional lease income.
  - Increased subdivision levies
  - Increased user charges from Consents.
  - Contributions received for capital and operating works for Reserves, Roading, Water and Harbour Control.

More detailed explanations on budget variances are contained in the Significant Activity Statements as appropriate.

## 22. Related Parties

### (a) Inter-group Transactions and Balances

The Consolidated financial statements include the results and assets and liabilities of the Marlborough District Council and their Entities in which the Council has a significant interest.

These entities are as follows:

- MDC Holdings Limited - Marlborough District Council wholly owned
- Port Marlborough New Zealand Limited - MDC Holdings Limited wholly owned.
- Marlborough Airport Limited - Port Marlborough wholly owned.
- Marlborough Regional Forestry - Joint Committee of Marlborough District Council (88.62%) and Kaikoura District Council (11.38%).

All inter entity transactions and balances as listed below have been eliminated in the consolidated financial statements.

	2003/04 \$000's	2002/03 \$000's
<b>MDC Holdings</b>		
Subvention payment from Council	471	558
Services provided by Council	0	0
Services provided to Council	0	0
Interest to Council	501	619
Dividend payable to Council	77	400
Accounts payable to Council	584	619
Accounts receivable from Council	471	558
<b>Port Marlborough Limited</b>		
Dividend payable to MDC Holdings Limited	1,240	1,167
Subvention Payment payable to MDC Holdings Limited	329	322
Interest to Council	160	158
Interest to MDC Holdings Limited	876	802
Services provided by Council	171	119
Services provided to Council	0	0
Rates paid to Council	220	215
Accounts payable to Council	2	0
Accounts receivable from Council	0	3
<b>Marlborough Airport Limited</b>		
Rates paid to Council	5	4

**(b) Key Management and Members of Council**

The Council purchased goods and services from a business that Councillor Bowers has an interest amounting to \$618. These goods and services were supplied on normal commercial terms. Apart from that transaction no Councillor or Senior Management Member has entered into related party transactions with the group.

**23. Financial Instruments**

**Credit risk**

Financial Instruments which potentially subject the Marlborough District Council to credit risk principally consist of bank accounts, Local Authority Stock and Accounts Receivable.

The Council ( both itself and through its funds manager) places its cash and short term deposits in high rating financial institutions. The Council's Treasury policy results in a spread of investments with limitations placed on the level of credit exposure to any one financial institution.

A potential concentration of credit risk exists in respect of amounts owing from Transit New Zealand of \$418,007

. 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.

**Fair values**

The Estimated fair values of the Council's financial instruments are as follows:

	2003/04		2002/03	
	Carrying Amount \$000'S	Fair Value \$000'S	Carrying Amount \$000'S	Fair Value \$000'S
<b>Marlborough District Council</b>				
Accounts Receivable	5,215	5,215	7,190	7,190
Cash and Deposits	15,598	15,598	12,996	12,996
Local Authority Stock	1,000	1,000	1,000	1,000
Accounts Payable and Accruals	8,975	8,975	7,447	7,447
Term Debt	677	677	1,018	1,018
<b>Consolidated</b>				
Accounts Receivable	6,603	6,603	8,472	8,472
Cash and Deposits	17,801	17,801	8,732	8,732
Local Authority Stock	1,000	1,000	1,000	1,000
Accounts Payable and Accruals	10,394	10,394	9,257	9,257
Term Debt	32,907	32,907	26,458	26,458

### Account Receivable, Term Deposits, Accounts Payable and Accruals

The carrying amount is the fair value for each of these classes of investment.

### Local Authority Stock

The fair value of Local Authority Stock is estimated based on current market value.

### Term Debt

Apart from Port Marlborough Term Debt, the carrying amount is the fair value for each of these classes of financial instrument.

The fair value of the Port Marlborough portion of Term Debt is estimated based on current market rates available to the Company for debt of similar maturities.

### Interest Rate Risk

Interest Rate Risk is minimal as term liabilities have fixed interest rates. MDC Holdings has entered into interest rate swaps to manage its interest rate exposure. The notional amount of these swaps is \$24,160,000. The fair value of these swaps is a loss of \$304,231.

### Currency Risk

The Council has minimal currency risk given that financial instruments are transacted in New Zealand dollars.

## 24. Movements in Provisions

	2003/04 \$000's	2002/03 \$000's	2003/04 \$000's	2002/03 \$000's
<b>Employee Entitlements</b>				
Opening Balance	114	101	114	101
Closing Balance 30 June	1,177	114	1,177	114
<b>Provision for Landfill Aftercare</b>				
Opening Balance	401	378	401	378
Increase in Provision	36	23	36	23
Closing Balance 30 June	437	401	437	401
<b>Provision for Runway Reseal</b>				
Opening Balance	713	513	0	0
Increase in Provision	200	200	0	0
Closing Balance 30 June	913	713	0	0

## 25. Rates Remission Disclosures

Community, Sporting and Other Organisations	22,249
Residential Land in Commercial/Industrial Areas	11,378
Single Entity Non-Contiguous Pastoral Units	444
Subdivisions creating four or more units	46,697
Rate Penalties	16,213
Separately Used/Inhabited Parts of Rating Units	16,904
Multi-ownership Maori land	120,175
<b>Total</b>	<b>234,060</b>

## 26. Building Revaluation Adjustment

Council revalues its buildings as at 30 June 2004. The valuation of buildings increased \$10,214,000. \$3,734,000 of this increase has been recognised in the Statement of Financial Performance to reverse a building revaluation deficit previously recognised in the Statement of Financial Performance in the 30 June 2000 year.

## 27. Post Balance Date Events

There are no known post balance day events that materially affect these financial statements.



# EQUAL EMPLOYMENT OPPORTUNITIES POLICY

The Council's Equal Employment Opportunities Policy is designed to achieve equal opportunity in the Council workplace. The policy involves the identification and elimination of institutional barriers that cause or perpetuate inequality. The following is a summary of the Council's policy:

For any given position, the best available person for the job will be appointed regardless of their gender, race, religion, disability or any other factor irrelevant to performance in the position.

The Policy is implemented by way of a programme focused on three objectives:

1. Increasing knowledge and awareness of the principles of equal employment, by ensuring that all staff are advised and understand their rights and responsibilities.
2. Achieving workplace equality in recruitment and performance management, by ensuring systems and processes support the principles of equal employment.
3. Continual improvement, by monitoring and reviewing organisational performance.

Council's Human Resources Co-ordinator is responsible for ensuring that any recruitment carried out by the Marlborough District Council follows the objectives and guidelines set out above. It is the co-ordinator's responsibility to ensure management and staff involved in recruitment processes have had training that incorporates an awareness of equal employment opportunities.



