



2018-28

Long Term Plan

Investing in Marlborough

Our Long Term Plan

Explains what Council plans to do over the next decade and how Council activities will contribute to the community outcomes. Here you will find how much Council intends to spend on its activities and services, how this will be funded and the expected impact on rates.

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VISION

Marlborough is a globally-connected district of smart, progressive, high-value enterprises, known for our economic efficiency, quality lifestyle and wellbeing, caring community, desirable location and healthy natural environment

MISSION STATEMENT

We invest in Marlborough's future, our people, quality lifestyle and outstanding natural environment

COMMUNITY OUTCOMES

Governance
Environment
People
Economy
Connectivity
Living

VALUES

We are open, transparent and collaborative
We partner with tangata whenua iwi
We involve and respect our many cultures
We are innovative and strive for excellence
We are adaptive and responsive to community needs
We work in an environmentally sustainable manner



Part 1: Executive Summary

- **Mayor's Introduction**
- **Elected Council Members**
- **Plan Highlights – Key Issues and Projects**
- **Financial Strategy Overview**
- **Long Term Plan Disclosure Statement for the Period Commencing 1 July 2018**
- **Community Outcomes**
- **Consultation**

Mayor's Introduction

Marlborough is a special part of New Zealand with an enviable quality of life, a strong economy and a beautiful natural environment. Our region is made up of diverse rural, urban and coastal communities, each with its own aspirations for the future.

Councillors agreed that this Long Term Plan 2018-28 should address three key priorities: looking after the environment, building and maintaining our infrastructure and investing in economic development.

We consulted the community widely in preparation for this Plan and received 305 written submissions. Over 100 people presented their submissions to Council during 30 hours of hearings.

In considering the submissions, Council was very conscious of the need to strike a balance between rates movements, already higher than in previous years, and meeting the needs of the community.

After final funding calculations, the rates increase proposed in the Consultation Document prior to consultation has been reduced by over 0.6% to 4.15% for the coming 2018/19 year.

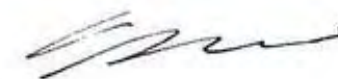
I believe we have been as fair and reasonable to our community as we can be. Where we have declined funding, we have sought to identify other income streams submitters can access or we have offered non-financial Council support where possible.

This Plan provides \$525m of capital spending over ten years on our core services, and uses our reserve funds wherever possible. Providing essential services is driving increases in capital spending - on roading, water and sewerage networks – and community facilities and flood protection. We are also meeting new Government-imposed national standards for the environment and public health.

We've been upgrading our water supplies to meet the New Zealand Drinking Water Standards. The need to achieve compliance was reinforced by the serious gastroenteritis outbreak in Havelock North in 2016. Council is proposing to spend 40% of its capital expenditure budget over the next 10 years on water and sewerage services.

This Plan also proposes more resources for environmental science to enable Council to deliver better environmental management and monitoring. The public have told us they expect more emphasis on protecting our biodiversity. With a new Marlborough Environment Plan on the way we need to be able to fulfil its aspirations for managing our natural and physical resources well.

Provision of future funding for the Marlborough Kaikoura coastal cycling and walking trail and for a new Blenheim library and art gallery are included in this Plan. The cycle trail investment will attract significant visitor numbers and create opportunities for South Marlborough to generate new business, post the Kaikoura earthquake.

A handwritten signature in black ink, appearing to read "John Leggett".

John Leggett
Mayor

Mayor's Introduction

The new Blenheim library and art gallery will not only help invigorate the lower High Street river area and attract more visitors, but will also offer a better service to the public, as we have seen with the new Picton Library and Service Centre - Waitohi Whare Mātauranga.

Councillors decided to accelerate the Youth Development Centre project some years ahead of schedule by contributing \$400k from Council Reserves. As Council owns the former CRT building, this means a significant saving on capital previously allocated to fund a new building.

Council adopted its Development Contributions Policy as proposed, the 2018-48 Infrastructure Strategy and the 2018-28 Financial Strategy.

On the proposed rating policy changes, we decided to remove the Rating Area Percentage targets for each Geographic Rating Area and agreed to provide rates remissions to Picton Vicinity ratepayers for increases above 40% for a period of three years, as contained in the Consultation Document.

While the review of the Geographic Rating Areas' cost allocations was challenged by some Picton Vicinity ratepayers, Councillors confirmed their view that the previous methods were inequitable from a district-wide perspective.

Overall there was strong public support for the projects proposed in our Consultation Document. I'd like to thank Councillors and staff for their hard work and pragmatic decision-making.

Thank you to everyone who made a submission or came and spoke to us in person. It was inspiring to hear from such a broad range of Marlburians, who by and large want only the best for their community.

Elected Council Members



Back – left to right: Clr Jenny Andrews (Blenheim Ward), Clr Mark Peters (Blenheim Ward), Clr Jamie Arbuckle (Blenheim Ward), Clr Laessa Shenfield (Blenheim Ward)
Clr David Oddie (Marlborough Sounds Ward), Clr Michael Fitzpatrick (Blenheim Ward), Clr Gerald Hope (Wairau/Awatere Ward)
Front – left to right: Clr Cynthia Brooks (Wairau/Awatere Ward), Clr Terry Sloan (Blenheim Ward) (Deputy Mayor), Mayor John Leggett, Clr Nadine Taylor (Marlborough Sounds
Ward), Clr Trevor Hook (Marlborough Sounds Ward), Clr Geoff Evans (Wairau/Awatere Ward)
Insert: Clr Brian Dawson (Blenheim Ward)

Plan Highlights – Key Issues and Projects



This section will identify the key highlights contained in this Plan. As Council has focused on providing core infrastructure a large part of this section focuses on Water, Sewerage, Stormwater, Flood protection, Roads and Footpaths. These areas are in turn key contributors to the environment, economic growth and the quality of life enjoyed by

Marlburians. Council has also agreed to significant investments in the Library, Art Gallery, the environment and the economy.

Water Supply

Clean and Safe Drinking Water

Meeting the NZ Drinking Water Standards has been a major challenge for Marlborough due to the number of water supplies serving relatively small communities within the district. This poses considerable funding challenges. However, these have now been resolved and the required changes are progressing.

Major upgrades to the treatment plants serving Blenheim and Picton were completed in 2012 and 2017. Progress in other areas includes:

- constructing a new treatment plant for Seddon (this began in early 2018 and will be completed by the end of the year).
- designing upgrades for the Havelock, Renwick and Wairau Valley water treatment plants, as well as for a new plant for the Riverlands supply (hopefully this will also reduce the concentration of manganese).

- budgeting money in 2020–21 to install small treatment devices at the point of entry of each household in the Rural Awatere water supply scheme.
- Upgrading the current filtration system at Essons Valley. This upgrade will include installation of taste and odour equipment. This upgrade will also mean the treatment plant is more resilient and able to supply water for longer periods of the year.

Water Metering

Water metering is planned for Havelock, Renwick and Picton to manage the demand for water. Specific reasons for metering in these areas are outlined below.

- Reducing water takes from Havelock's existing water source will help to address a salinity issue, and delay the need for accessing a new source of water.
- During summer the bores providing water to Renwick often suffer from low water levels at the same time there is high demand. So that we can continue to draw water from the wells we have to reduce the volume of water taken. This leads to the necessity for either voluntary reductions or water restrictions. Water metering will improve equity in paying for the costs of water and reduce demand which will have a flow-on impact on the size and capital cost of the new water treatment plant.
- Picton is at the limit of the volumes of water that can be taken from the two existing water sources. Demand management, including water metering, is considered a better option than accessing a third source (which would cost around \$15 million).

Renewal of Infrastructure

Infrastructure renewal is becoming necessary across all networks as pipelines near the end of their useful life, particularly for networks in Renwick and the Awatere.

Major projects and estimated cost

Area	Major capital projects	Inflated value (millions)
Blenheim	2018–28 Pump stations maintenance and renewal	\$2.1
	2018–28 Fire capacity pipeline upgrades	\$2.9
	2018–28 Strengthening and maintenance for Wither reservoir, Bomford Treatment site, Forest Hills Reservoir, etc	\$1.5
Havelock	2018–21 New treatment plant	\$5.1
	2018–28 Pipelines	\$0.6
	2019–21 Construction of additional reservoir	\$0.9
	2018–19 Universal water meters	\$0.2
Picton	2021–23 New pipelines at Speeds Road	\$4.6
	2020–25 Pipeline Mainline and Press upgrades	\$0.9
	2018–23 Universal water meters	\$2.4
	2021–23 Treatment plant at Essons Barnes	\$2.3
	2018–19 New reservoir	\$2.2
Renwick	2018–19 Universal water meters	\$0.5
	2018–20 New treatment plant	\$5.8
	2018–20 New wells and pipelines to treatment plant	\$1.6
	2018–28 Pipelines renewals	\$1.6
Awatere	2019–21 Rural point of entry treatment plant and pipelines	\$3.4
	2020–22 New reservoir at Dashwood	\$0.7
Seddon	2018–19 Seddon township treatment plant	\$1.1
Riverlands	2018–21 New treatment plant	\$7.8
Wairau Valley	2018–23 Pipelines and treatment plant upgrades	\$1.0

Sewerage

Earthquake damage

The Kaikoura earthquake in November 2016 damaged a significant portion of Blenheim’s 16 km and Picton’s 4 km of earthenware sewer reticulation network. A provisional allocation of \$9.5 million (for Blenheim) and \$2.4 million (for Picton) has been included in the LTP to address this.

Blenheim

Growth in housing and existing under-capacity of the wastewater pipelines requires significant upgrading of wastewater pipes and pump stations. In addition, Blenheim’s main pump station is built in an area that is susceptible to liquefaction so a new pump station will be built from 2021–2023. The Blenheim Sewage Treatment Plant will be upgraded in 2025–26 to ensure a new Resource Consent can be obtained.

Havelock

Upgrading of the Havelock sewage treatment plant is required as part of the resource consent process. The existing treatment pond site is not suitable for further investment due to geotechnical issues, so a new treatment plant will be built at a new site.

Picton

Pipeline and major pump station upgrades are programmed for at Beach Road near the Waikawa Marina and the Waikawa Wharf from 2018–2020, and a major upgrade of the Picton sewage treatment plant is planned for 2025–26 in response to the expected population growth.

Seddon

The Seddon sewage treatment plant requires upgrading to reduce the effects on the freshwater receiving environment. The Resource Consent for this project has now been granted. One of the requirements of the consent is that Council must develop a solution that will remove the discharge to the Starborough Creek and spread treated effluent to land. Budget allocations have been set aside for both land purchase and land treatment between 2019 and 2023.

Major projects and estimated cost

Area	Major capital projects	Inflated value (millions)
Blenheim	2018–19 Pipelines	\$20.9
	2018–28 Pump stations	\$21.8
	2018–28 Treatment plant	\$9.6
	2018–28 Pipelines maintenance and renewals	\$9.9
Picton	2018–28 Pump station upgrades	\$4.8
	2018–28 Treatment plant	\$12.3
Riverlands	2018–28 Sewerage treatment for industrial capacity upgrade	\$26.6
Seddon	2018–28 Sewerage treatment upgrade	\$4.3
St Andrews	2018–26 Pipelines	\$1.2
Havelock	2018–28 Sewerage treatment upgrades	\$8.9

Stormwater

Stormwater Strategy

The stormwater strategy provides a comprehensive framework to manage both the quality and quantity of stormwater. It also provides for an overhaul of the resource consent structure for Blenheim’s stormwater, which will involve review and consolidations of existing stormwater discharge consents. Stormwater Management Area Plans will be developed for each of the different areas in Blenheim to implement the strategy. The strategy’s goals and approach will be extended to other townships over time.



Urban Growth Strategy

Urban growth in Blenheim is largely to the north and west of the town. As the stormwater will need to flow to the eastern coast, it will be important to ensure

downstream upgrades are provided in a timely manner. Evaluation and installation of effective stormwater quality control techniques for new subdivisions, and retrofit of existing reticulation, will also occur.

Climate Change

Extreme weather events are likely to become more frequent and more intense, and sea level rise is anticipated. These changes have implications for the effectiveness of rivers to discharge to the sea and the outfall of the drainage network.

Major projects and estimated cost

Area	Major capital projects	Inflated value (millions)
Blenheim	2021–24 Murphy’s Creek Pipeline	\$4.2
	2025–28 Graham, Stephenson, Stuart St and Francis St Pipelines	\$4.3
	2018–28 Other Pipelines	\$4.6
	2019–21 Water Quality Infrastructure for Kinross St	\$0.5

Rivers and Land Drainage

Earthquake Damage

The 2016 Kaikoura earthquake damaged some of the existing stopbanks and river edge protection, which have now been repaired.

The potential for significant earthquakes to occur in the future remains. The best way to prepare for earthquakes is to ensure stopbanks in the eastern areas of Blenheim, which are more prone to liquefaction, are inspected and any damage is repaired as soon as possible after an event.

New Works and Future Planning

The Wairau floodplain’s major rivers and stopbanked floodways cover 20,000 hectares of fertile land around Blenheim and this is the Council’s major river control and drainage activity. All but two of the Wairau floodways are up to the desired level of service, and works are underway to upgrade the lower Wairau and Riverlands Co-op floodways to complete the capacity upgrades.

Plan Highlights – Key Issues and Projects

Commonly used methods for increasing flood capacity include constructing stopbanks and deepening the river channel through gravel extraction.

The lower Wairau Floodplain includes several thousand hectares which are less than two metres above sea level and average sea levels are predicted to rise by 0.3 m by 2050. In 2019 the Council will start a review of the core Wairau River Floodway Management Plan. This will take climate change into account as well as the 25 years of additional flow data collected since the current plan was originally prepared. Once the flood risk data has been updated the Council will undertake a major public consultation exercise with the key stakeholders on an updated plan for the key Wairau works through to 2050. The objective is to gain more understanding of the desired level of service and willingness to pay for future flood protection works.

Major projects and estimated cost?

Area	Major capital projects	Inflated value (millions)
Wairau floodplain to the Waihopai confluence	2018–28 Flood protection and control works	\$17.8
Wairau floodplain	2018–28 Pump station and drainage network upgrades, excluding town branch drain	\$3.9
	2018–23 Town branch drain upgrades	\$7.2

Roads and Footpaths

Deterioration of Bridges and Culverts

Council has more than 360 bridges in its transport network. Currently 28 bridges are posted for not meeting Class 1 criteria, which means restricted speeds apply to them, and seven also have weight restrictions. As many bridges as possible will be replaced during this LTP period (2018–2028) within the financial constraints.

Urban Growth Effects

Proposed new zone developments need to follow planned roading layouts and services plans to ensure good community outcomes and equitable cost sharing. Capital costs are expected to be met by developers, with road costs recovered by Council zone levies.



High Impact Natural Events

Over recent years storm events and earthquakes have had a large effect on Council’s Rooding budgets and the frequency of these storm events is likely to increase as a result of climate change. Council has provided additional funding to meet the cost of these events.

Conflicting Road Network Use

The increase in viticulture, forestry, tourism and an ageing demographic is resulting in the transport network being used for many different purposes. Council is planning how it can provide a safe transport network that affordably meets the needs of all road users.

Major projects and estimated cost

Area	Major capital projects	Inflated value (millions)
General roading	2018–28 Northwest Blenheim extension zone development	\$6.0
	2018–28 Renewal of existing infrastructure (e.g. drainage, resealing, rehabilitation, seal widening, metaling etc)	\$76
	2018–19 Kenepuru Road sealed pavement	\$0.8
	2018–28 Minor safety improvements	\$24.2

Area	Major capital projects	Inflated value (millions)
Bridges	2025–27 Taylor River Bridge on High St renewals	\$3.6
Signs, footpaths, cycle facilities, kerb and channel	2018–28 Wairau/Awatere sealed pavement extension	\$1.1
	2018–28 Renewals and additions of kerb and channels, footpaths, cycle facilities and non-subsidised seal extensions	\$13.8
Blenheim CBD upgrades	2018–28 CBD paved/cobbled areas upgrade	\$8.2
Wharves	2018–28 Renewals of existing infrastructure (jetties)	\$1.2
Small township upgrades	2018–28 Small township upgrades in Blenheim Vicinity and General Rural	\$5.1
Subdivisional works	2018–28 Seal extensions, widening, kerb and channeling as required by subdivisional works	\$1.7

Flaxbourne Irrigation Scheme

A proposed irrigation scheme for the Flaxbourne area is estimated to cost between \$10.5 million and \$16 million. It would provide similar benefits to the Southern Valley scheme by supporting the development of productive agricultural land. It would be paid for by the beneficiaries through a targeted rate.

Council support for the Flaxbourne Irrigation Scheme is subject to a number of conditions including resource consents and uptake by landowners. Council will continue to work with the community on these issues.



Riverside Precinct — Library and Art Gallery

Blenheim Library

The major challenge facing the District Library in Blenheim is the lack of space for collections and library users, training sessions, quiet study areas, class visits and meetings. Council is looking at options to update and expand the Blenheim Library to meet the needs of the users and the community. This project will be partially funded from the Forestry and Land Development Reserve and the sale of the old Civic Theatre and Library buildings.

Art Gallery

Council recognises the importance of the arts to Marlborough, and a new art gallery will be constructed in Blenheim as part of the Riverside Precinct project. Council has provided for a \$2.1 million contribution to be made to this project.

Plan Highlights – Key Issues and Projects

Major projects and estimated cost

Activity	Major capital projects	Inflated value (millions)
Library services	2018–23 New Blenheim library as part of the Blenheim Riverside Precinct project	\$14.6
Culture and Heritage	2020–21 New art gallery as part of the Blenheim Riverside Precinct project	\$2.1

Community Infrastructure

Flexibility

New community infrastructure is being designed to be as flexible as possible, so that it will accommodate future changes in demand, demographics and technology.

Seismic Strengthening

Ongoing work is being carried out on community facilities that require seismic strengthening or demolition as a consequence of earthquake damage or to meet national building codes. Work has progressed on strengthening Stadium 2000 while strengthening work on Athletic Park Grandstand has been completed.

The A & P Park Grandstand will be demolished and a replacement pavilion building and grandstand at A & P Park has been budgeted for in 2019–20.

Funding for strengthening and redevelopment of the Awatere Community Hall has been budgeted for in 2017–19.

Lansdowne Park Redevelopment



Lansdowne Park redevelopment has continued, with softball and netball shifting to the park and the completion of the new beach volleyball area. The development of a “Sportville” facility at Lansdowne will provide for all the potential sport codes which make use of the park. There is an opportunity to further develop the facility to

provide for some commercial operations which would help to subsidise operating expenses. Concept design options and costings are being developed within the 2018–19 year.

Major projects and estimated cost

Activity	Major capital projects	Inflated value (millions)
Reserves	2018–24 Redevelopment of Lansdowne Park into a multisport facility, including No.1 sand ground artificial turf field and sports house construction	\$7.9
	2019–20 A&P Park new grandstand and administration complex	\$1.5
Halls	2018–19 Awatere Hall replacement	\$2.8
	2018–19 New Blenheim Youth Centre	\$0.4

Environment

The Council agreed to invest in the following environmental improvement activities following their inclusion in the 2018-28 Consultation Document:

- \$3 million in funding to carry out a multi-beam survey of the entire Pelorus Sound/Te Hoiere seabed. Managing marine ecosystems requires a good understanding of the different habitats and their values. The Council has this data for the 43,000 hectares of seabed within the Queen Charlotte Sound/Totaranui area but not for Pelorus Sound/Te Hoiere. Progressively increasing funding for the Council’s environmental science and monitoring activities by \$0.5 million over the next three years. More resources are required to implement the Proposed Marlborough Environment Plan, as well as the range of National Environmental Policy Standards and Regulations. In



Plan Highlights – Key Issues and Projects

- particular, additional resources are required for environmental monitoring, coastal monitoring and science programmes, biodiversity, riparian management, Taylor River enhancement, implementation of the National Environmental Standard for Assessing and Managing Contaminants in Soil, monitoring of winery waste discharges, monitoring of agricultural spray drift and implementation of the National Policy Statement for Freshwater Management.
- Progressively increasing funding by just under \$0.4 million for implementation of the proposed Regional Pest Management Plan 2018 and Biosecurity Strategy over the next three years.

Economy

The Council agreed to invest in the following economic development activities following their inclusion in the 2018-28 Consultation Document:

- Supporting the development of the Marlborough to Kaikoura cycle trail by contributing up to \$2 million towards its construction. For all scenarios (low, medium and high use) the benefits generated from this project will exceed the cost of the project over a 20 year period. The trail has potential to create between 45 and 88 full-time local jobs, mainly in accommodation, food and beverage, retail and recreation services, and to generate between \$68 million and \$132 million of economic benefit to the District over 20 years. Further detailed route planning, design and costing work will be necessary before construction starts.
- Providing funding of \$220,000 over two years to assist with the completion of the Link Pathway. The Pathway will connect with the Queen Charlotte Track and will provide an opportunity to walk or ride from Meretoto/Ship Cove to Havelock and Picton. The Link Pathway has become increasingly popular as each section has been completed. When the pathway is completed it will start in Picton and provide an added visitor attraction for our cruise ship passengers and is linked to the iconic Queen Charlotte Track.
- Providing funding of \$75,000 in 2018-19, increasing to \$85,000 in 2019-20 and \$95,000 from 2020-21 onwards to implement some of the recommendations of the Economic Development Review including:

- Additional staff resources to support Smart and Connected community groups;
- An increase in the Commercial Events Fund.
- Investment in developing skills attraction and retention services.



Financial Overview

Council must, under the Local Government Act 2002, manage its revenues, expenses, assets, liabilities and general financial dealings prudently and in a manner that sustainably promotes the current and future interests of the community. The Financial Strategy at pages 159 to 167 is an important part of the LTP, providing detailed information about how this will be achieved over the next ten years; an overview of that information is given here.

The Financial Strategy demonstrates how Council will:

- Ensure the levels of rates and borrowing are financially sustainable and kept within pre-set limits;
- Maintain levels of service;
- Maintain the assets it owns on behalf of the community;
- Provide for growth and changing demand patterns within the District;
- Fund improvements to infrastructural and other community facilities;
- Manage Council’s investments and liabilities.

In preparing its LTP budget and Financial Strategy Council has considered how to balance:

- The levels of service to be provided and the cost of achieving and maintaining them during periods of growth;
- The priorities and timing of expenditure across all activities, especially expenditure of a capital nature which is contained in the Infrastructure Strategy and Asset Management Plans;
- The proposed levels of rates and charges across the full 10 year period of the LTP and their impact on the community;
- The proposed level of borrowing current and future ratepayers will need to service.

Capital Expenditure

To maintain and improve levels of service in response to Government, community and growth demands, Council is planning Capital Expenditure of

\$525.1 million over the next 10 years which is required to be shown in the three categories below.

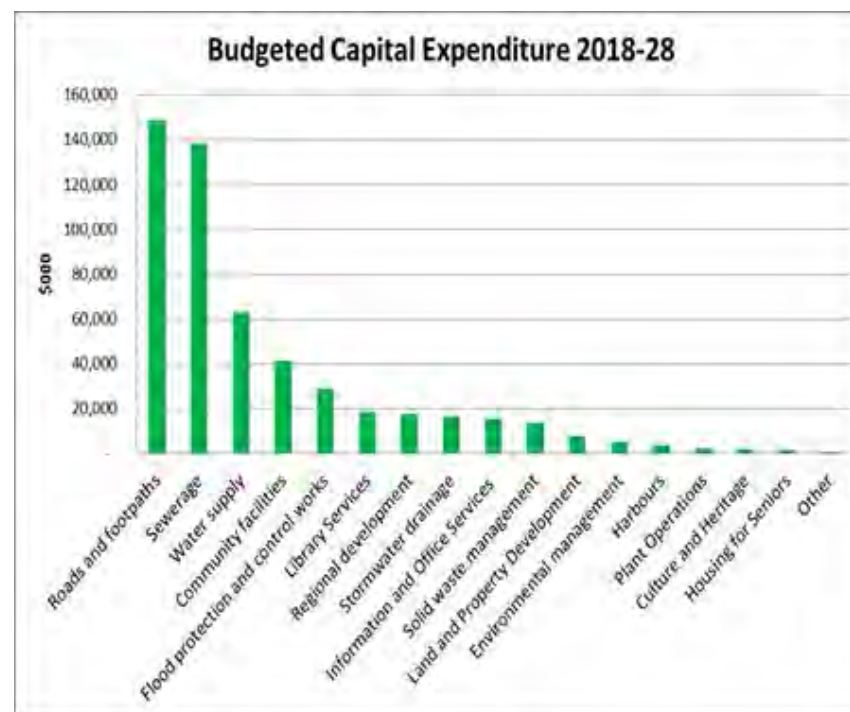
\$120.1 million to meet additional demand (including vested assets)

\$188.7 million to improve the levels of service

\$216.3 million to replace existing assets

\$525.1 million in total

More information on the Capital Expenditure programme is given in the Activity Sections and the Infrastructure Strategy and is also available in Council’s Asset Management Plans.



One of the main drivers for rates increase is financing Capital Expenditure. Over the past five years actual Capital Expenditure has ranged from \$28.3M in 2013 to \$42.7M in 2017 with an average of \$34.1M. The projection for

Financial Overview

2017/18 is over \$50M. The 2015-25 LTP budgeted for a significant increase over historic levels. These budgets have proven optimistic over the last two financial years. As a result, the strategic decision has been taken to limit the funding of Capital Expenditure to approximately \$60M for the first three years of the LTP for core Council Assets. The key point to note is that over the 10 years of the LTP all projects listed remain; it is just that their timing may vary. Flaxbourne has been treated separately as it has an alternate means of managing its construction over and above Council's resources. This figure of \$60M is still a significant lift on historic achievement and must be financed.

Capital project timing in project delivery terms as compared to financing terms can vary for many reasons including:

- Finalising community consultation;
- Obtaining land access;
- Obtaining resource consents;
- The availability of external professional expertise;
- Receiving an acceptable contract price; and
- Contractor availability.

It is for these factors that Council feels comfortable to make the high level strategic decision to limit project funding as it has. This level of discounting project timings is not uncommon across local government

To assist in the financing of the increased Capital Expenditure programme there has been increasing use of the Infrastructure Upgrade Reserve which has benefited from improved revenue streams and the reduction of the Interest Rate assumption in calculating the funds available to allocate towards funding Capital Expenditure. The other points to note in regard to Capital Expenditure are:

- The full cost of interest and depreciation apply from the year after construction is completed; and
- New assets generate ongoing operations and maintenance expenditure.

\$million	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Capital Expenditure	73.8	63.0	60.0	57.5	58.8	58.1	38.7	51.3	34.3	29.6

The largest Capital Expenditure in the early years takes place in Roads, Sewerage, Water, Library redevelopment in Blenheim and the construction of the Flaxbourne Irrigation Scheme.

Activity	2018-19 \$M	2019-20 \$M	2020-21 \$M	2021-22 \$M	2022-23 \$M	2023-24 \$M	2024-25 \$M	2025-26 \$M	2026-27 \$M	2027-28 \$M
Roading	15.3	15.3	13.5	14.0	14.4	15.5	14.9	15.4	15.9	14.7
Sewerage	17.3	12.8	9.1	18.9	20.2	23.9	7.6	20.5	6.5	1.4
Water	9.7	6.7	16.5	5.9	10.2	3.9	4.8	0.8	1.8	2.7
Library Blenheim	1.3	3.5	6.6	4.6	0.3	0.4	0.4	0.4	0.4	0.4
Stormwater	1.3	1.1	0.6	1.1	1.8	4.0	1.0	0.9	2.2	2.3
Solid Waste Management	0.3	0.1	0.6	2.1	2.6	0.5	0.8	6.4	0.2	0.1
Flaxbourne Irrigation Scheme	10.9	5.3								
Total	56.1	44.8	46.9	46.6	49.5	48.2	29.5	44.4	27.0	21.6

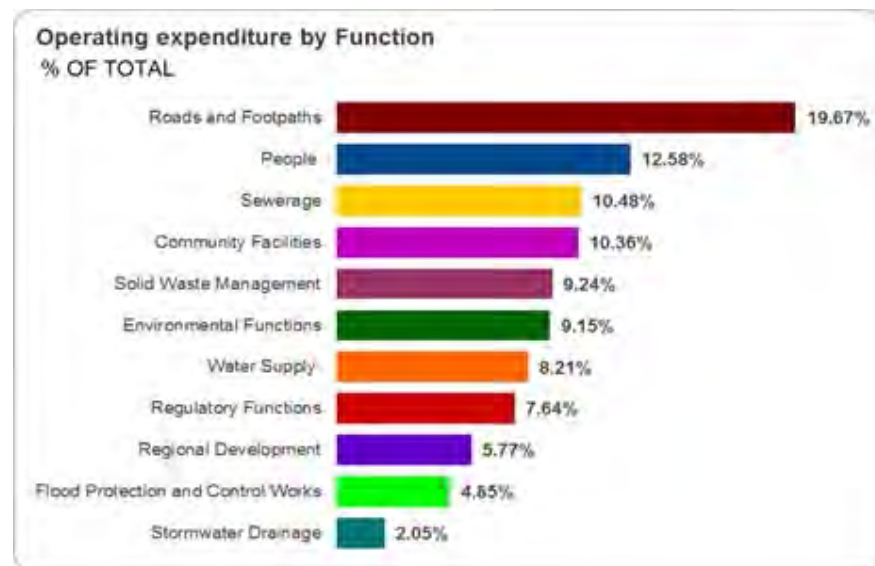
Each year Council will review the continued need and timing of Capital Expenditure as part of its Annual Planning and budgeting process. In previous years, these reviews have resulted in expenditure deferrals, which have in turn, reduced subsequent years rates increases and actual debt levels.

Where Does Council Spend Ratepayers Money?

In addition to the investment in new assets, and the renewal of old, Council spends its money on delivering services under the following broad activity groupings. As can be seen, the vast majority of expenditure is made on core infrastructure operation and maintenance plus environmental, regulatory and

Financial Overview

people (Democracy and Library) related activities. **NB**, Irrigation, Parking and Economic Development are included under Regional development.



Balancing the Budget

The Council is required under the Local Government Act 2002 to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses, that is, the Council must demonstrate financial prudence.

In preparing its budgets, Council must make a number of assumptions. These include, legislative change, interest rates, inflation, subsidy rates etc and are shown in more detail in the Financial Strategy. The Council is forecasting that its Activity expenditure will increase from \$96.5 million in the 2017-18 Annual Plan to \$138.3 million (43.3%) for the 2027-28 financial year. The increase is primarily due to forecast inflation, a cumulative average increase of 2.33% per annum, a larger population to be served and the balance represents the effects of supplying either additional or improved services offset in part by the impact of deferring capital works and Council's decision to reduce its interest rate assumption from 6% to 5.5%.

Debt

While existing Reserves, subsidies and Development Contributions are the first sources for funding Capital Expenditure, the balance is generally funded by loans. Council usually funds up to 50% of new capital assets from Reserves if available.

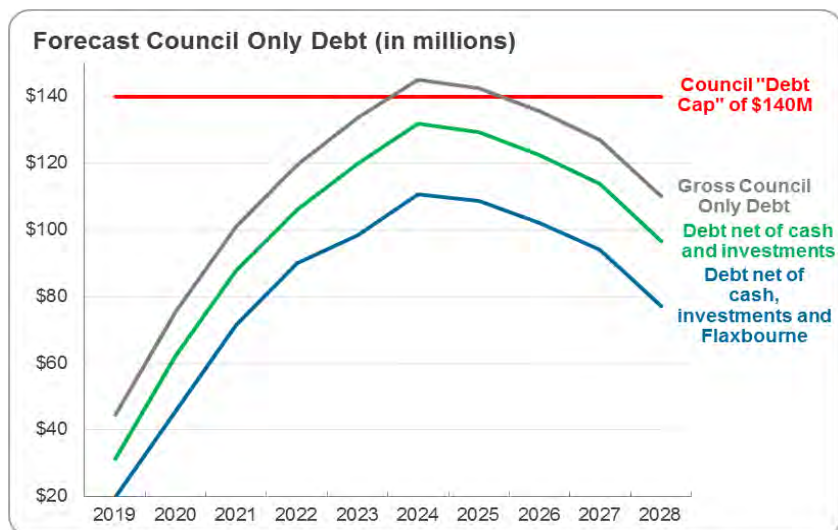
Loans have a rating impact, but as their repayment is generally spread over 20 years it reduces the burden on current rates and spreads the costs over those future ratepayers who will also benefit from the asset being created. Increased maintenance and operating costs from capital projects are funded primarily by rates.

Gross borrowing over the period of the LTP will increase from \$96.0 million shown in the 2017-18 Annual Plan to a maximum of \$270.8 million in 2023-24 to help fund the proposed Capital Expenditure programme for the entire Council Group, including that to its subsidiaries, MDC Holdings Ltd, Marlborough Airport Ltd (MAL) and Port Marlborough NZ Ltd (PMNZL). Gross borrowing is forecast to reduce to \$214.5 million in 2027-28. Projected Gross debt includes an allowance of \$16.2 million for the separately rated development of an irrigation scheme at Flaxbourne.

However, the more important debt measure is Net Debt (Total debt less amounts advanced to subsidiaries, investments and cash on hand). Net Debt over the period of the LTP will increase from \$27.4 million shown in the 2017-18 Annual Plan to a maximum of \$131.9 million in 2023-24 before reducing to \$96.7 million in 2027-28. The maximum forecast value of Net Debt will remain below Council's \$140 million debt cap.

The following table identifies Council's projected debt at a gross, net of cash and investments and net debt without the Flaxbourne Irrigation Scheme included.

Financial Overview



Rates Increases and Rates Increase Limit

As identified above, increasing debt to spread the cost of Capital expenditure has a rating impact as do increased operating costs. The other major contributor is inflation (27.0% over 10 years). Inflation means a change in the costs Council faces, including materials like diesel, bitumen, pipes and other construction costs. As these are not the same as the costs faced by households (eg; food, housing, transportation) and measured by the CPI Council, along with the majority of other Councils in New Zealand, uses inflation projections provided by Business Economic Research Limited (BERL) to inflate budgeted Operating and Capital Expenditure in years two to 10 of the LTP.

Forecast BERL LGCI

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
2.06%	2.12%	2.17%	2.21%	2.35%	2.29%	2.41%	2.53%	2.55%	2.64%

Forecast Rates Increases

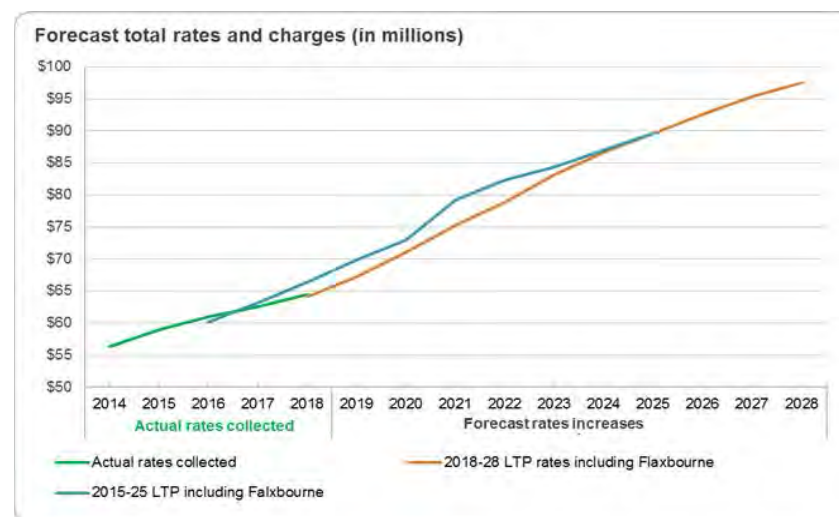
Council has adopted as policy that increases in total rates will not exceed the LGCI movement by more than 2%. The following table shows forecast rates increases compared to Council's policy.

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Proposed Rates Movements	4.15%	5.72%	5.92%	4.81%	5.50%	4.08%	3.48%	3.30%	3.00%	2.26%
Rates Cap (LGCI+2%)	4.06%	4.12%	4.17%	4.21%	4.35%	4.29%	4.41%	4.53%	4.55%	4.64%
Within/Above Rates Cap	0.09%	1.60%	1.75%	0.59%	1.16%	0.21%	0.93%	1.22%	1.54%	2.38%

This table shows that Council has gone above its policy in the first five years of the LTP albeit only marginally in 2018-19 and 2021-22. Also the Loan rate for Flaxbourne commences in 2022-23. Without this additional voluntary targeted rate Council would have complied with its policy in that year.

The main driver for Council exceeding its Rates Cap is the significant lift in Capital Expenditure which has been commented on above.

Despite projecting to exceed its self-imposed rates limit, Council remains committed to trying to remain within it and reviews its plans and projects annually to confirm their continued need and timing. Projects are deferred where this can be done without compromising maintenance and standards and this reduces the annual rates increases. The outcome of these annual reviews is shown in the following graph; with the level of rates for 2018-24 being well below the level of rates forecast when the 2015-25 LTP was prepared.



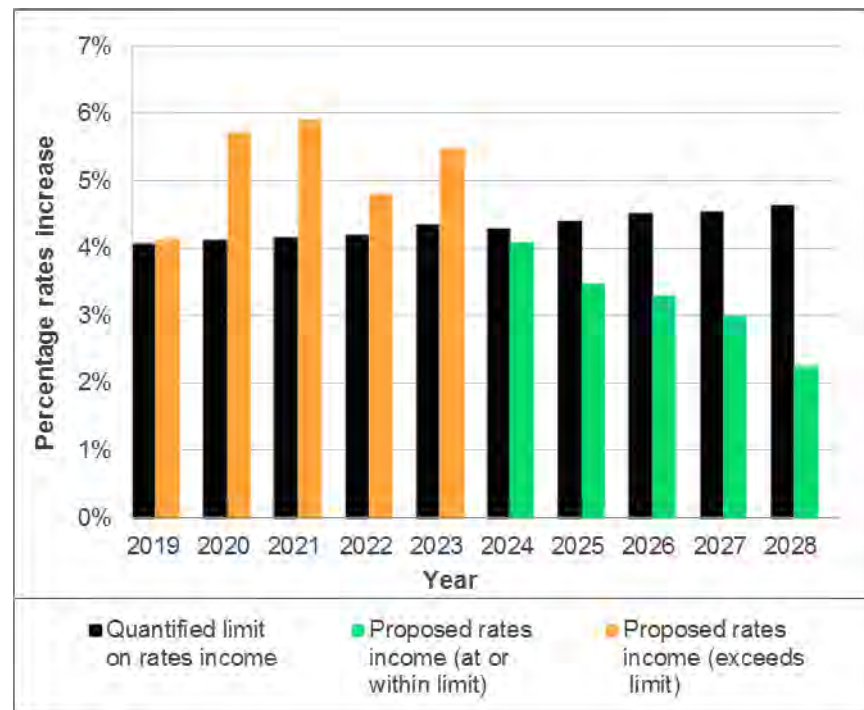
Long Term Plan Disclosure Statement for the Period Commencing 1 July 2018

What is the Purpose of this Statement?

The purpose of this statement is to disclose the Council’s planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The Council is required to include this Statement in the Long Term Plan Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information including definitions of some of the terms used in this Statement.

Rates Income Affordability Benchmark

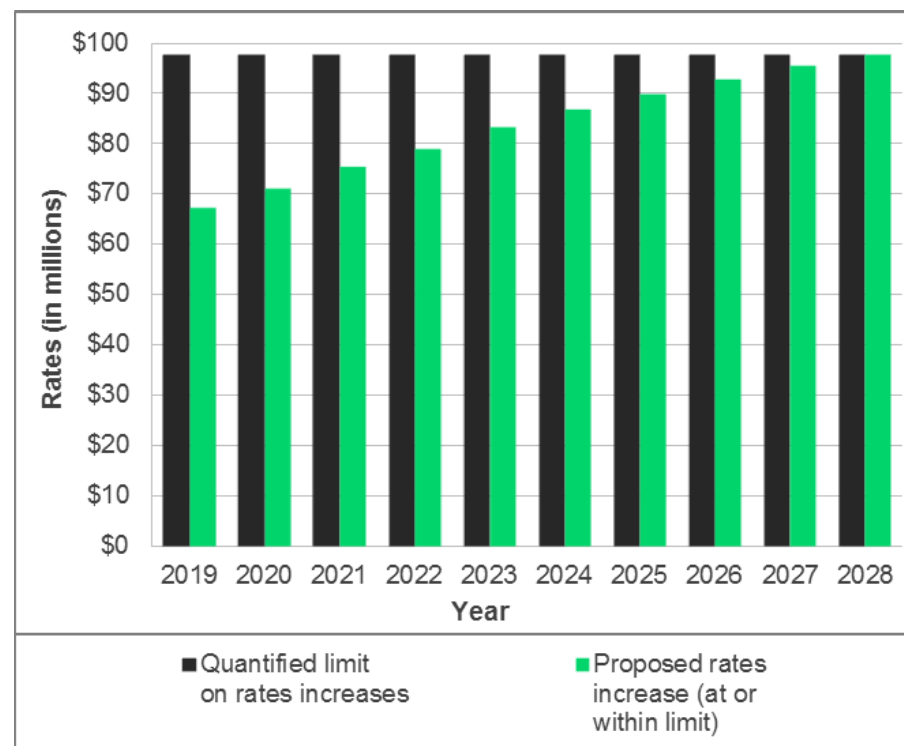
The following graph compares Council's planned rates with a quantified limit on rates contained in the Financial Strategy included in this Long Term Plan. The quantified limit is that rate increases will not exceed the Local Government Cost Index by more than 2%.



This table shows that Council has gone above its policy in the first five years of the LTP albeit only marginally in 2018-19 and 2021-22. Also the Loan rate for Flaxbourne commences in 2022-23. Without this additional voluntary targeted rate Council would have complied with its policy in that year. As stated in the Financial Overview the main driver for Council exceeding its Rates Cap is the large investment in Capital Expenditure in these early years

Rates Affordability Benchmark

The following graph compares Council's planned rates with a quantified limit on rates contained in the financial strategy included in this Long Term Plan. The quantified limit is a maximum dollar rates of \$97.6 million.

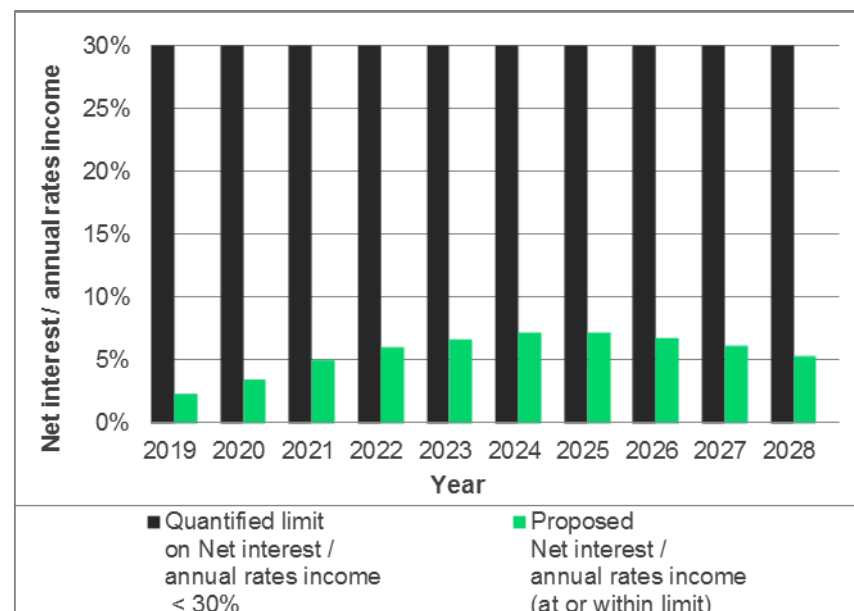
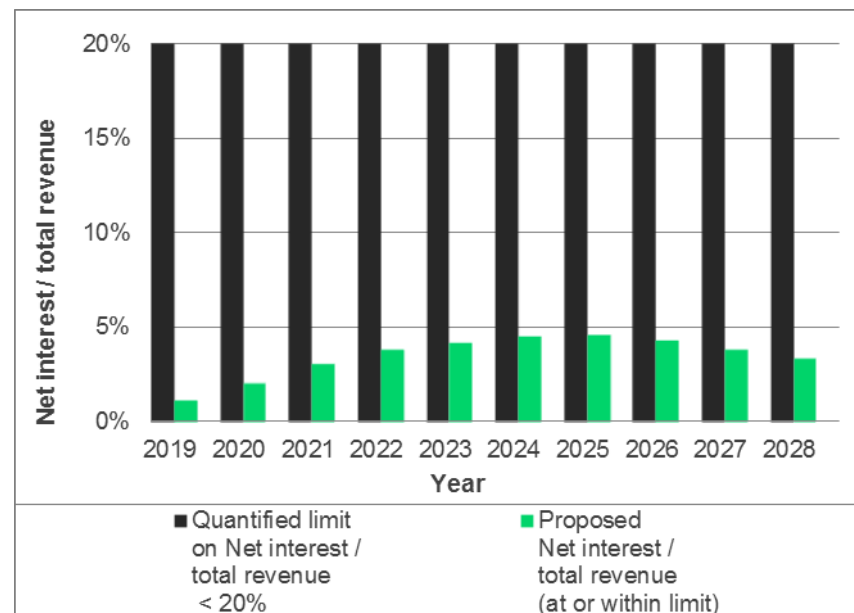
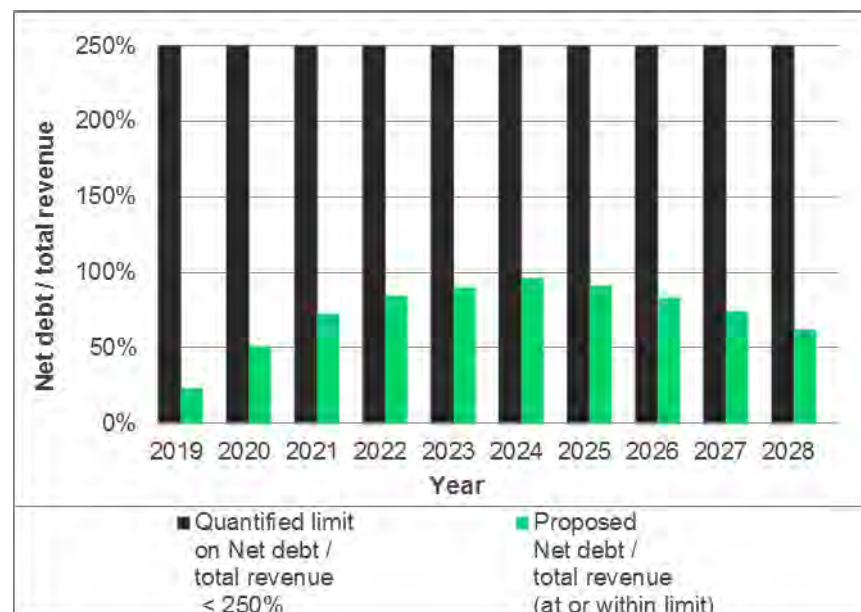


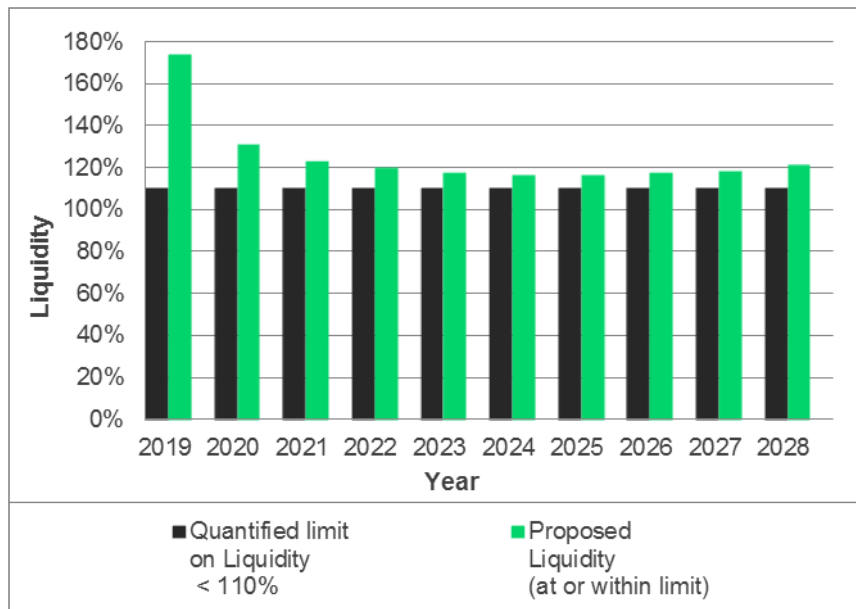
Debt Affordability Benchmarks

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

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

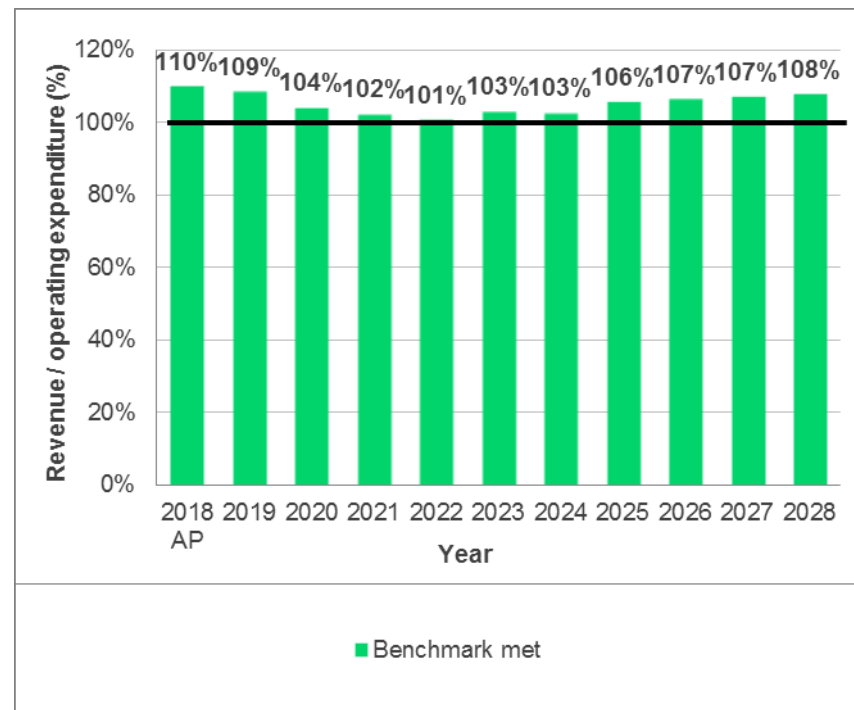
Note: Net debt is defined as a total consolidated debt less liquid financial assets and investments; Total revenue excludes development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment; and Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.





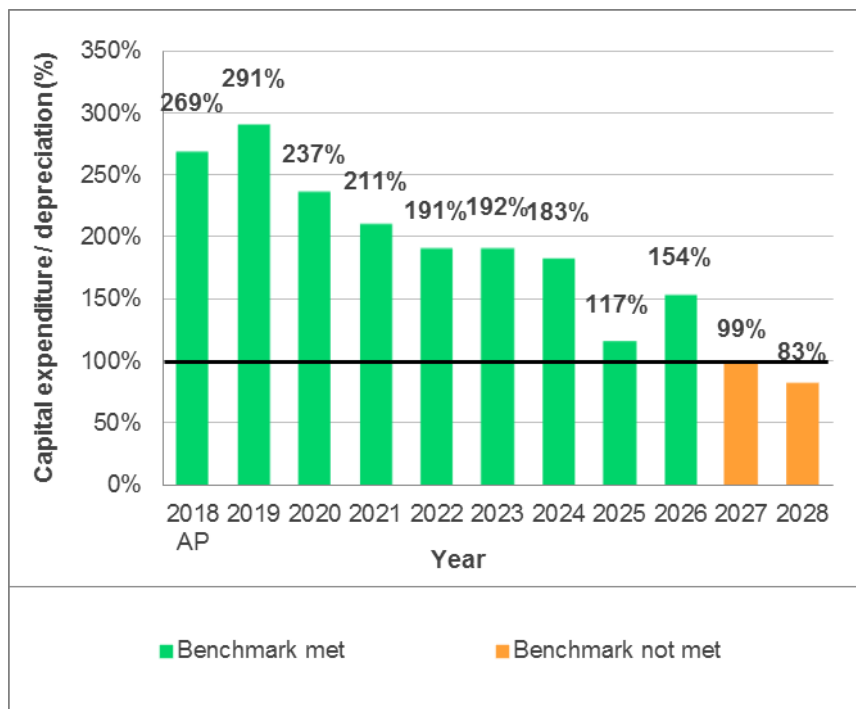
Balanced Budget Benchmark

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



Essential Services Benchmark

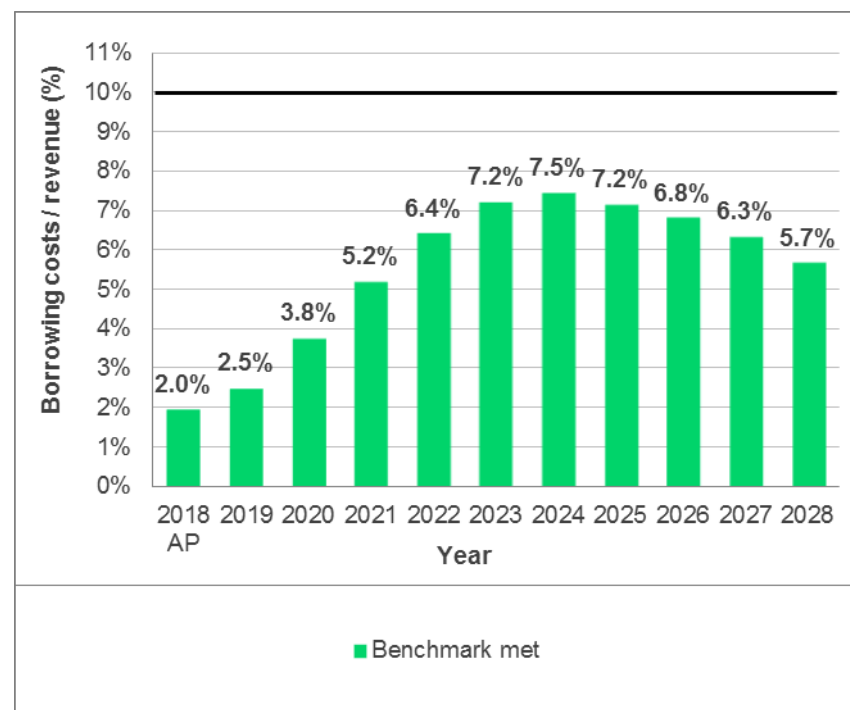
The following graph displays the council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



The essential services benchmark is not met in 2026-27 2027-28 following eight years where the benchmark has been significantly exceeded. When taken as a whole over the entire 10 year period Council is well ahead of the benchmark.

Debt Servicing Benchmark

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



Community Outcomes

Community Outcomes are statements that describe the sort of community Marlborough could be in the future, as a result of actions that get taken now and in years to come. The current group of Community Outcomes were written to take into account the Marlborough Smart and Connected vision and strategic framework. Council’s contribution to achieving the community outcomes and the vision is summarised in the table below. A more detailed assessment is included in each activity statement.

GOVERNANCE

- Marlborough has a strong community that is passionate about participating, connecting with and helping shape our future. Our Council listens to its communities and strives for best practice governance to support their aspirations. We value our strong partnership with tangata whenua iwi.

ENVIRONMENT

- Marlborough’s communities are the guardians of our unique place. Our landscape, water, air, natural features and biodiversity are managed, protected, enhanced and valued as the cornerstone to our quality of life.

PEOPLE

- Marlborough’s communities value our special way of life. We are diverse, inclusive, welcoming and enjoy opportunities to connect, live, learn, work and play in this vibrant place.

ECONOMY

- Marlborough’s economy supports the aspirations of our community. It is underpinned by strategic, thoughtful and sustainable use of resources which provides opportunities for business innovation and quality employment.

CONNECTIVITY

- Marlborough’s central location and transport network, enhanced by our digital resources, enables our communities and visitors to access a wide range of recreational, cultural and economic activities locally, nationally and globally.

LIVING

- Marlborough’s enviable community facilities, infrastructure, landscapes and climate enables our community to thrive. Life in Marlborough is safe and healthy.

Council Activities	Community Outcomes					
	Governance	Environment	People	Economy	Connectivity	Living
Democratic Process	✓		✓	✓		✓
Culture and Heritage	✓		✓	✓		✓
Community Housing	✓		✓		✓	✓
Community Support	✓	✓	✓		✓	✓
Library Services	✓		✓	✓		✓
Emergency Management	✓	✓	✓	✓		✓
Community Facilities	✓	✓	✓	✓	✓	✓
The Provision of Roads and Footpaths		✓	✓	✓	✓	✓
Flood Protection and Control Works		✓	✓	✓	✓	✓
Sewerage Including Treatment and Disposal		✓		✓		✓
Stormwater Drainage		✓	✓	✓		
Water Supply		✓		✓		✓
Solid Waste Management	✓	✓	✓	✓	✓	✓
Environmental Policy	✓	✓	✓	✓	✓	✓
Environmental Science and Monitoring	✓	✓	✓	✓		✓
Resource Consents	✓	✓		✓		✓
Environmental Protection	✓	✓	✓	✓		
Biosecurity		✓	✓	✓		✓
Building Control		✓		✓		✓
Environmental Health	✓		✓	✓		✓
Animal Control	✓	✓	✓		✓	✓
Harbours	✓	✓	✓	✓	✓	✓
Regional Development	✓	✓	✓	✓	✓	✓

Consultation

Background

The proposals put to ratepayers in the Consultation Document represented the culmination of:

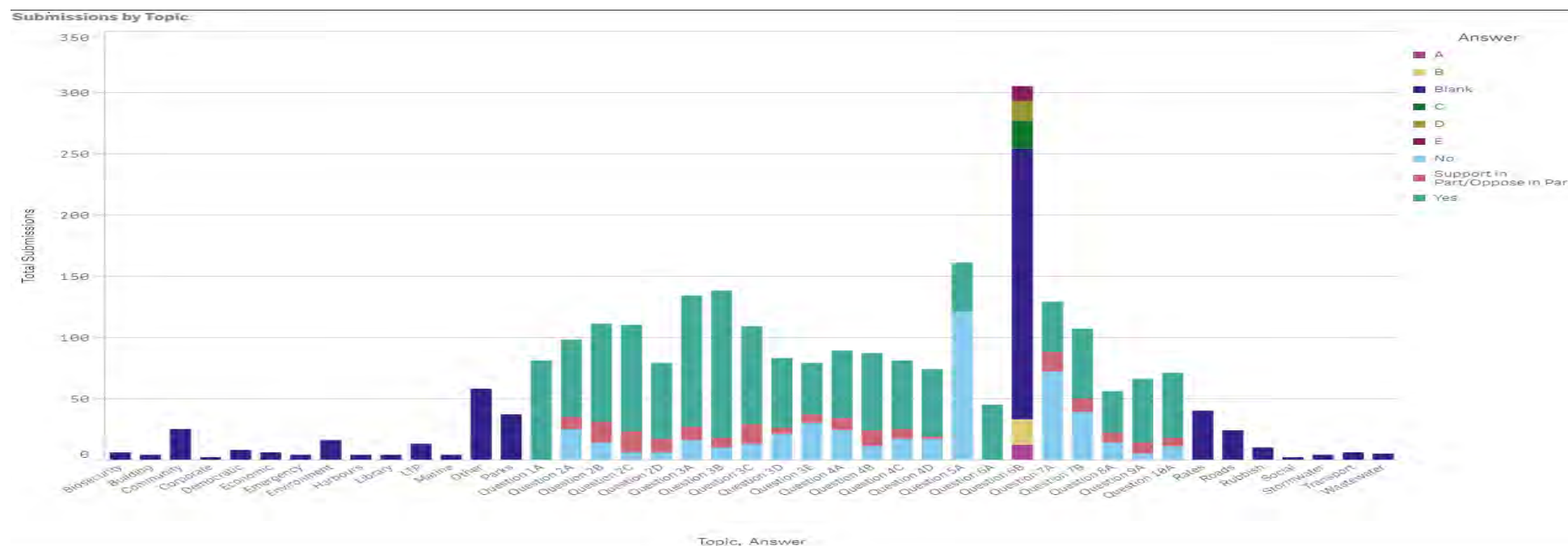
- Previous Annual and Long Term Plan consultations which has led to the current direction taken by Council;
- The work of the LTP Working Group;
- Budgeting and funding work by staff;
- Agreement by Council to include the individual items and their proposed funding in the Consultation Document.

The Consultation Document posed a series of questions which will be commented on in turn and lead to a series of recommendations at the end of this paper.

Results of Consultation

Council received 305 submissions. This number compares to the 139, 398, and 346 received over the past three years. Of the 305 submissions 138 have indicated that they wish to speak which compares to the 67, 104 and 116 over the previous three years. For the majority of the questions asked, ratepayers have submitted in favour of Council's proposals (see graph below).

A number of the submitters also took the opportunity of making suggestions on areas outside the questions posed. On the graph, these are shown in the dark blue columns.



Analysis of Question Responses

A question by question analysis on submitter’s responses was provided to Council as part of Council’s 11 June 2018 Agenda. The majority of submissions favour the proposals Council has included in its Consultation Document. The only question where submitters disagreed with the approach proposed by Council was Question 7 “Moving to a Fairer Rating System” where a number of negative submissions were received from Picton Vicinity ratepayers. Also for question 6B “What is your preferred option for the forecast balance of the dedicated Emergency Events Reserve balance as at 2028?”, no clear preference was provided. However, of the 84 submitters that expressed a view, a small majority indicated a preference of between \$10M and \$15M.

\$3M	\$10m	\$15M	\$30M	\$45m
12	21	23	16	12

Decisions

As a result, Council made the following decisions on the issues contained its Consultation Document. The number reference alongside each decision refers to the “Part” contained in the Consultation Document, e.g. “PART TWO – Investing in the Environment” is shown as “2”. Council:

2. Agreed to:
 - committing up to \$3M in funding to carry out the multibeam survey of the entire Pelorus Sound/Te Hoiere seabed;
 - progressively increase funding for Council’s environmental science and monitoring activities over the next three years;
 - progressively increase funding for implementation of the Proposed Regional Pest Management Plan 2018 and the Biosecurity Strategy over the next three years; and
 - relocate and expand the hazardous waste centre,

as outlined in the Consultation Document.
3. Agreed to Council investing in the following projects:
 - the Marlborough Kaikoura Trail;
 - the Link Pathway;
 - economic development, events and tourism;

- business support services; and
- the Marlborough regional film office,

as outlined in the Consultation Document.

4. Agreed to Council investing in the following projects:

- Te Ao Māori cultural advice;
- Heritage sector funding;
- Dog parks; and
- The Linkwater Hall supper room,

as outlined in the Consultation Document following further consideration by the appropriate Committee.

- 4A. (i) Agreed to the timing and priority for rebuilding after a significant emergence event,
 - i.e. plan for a seven year repair and rebuild period.
- (ii) Agreed to the following priorities for repairing and rebuilding infrastructure:
 1. Restore basic (lifeline) services eg four-wheel drive access, water by tanker, portable toilets and emergency flood protection;
 2. Core infrastructure; and
 3. Community facilities.
- 4B. (i) Noted the wide divergence of views on what should be the forecast balance albeit with a small majority indicating in the \$10M to \$15M range.
- (ii) Requested staff to undertake further work on this issue and report back to the Planning Finance & Community Committee.
5. (i) Agreed to remove the Rating Area Percentages to be allocated from each Geographic Rating Area.
- (ii) Requested the Working Group charged with responsibility for preparing the 2021-31 Long Term Plan to review Geographic Rating Area boundaries, in particular the boundary between Picton Vicinity and General Rural.

Consultation

(iii) Agreed to provide rates remissions to Picton Vicinity ratepayers for rates increase above 40% for a period of three years as contained in the Consultation Document.

6. Adopt the Development Contributions Policy as proposed.
7. Adopted the 2018-48 Infrastructure Strategy.
8. Adopted the 2018-28 Financial Strategy.

In addition, Council approved a number of minor funding requests and referred a further number to the appropriate Committee for further development. At some point in the future, these projects may be approved with funding likely to come from Reserves.

The more major requests approved by Council were:

- the acceleration of the Youth Centre to 2018-19 from 2023-24. The Youth Centre will now occupy a portion of the vacant area within the Smiths City building, which will reduce the cost of the project by approximately \$1.8 million;
- a two year trial of the extending the current bus service to include Renwick;
- the acceleration of existing cycleway funding to 2019-20; and
- funding further improvements at the Grovetown Lagoon.



Part 2: Our Business

- **Activity Groups and Activities**

Activity Groups and Activities

This second part provides detailed plan and budget information for each activity group and activity. Shown below are:

- The activity groups and the activities making up each group
- The types of information included for each group and for each activity.

Activity Groups	Activities
People	Democratic Process Culture and Heritage Housing for Seniors Community Support Library Services Emergency Management
Community Facilities	Community Facilities
Roads and Footpaths	Roads and Footpaths
Flood Protection and Control Works	Flood Protection and Control Works
Sewerage Including Treatment and Disposal	Sewerage Including Treatment and Disposal
Stormwater Drainage	Stormwater Drainage
Water Supply	Water Supply
Solid Waste Management	Solid Waste Management
Environmental Management	Environmental Policy Environmental Science and Monitoring Resource Consents Environmental Protection
Regulatory	Biosecurity (Pest Management) Building Control Environmental Health Animal Control Harbours
Regional Development	Regional Development

Activity Groups and Activities

Activity Groups

Pie Chart: Operating Costs

The graph represents the operating costs for the Activity Group in relation to total Council expenditure.

Pie Chart: Capital Projects

The graph represents the capital expenditure for the Activity Group in relation to total Council expenditure.

Rationale for the delivery of the Group of Activities

This text explains why the Activities have been grouped together. Some Activity Groups are mandatory as they are prescribed by the Local Government Act.

Changes to Activity Group from the 2017-18 Annual Plan

This text summarises any changes to the Activity Group structure from the 2017–18 Annual Plan.

Intended Changes to Levels of Service from the 2017–18 Annual Plan

The table describes any intended changes to the levels of service within the Group from the levels of service displayed in the 2017–18 Annual Plan.

Significant Negative Effects associated with this Group of Activities

This text lists any significant negative effects that may exist through the delivery of the Activities within the Group.

Variation between Long Term Plan and assessment of Water and Sanitary Services *(only included in assets related activity statements)*

This text describes any variations between the adopted assessment of water and sanitary services and this Plan.

Variation between Long Term Plan and Waste Management and Minimisation Plan (WMMP) *(only included under Solid Waste Management)*

This text describes any variations between the adopted WMMP and this Plan.

Funding Impact Statement (FIS) *(only included where there is more than one activity in the group)*

The format of the FIS (down to the 'Funding balance' line) is laid down by government regulations which require that non-cash items are excluded from the FIS.

This means that the FIS information differs from the information in Council's financial statements which are prepared in accordance with generally accepted accounting principles (GAAP).

The FIS table displays the budget for the 2017-18 Annual Plan and the budgets for this 2018-28 Long Term Plan.

Activities

Activity name

This table summarises the percentage of operating costs in relation to total Council expenditure.

How this Activity contributes to related Community Outcomes

This table includes how the Activity contributes to each of the Community Outcomes linked to the Smart and Connected vision for Marlborough (Governance, Environment, People, Economy, Connectivity and Living).

Refer to the Community Outcomes section under Part 1 of our Long term Plan for more information on the Smart and Connected framework.

What is this Activity about?

This text describes the services that the activity provides

Asset Description

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

Major Budgeted Capital Projects

The table outlines the major capital projects and areas of expenditure planned for this Activity over the next 10 years.

Although these items are budgeted, in some cases further public consultation will be required with the relevant community before the project is implemented. These projects are included under the Capital Expenditure line of the Funding Impact Statement at the end of this activity section.

Emerging Issues and Expected Changes

This text outlines the issues that will affect the Activity during the years of our Long term Plan. This section signals foreseeable changes to the way the Activity will be delivered and explains some of the expenditure that Council is making.

Levels of Service

This table details the Levels of Service that the Council is proposing to deliver for each Activity and the indicators and targets we will use each year to measure our success.

The baseline reflects an average of the three years actual performance up to, and including, 2016-17 where applicable.

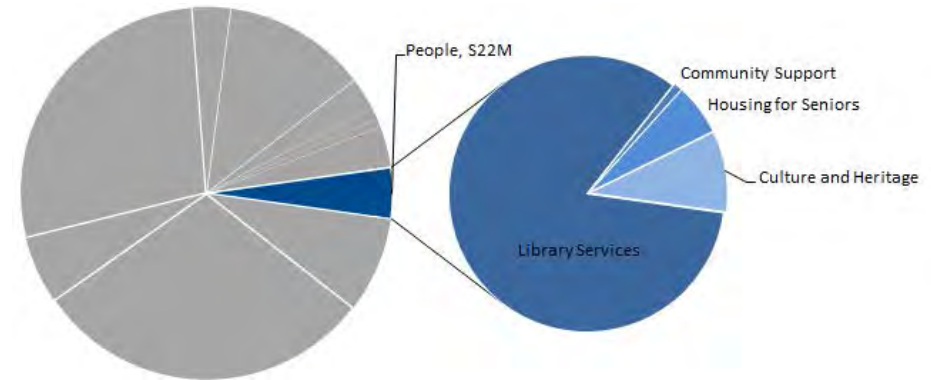
Funding Impact Statement (FIS)

Refer to comment under activity groups.



Capital Projects

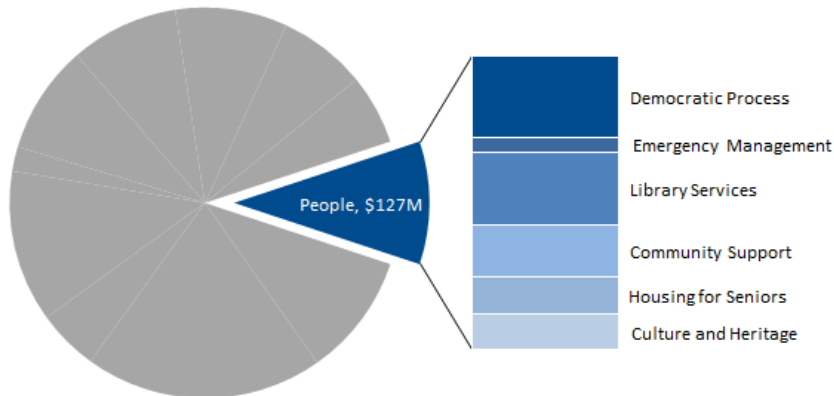
The capital expenditure for the People Group of Activities represents \$22 million of total Council expenditure over the next 10 years. Information about the major budgeted capital projects are included in the relevant Activity section.



People

Operating Costs

The operating costs for the People Group of Activities represent \$127million of total Council expenditure.



Activity	Major Capital Projects	Inflated value (Millions)
Culture and Heritage	2020-21 Construction of new art gallery as part of the Blenheim Riverside Precinct project.	\$2.1
Housing for Seniors	2018-25 Redevelopment and upgrading of a number of Housing for Seniors units at Bryant Place and Vivian Place	\$1.3
Library Services	2018-23 New Blenheim library as part of the Blenheim Riverside Precinct project. The total project cost is estimated at \$14.6M.	\$14.6

Rationale for Delivery of the People Group of Activities

These Activities encompass a range of people-focused services including support for youth and the elderly, community services, housing and energy efficiency, democratic participation, safety and learning.

Changes to the People Activity Group from the 2017–18 Annual Plan

The Community Support Activity now includes Smart and Connected Communities.

Housing for Seniors is the new name for Community Housing.

Intended Changes to Levels of Service from the 2017-18 Annual Plan

This table documents intended changes to the levels of service included in the 2017–18 Annual Plan, within this Group of Activities, and the reasons for those changes.

2017–18 Annual Plan	2018–28 LTP	Reason for change
Activity: Emergency Management		
Urban fire is managed as per Council Bylaws.	Not included.	MDC will not be responsible for urban fire management from 1 July 2018 as changes in legislation have transferred this responsibility to Fire & Emergency NZ.

Significant Negative Effects Associated with this Group of Activities

No significant negative effects have been identified for this Group of Activities..

Activity Group Funding Impact Statement

The following Funding Impact Statement (FIS) is for the Activity Group. A separate FIS is included for each Activity in this section and these should be referred to for more detailed information.

Funding Impact Statement for LTP 2018-28											
PEOPLE	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	7,897	8,330	8,635	8,840	8,971	9,273	9,365	9,399	9,658	9,846	9,923
Targeted rates	250	325	400	450	400	380	360	350	325	325	325
Subsidies and grants for operating purposes	339	420	448	370	230	251	240	249	271	260	267
Fees and charges	23	36	38	24	25	27	27	28	28	29	29
Other receipts including fines and infringement fees	2,016	2,264	2,394	2,365	2,436	2,559	2,538	2,611	2,798	2,798	2,907
Total operating funding	10,525	11,375	11,915	12,049	12,062	12,490	12,530	12,637	13,080	13,258	13,451
Applications of operating funding											
Payments to staff and suppliers	5,046	6,018	6,218	6,238	6,029	6,299	6,334	6,185	6,473	6,576	6,596
Finance costs	166	126	150	321	587	599	493	481	472	465	456
Internal charges and overheads applied	3,055	2,925	3,053	3,123	3,151	3,192	3,229	3,264	3,275	3,287	3,357
Other operating funding applications	3,678	3,664	1,718	1,695	1,695	1,720	1,698	1,699	1,725	1,703	1,704
Total applications of operating funding	11,945	12,733	11,139	11,377	11,462	11,810	11,754	11,629	11,945	12,031	12,113
Surplus (deficit) of operating funding	(1,420)	(1,358)	776	672	600	680	776	1,008	1,135	1,227	1,338
Sources of capital funding											
Subsidies and grants for capital expenditure	10	10	10	11	11	11	11	12	12	12	13
Increase (decrease) in debt	(69)	432	423	5,710	3,919	(3,473)	(349)	(146)	(141)	(157)	(168)
Gross proceeds from sale of assets	-	-	-	-	-	3,062	-	-	-	-	-
Total sources of capital funding	(59)	442	433	5,721	3,930	(400)	(338)	(134)	(129)	(145)	(155)
Applications of capital funding											
Capital expenditure to meet additional demand	310	1,000	3,061	6,250	4,255	-	-	-	-	-	-
Capital expenditure to improve the level of service	24	220	47	49	51	55	56	59	61	65	67
Capital expenditure to replace existing assets	677	425	620	2,560	481	489	558	549	387	405	415
Increase (decrease) in reserves	(2,490)	(2,561)	(2,519)	(2,466)	(257)	(264)	(176)	266	558	612	701
Total applications of capital funding	(1,479)	(916)	1,209	6,393	4,530	280	438	874	1,006	1,082	1,183
Surplus (deficit) of capital funding	1,420	1,358	(776)	(672)	(600)	(680)	(776)	(1,008)	(1,135)	(1,227)	(1,338)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	11,945	12,733	11,139	11,377	11,462	11,810	11,754	11,629	11,945	12,031	12,113
plus - Depreciation and amortisation	710	829	864	880	867	937	950	969	1,005	1,045	1,079
Expenditure as per Note 1	12,655	13,562	12,003	12,257	12,329	12,747	12,704	12,598	12,950	13,076	13,192

Activity: Democratic Process

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by encouraging people to care about community issues and to engage with local government decision making. It does this through the Community Outcomes of Governance, Environment, People, Economy and Living, as outlined below.

Outcome	Actions
Governance	Facilitating public interactions with Council and with other public and private organisations.
Environment	Funding the Sounds Advisory Group which promotes the sustainable management of Marlborough's natural and physical resources.
People	Promoting the ability for people to be engaged and to participate in their community.
Economy	Promoting the ability for people involved in commercial and industrial businesses to be engaged and to participate in their community.
Living	Encouraging people to work together to participate in local democracy.

What is this Activity About?

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

While considering the range and diversity of the communities in Marlborough, the Council also recognises the special relationship it has with tangata whenua, and acknowledges the specific responsibilities it has to Māori under the Local Government Act 2002 and the Resource Management Act 1991. This LTP provides funding for Council to engage a Te Ao Māori cultural adviser to advise elected members and staff, in order to improve the Council's relationship with Māori and fulfil its obligations as a Treaty partner.

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

The Council elections were held successfully in October 2016 (the next election will be in October 2019 and every three years thereafter). In the two years prior to the 2022 election Council will be reviewing its election method (currently Single Transferable Vote) and also its representation arrangements (ward structure, etc). This review will also be undertaken in the two years prior to the 2028 election.

Emerging Issues and Expected Changes

Public Communications

An emerging issue within this Activity is the community's growing expectation for more information and a greater level of consultation, which has the potential to increase costs.

In addition, commercial pressure on regional print media means there are fewer newsroom staff than before, with a corresponding reduction in published information about Council decisions and news, and less in-depth reporting. Council has responded to this to a degree by increasing its use of digital channels to share information, notably Facebook and Twitter, and also the use of apps. If there is further media shrinkage, Council may have to consider alternative means of providing public information and communications services.

A biennial survey is conducted to gauge residents' communication channel preferences, and their level of satisfaction with Council communications.

Levels of Service 2018-28: - Democratic Process

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, 10 = "service delivered extremely well".	6.7	6.7	6.7	6.7	6.7
Provide a communications level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, 10 = "service delivered extremely well".	6.1	N/A	6.4	N/A	6.7
Provide a service that is timely and responsive to residents' needs.	Percentage of agendas available to the public, by way of the website and counter enquiry, at least three working days prior to meetings.	100%	100%	100%	100%	100%
Properly managed local elections	Elections and polls will comply with the provisions of the Local Electoral Act 2001 with no petitions for an inquiry.	no petitions for inquiry	N/A	no petitions for inquiry	N/A	no petitions for inquiry 2022 or 2025 elections
Public contribution to decision making process.	% of Council items of business open to the public.	90%	90%	90%	90%	90%

Funding Impact Statement for LTP 2018-28											
Democratic Process	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	2,896	2,969	3,143	3,241	3,181	3,360	3,443	3,386	3,545	3,614	3,567
Other receipts	239	228	291	215	204	263	183	171	250	167	162
Total operating funding	3,135	3,197	3,434	3,456	3,385	3,623	3,626	3,557	3,795	3,781	3,729
Applications of operating funding											
Payments to staff and suppliers	1,326	1,527	1,729	1,712	1,626	1,843	1,827	1,740	1,975	1,958	1,867
Internal charges and overheads applied	1,786	1,663	1,698	1,737	1,752	1,773	1,792	1,810	1,812	1,815	1,854
Other operating funding applications	6	7	7	7	7	7	7	7	8	8	8
Total applications of operating funding	3,118	3,197	3,434	3,456	3,385	3,623	3,626	3,557	3,795	3,781	3,729
Surplus (deficit) of operating funding	17	-	-	-	-	-	-	-	-	-	-
Sources of capital funding											
Gross Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	17	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	17	-	-	-	-	-	-	-	-	-	-
Surplus (deficit) of capital funding	(17)	-	-	-	-	-	-	-	-	-	-
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	3,118	3,197	3,434	3,456	3,385	3,623	3,626	3,557	3,795	3,781	3,729
plus - Depreciation and amortisation	11	-	-	-	-	-	-	-	-	-	-
Expenditure as per Statement of Financial Performance	3,129	3,197	3,434	3,456	3,385	3,623	3,626	3,557	3,795	3,781	3,729

Activity: Culture and Heritage

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by promoting quality lifestyles and well-being, and to the Community Outcomes of Governance, People, Economy and Living as outlined below.

Outcome	Actions
Governance	Supporting the community's aspirations related to arts and heritage services through the professional delivery of services.
People	Providing access to funding for services. Promoting understanding of the process to access funding. Providing essential services.
Economy	Providing opportunities for people to undertake rewarding work in the heritage and arts sectors. Promoting employment that reflects the changing demographics of youth, older people and families. Acknowledging the volunteer sector as a key contributor to heritage services.
Living	Supporting the cultural richness of the District. Enabling arts and heritage services to be accessible to the community at large.

What is this Activity About?

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

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

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

These include:

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

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

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

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

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

Major Budgeted Capital Projects

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

Asset	Major Capital Projects	Inflated value (Millions)
Art Gallery	2020-21 Construction of new art gallery as part of the Blenheim Riverside Precinct project.	\$2.1

Emerging Issues and Expected Changes

Funding

The Heritage and Arts sectors are under stress due to limited funding sources and a need to invest in new technology, update collections and collection practices, and cope

Activity Group: People

with the increasingly diverse forms of arts being practised in Marlborough. Expansion of museum facilities, and attracting more trained professionals to work in this sector, is desirable.

Council recognises the importance of heritage and the arts to Marlborough and will assist organisations in accessing support beyond the current levels from other funding agencies. This LTP allocates \$354,000 for one-off projects to protect current collections, particularly from fire. An additional \$145,000 per year has been allocated

for operating costs, collection management, regional marketing and promotion of heritage resources, and ongoing implementation of the Smart + Connected Heritage Plan.

New art gallery in Blenheim as part of the library development.

- Riverside Precinct project is planned for 2020-21.

Levels of Service 2018-28: Culture and Heritage						
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.9	6.9	6.9	6.9	6.9
Oversee Council's grants and third party providers to ensure service quality and value.	% of contract and grant requirements met.	100%	100%	100%	100%	100%

Funding Impact Statement for LTP 2018-28											
Culture and Heritage	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	886	1,091	1,105	1,186	1,271	1,279	1,288	1,293	1,294	1,301	1,305
Other receipts	73	83	80	78	81	75	68	65	65	59	59
Total operating funding	959	1,174	1,185	1,264	1,352	1,354	1,356	1,358	1,359	1,360	1,364
Applications of operating funding											
Payments to staff and suppliers	106	108	8	8	8	9	10	9	9	9	10
Finance costs	2	3	3	60	115	111	107	104	99	95	90
Internal charges and overheads applied	90	133	134	137	139	142	144	147	149	151	155
Other operating funding applications	2,478	2,906	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062
Total applications of operating funding	2,676	3,150	1,207	1,267	1,324	1,324	1,323	1,322	1,319	1,317	1,317
Surplus (deficit) of operating funding	(1,717)	(1,976)	(22)	(3)	28	30	33	36	40	43	47
Sources of capital funding											
Increase (decrease) in debt	-	(1)	(2)	2,052	(63)	(66)	(70)	(74)	(78)	(82)	(87)
Total sources of capital funding	-	(1)	(2)	2,052	(63)	(66)	(70)	(74)	(78)	(82)	(87)
Applications of capital funding											
Capital expenditure to replace existing assets	50	-	10	2,083	-	-	-	-	-	-	-
Increase (decrease) in reserves	(1,767)	(1,977)	(34)	(34)	(35)	(36)	(37)	(38)	(38)	(39)	(40)
Total applications of capital funding	(1,717)	(1,977)	(24)	2,049	(35)	(36)	(37)	(38)	(38)	(39)	(40)
Surplus (deficit) of capital funding	1,717	1,976	22	3	(28)	(30)	(33)	(36)	(40)	(43)	(47)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	2,676	3,150	1,207	1,267	1,324	1,324	1,323	1,322	1,319	1,317	1,317
plus - Depreciation and amortisation	6	6	6	17	27	28	28	29	30	31	31
Expenditure as per Statement of Financial Performance	2,682	3,156	1,213	1,284	1,351	1,352	1,351	1,351	1,349	1,348	1,348
Operating expenditure											
Arts	2,185	2,154	704	774	840	840	838	838	835	833	831
Heritage	497	1,002	509	510	511	512	513	513	514	515	517
Capital expenditure:											
Arts	-	-	-	2,083	-	-	-	-	-	-	-
Heritage	-	-	10	-	-	-	-	-	-	-	-

Activity: Housing for Seniors

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by contributing to a caring community, and to the Community Outcomes of Governance, People, Connectivity and Living as outlined below.

Outcome	Actions
Governance	Including a community representative on the Housing for Seniors Sub-Committee.
People	Providing affordable housing for older adults within Council policy parameters.
Connectivity	Providing a safe living environment for senior residents.
Living	Ensuring Council supplied housing meets the needs of future residents. Ensuring future tenants meet the Council's criteria.

What is this Activity About?

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

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

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

Housing Policy

Council will own and maintain a stock of housing, for the purpose of assisting seniors to have access to housing they could not otherwise afford. Council aims to ensure that Housing for Seniors is financially sustainable.

Principles and Criteria

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

- To prioritise clients according to prevailing demand.
Given the current and projected demographic profile of the District, most of the demand for affordable housing assistance is from older people. Priority will therefore be given to people over age 65. Demand for assistance will be reassessed periodically.
- To focus assistance on those with low incomes.
The threshold for access to Council housing will be reviewed periodically, and will be based on a combined assessment of household income and assets.
- To provide for needs not met by other providers.
Access to Council housing is a last resort. Applicants must be able to demonstrate that their housing needs cannot be met from alternative sources.
- To match applicants with housing suited to their needs.
With a limited portfolio, the type of housing that may be available at any time may not be suited to the specific needs of an applicant, due to household size, proximity to essential services, and location. Applicants may need to go on a waiting list until suitable housing becomes available.

Rents

Rents are set at 80% of market rental value, and this is reviewed annually. Rents are also reviewed after major remodelling and for new builds. Council has agreed that rentals set at 80% of the market value are appropriate and represent the norm for this type of accommodation.

Governance

The Housing Policy is administered by the Council's Housing for Seniors Sub-Committee. Day to day administration of the portfolio, including assessing applications, will be carried out by the Council's property managers, in accordance with this policy and with the provisions in the Housing Asset Management Plan.

Major Budgeted Capital Projects

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

Asset	Major Capital Projects	Inflated value (Millions)
Housing	2018-25 Redevelopment and upgrading of a number of Housing for Seniors units at Bryant Place and Vivian Place	\$1.3

- the mismatch between rental income and operating costs as a result of low rental levels
- an increase in demand for the current units, and demand for Council to build more units
- an increase in the use of mobility scooters and the need for secure storage of them — this will be considered if developing new complexes
- damage caused by tenants smoking inside or near the units. The Council proposes to implement a full smoking ban inside and outside the units to extend the life of the units and decrease the costs involved in renovation after smoke damage has occurred.

Emerging Issues and Expected Changes

Financial sustainability

Emerging issues within this Activity are:

- the age of the units and their increasing maintenance costs
- the increasing proportion of older people in Marlborough
- the fixed incomes of many tenants

Currently the housing is of reasonable quality but due to some units being old and some being on unstable land there is a need to undertake redevelopment and upgrading of a number of units. Council agreed to a comprehensive budget in the 2014–15 Annual Plan.

Levels of Service 2018-28: Housing for Seniors

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.8	7.0	7.0	7.0	7.0
	Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.1	8.0	8.0	8.0	8.0
Provide up-to-date record of Occupancy levels	Minimum occupancy in units to be maintained.	98%	98%	98%	98%	98%
Provide Housing for Seniors reactive maintenance service in two categories	Urgent Unplanned Maintenance – Percentage of unplanned maintenance completed within 24 hours of notification.	97%	98%	98%	98%	98%
	Non-Urgent Unplanned Maintenance - Percentage of unplanned non-urgent maintenance completed within 20 working days of notification.	97%	90%	90%	90%	90%
Provide an annual checklist of planned maintenance/projects as set out in the budget and from Committee meetings	Percentage of planned maintenance/projects completed in financial year.	65%	98%	98%	98%	98%

Funding Impact Statement for LTP 2018-28											
Housing for Seniors											
	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
Other receipts including property rentals	1,139	1,437	1,509	1,584	1,663	1,746	1,834	1,925	2,022	2,123	2,229
Total operating funding	1,139	1,437	1,509	1,584	1,663	1,746	1,834	1,925	2,022	2,123	2,229
Applications of operating funding											
Payments to staff and suppliers	719	828	932	1,075	1,117	1,111	1,094	1,062	1,044	1,092	1,122
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	141	168	172	176	180	184	188	193	197	202	207
Other operating funding applications	15	13	14	14	14	14	15	15	15	16	16
Total applications of operating funding	875	1,009	1,118	1,265	1,311	1,309	1,297	1,270	1,256	1,310	1,345
Surplus (deficit) of operating funding	264	428	391	319	352	437	537	655	766	813	884
Sources of capital funding											
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
Capital expenditure to improve the level of service	-	175	-	-	-	-	-	-	-	-	-
Capital expenditure to replace existing assets	315	155	158	162	165	169	172	177	-	-	-
Increase (decrease) in reserves	(51)	98	233	157	187	268	365	478	766	813	884
Total applications of capital funding	264	428	391	319	352	437	537	655	766	813	884
Surplus (deficit) of capital funding	(264)	(428)	(391)	(319)	(352)	(437)	(537)	(655)	(766)	(813)	(884)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	875	1,009	1,118	1,265	1,311	1,309	1,297	1,270	1,256	1,310	1,345
plus - Depreciation and amortisation	279	309	320	329	339	350	361	374	387	399	413
Expenditure as per Statement of Financial Performance	1,154	1,318	1,438	1,594	1,650	1,659	1,658	1,644	1,643	1,709	1,758

Activity: Community Support

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by contributing to a caring community, and to the Community Outcomes of Governance, Environment, People, Connectivity and Living as outlined below.

Outcome	Actions
Community Support	
Governance	Supporting and responding to community aspirations and needs for essential services. Encouraging the Youth Council and the Older Persons Forum to participate in discussions with Council and other agencies. Funding essential services. Promoting understanding of ways to access funding.
People	Supporting the capacity of the volunteer sector.
Community Safety (Safer Communities and Security)	
Governance	Bringing multiple agencies together to improve safety for everyone in Marlborough through participation in the World Health Organisation Safe Communities accreditation process.
People	Encouraging residents to become involved in improving their environment. Engaging with community groups through CPTED programmes. Providing the opportunity for victims to have their say in the justice system through the Restorative Justice programme.
Connectivity	Improving CCTV in Blenheim and Picton supports safe mobility.
Living	Giving people in Marlborough confidence that they are living in a safe community.
Event Management	
Living	Organising events that are fun, family friendly, affordable and promote community connection and pride.
Other Transport Services	
Connectivity	Providing passenger transport to connect people with services and activities that enhance their well-being. Helping people with impairments to access appropriate transport

Outcome	Actions
Living	through the Total Mobility scheme.
Energy Efficiency	
Environment	Encouraging people to use energy efficient products at home.
Living	Helping people to make their homes warm or heat their water whilst using less energy.
Smart and Connected Communities	
Governance	Enabling communities to access strong governance through the Smart and Connected programme.
People	Enabling people to have a voice through community-led initiatives delivered through the Smart and Connected programme.
Living	Enabling our main townships to have strong community-led groups and a strategic plan through the Smart and Connected programme.

What is this Activity About?

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

Community Support and Development

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

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

The volunteer sector, including non-government and not-for-profit organisations,

Activity Group: People

underpins most of the delivery of community services in Marlborough.

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

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

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

Safer Communities

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

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

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

Security

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

Events Management

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

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

Passenger Transport and Total Mobility Scheme

Public transport services give people access to economic and social opportunities. Council currently operates an urban bus service in Blenheim and a district-wide mobility scheme. Council has agreed to a 2 year trial of an extension of current services to Renwick.

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

Energy Efficiency

Council promotes energy efficiency by providing upfront funding for approved home insulation, solar water heating and clean heating solutions. This will be extended to photo voltaic systems in the future.

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

Smart and connected communities

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

Major Budgeted Capital Projects

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

Asset	Major Capital Projects	Inflated value (Millions)
Bus Shelters	2018-28 Provision for construction of three additional bus shelters per year to meet Levels of Service	\$0.2

Emerging Issues and Expected Changes

Changing demographics

The changing age structure of the Marlborough community will pose some challenges

Activity Group: People

for future infrastructure provision and the delivery of services such as health and education services, along with housing, transport (including passenger transport and mobility) and recreation. That's because in the coming years our community is going to be "older" — 2018 population projections by Statistics NZ indicates 23% of the population is over 65 and this is projected to increase to 34% by 2043.

Another change is a significant increase in the ethnic diversity of the Marlborough community. It is already apparent that the population is becoming more ethnic and culturally diverse and this trend is expected to continue.

Energy efficiency

Applications for the Heat Smart programme closed in September 2013 following the Government's (EECA) programme ceasing to provide grants to the wider community. Council is now offering a programme to ratepayers on a similar basis but this does not include an EECA grant.

Events management

The main challenges are to keep events relevant and interesting in times of changing population demographics, and to access external funding and sponsorships.

Community Safety

Safer Communities Marlborough has always operated in an environment of potential change due to its reliance on central government for the majority of its funding.

Bus services

Options to expand the existing bus services are being considered. If trials are successful, an expanded range of services could eventually become permanent.

Levels of Service 2018-28 - Community Support						
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations (excludes passenger transport).	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".					
	• Community Support.	6.8	6.8	6.8	6.8	6.8
	• Community Safety	7.3	7.3	7.3	7.3	7.3
	• Events Management.	7.0	7.0	7.0	7.0	7.0
Manage Council's community grants and third party providers to ensure service quality and value.	Contract and grant requirements met.	100%	100%	100%	100%	100%
Manage third party providers to ensure service quality and the value of community events.	Compliance with contract requirements.	100%	100%	100%	100%	100%
	Participation numbers match targets in contracts.	98%	98%	98%	98%	98%
Implement the Positive Ageing Accord.	Number of Older Persons Forums held annually. (minimum 10)	100%	100%	100%	100%	100%
	Frequency of Seniors Expo.	Biennial Seniors Expo	Biennial Seniors Expo	Biennial Seniors Expo	Biennial Seniors Expo	Biennial Seniors Expo
	% of actions in Positive Ageing Accord Plan completed each year.	88%	88%	88%	88%	88%

Levels of Service 2018-28 - Community Support						
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Implement Youth Initiatives Plan.	Number of Youth Forums held annually. (minimum 9)	100%	100%	100%	100%	100%
	% of actions in Youth Initiatives Plan completed each year.	97%	97%	97%	97%	97%
Build capacity of the Volunteer Sector through provision of training in partnership with key service providers.	Number of training courses provided per annum where attendance numbers meet targets.	3	3	3	3	3
Provide quality service that meets and exceeds the expectations of the funding ministries and thus providing quality service to the community.	% of compliance with Ministry of Justice contract conditions met.	100%	100%	100%	100%	100%
Provide a well-used and affordable bus service in Blenheim that is timely and responsive to community needs.	Increase levels of customer patronage by 3% per annum (total patronage for 2016-17 year was 22,691).	3%> previous year	3%> previous year	3%> previous year	3%> previous year	3%> previous year
	Resident satisfaction as measured by survey, where 10 = "service delivered extremely well".	6.5	6.6	6.7	6.8	7
	Improve infrastructure to support bus service by adding a minimum of three bus shelters per year (as funding allows).	3	3	3	3	3

Funding Impact Statement for LTP 2018-28											
Community Support	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,259	1,444	1,491	1,447	1,470	1,506	1,528	1,556	1,586	1,610	1,638
Targeted rates	250	325	400	450	400	380	360	350	325	325	325
Subsidies and grants for operating purposes	339	420	448	370	230	251	240	249	271	260	267
Fees and charges	17	30	32	18	19	20	20	21	21	22	22
Other receipts	163	161	161	148	147	142	136	135	138	133	135
Total operating funding	2,028	2,380	2,532	2,433	2,266	2,299	2,284	2,311	2,341	2,350	2,387
Applications of operating funding											
Payments to staff and suppliers	1,210	1,553	1,516	1,382	1,178	1,198	1,222	1,151	1,176	1,202	1,231
Internal charges and overheads applied	190	279	353	361	365	372	379	384	391	397	407
Finance costs	17	11	11	11	10	10	9	9	8	8	7
Other operating funding applications	1,005	738	635	612	612	637	614	615	640	617	618
Total applications of operating funding	2,422	2,581	2,515	2,366	2,165	2,217	2,224	2,159	2,215	2,224	2,263
Surplus (deficit) of operating funding	(394)	(201)	17	67	101	82	60	152	126	126	124
Sources of capital funding											
Increase (decrease) in debt	-	(7)	(7)	(7)	(8)	(8)	(9)	(9)	(10)	(10)	(11)
Subsidies and grants for capital expenditure	10	10	10	11	11	11	11	12	12	12	13
Total sources of capital funding	10	3	3	4	3	3	2	3	2	2	2
Applications of capital funding											
Capital expenditure to improve the level of service	-	20	20	21	21	22	22	23	23	24	25
Capital expenditure to replace existing assets	20	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(404)	(218)	-	50	83	63	40	132	105	104	101
Total applications of capital funding	(384)	(198)	20	71	104	85	62	155	128	128	126
Surplus (deficit) of capital funding	394	201	(17)	(67)	(101)	(82)	(60)	(152)	(126)	(126)	(124)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	2,422	2,581	2,515	2,366	2,165	2,217	2,224	2,159	2,215	2,224	2,263
plus - Depreciation and amortisation	4	11	12	12	12	12	13	13	13	14	13
Expenditure as per Statement of Financial Performance	2,426	2,592	2,527	2,378	2,177	2,229	2,237	2,172	2,228	2,238	2,276
Operating expenditure											
Grants and Donations	1,177	1,014	890	893	901	906	916	923	928	935	945
Safer Communities	143	267	272	278	154	157	160	164	168	172	175
Security	133										
Events Management	186	245	249	255	260	265	270	276	282	289	296
Energy Efficiency	306	308	308	308	206	207	207	105	105	105	105
Recreation	80	50	50	50	50	50	50	50	50	50	50
Passenger transport	401	550	594	426	435	469	455	471	507	495	508
Smart and Connected Communities	-	158	164	168	171	175	179	183	188	192	197
Capital expenditure:											
Passenger transport	20	20	20	21	21	22	22	23	23	24	25

Activity: Library Services

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by contributing to a smart and globally-connected community, and to the Community Outcomes of Governance, People, Economy and Living as outlined below.

Outcome	Actions
Governance	Assisting members of the community to participate in central and local government issues by providing free internet access to consultation documents/papers, physical displays and brochures.
	Providing access to the resources available through the Kōtui Library Management System .
People	Providing free library services to all Marlborough residents.
	Providing expert staff, a varied range of services and resources, (including access to national collections via the Interloan service), helping people to develop digital literacy skills and running pre-school and school holiday programmes.
	Providing access to the digital library resources. Providing the Housebound Library Service for residents who are unable to visit the libraries.
Economy	Providing internet access to all visitors to the libraries, which allows the overseas workforce to keep in touch with families.
Living	Providing a collection of self-help books (SMART) that are promoted by medical practitioners.
	Promoting topical local and national issues and campaigns through library displays.
	Providing access to the internet, a wide range of resources, including the Community Database, regular programmes (eg BookChat), and tutorials (eg; e-Book training, Stepping-Up computer courses).

What is this Activity About?

This activity provides the community with a professional library service. The purpose of the library is to help customers help themselves by encouraging a joy of reading and the pursuit of knowledge, through the provision of a wide range of current resources in various formats, as well as computers and educational programmes, in a safe and accessible environment. Library services are consistently one of the highest rated Council services in the annual Resident’s Satisfaction Survey.

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

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

The promotion of books, literature and literacy is the main focus of library services for children across the District. Programmes include the Summer and Winter Reading Programmes, along with Picton’s ‘Library on Wheels’ project which takes the library into the community by regularly visiting local schools and preschools.

As well as providing comprehensive book collections for informational and recreational use, assistance and support is available for those seeking information or needing help with computer hardware, smart phones and tablets, software (eg MS Office), electronic resources or the internet. Free internet and Wi-Fi access is provided to all library visitors through the Aotearoa People’s Network Kaharoa.

Asset Description

Marlborough District Library, Blenheim

The Marlborough District Library was opened in 1989. Since that time, library patronage and the number of items issued has increased, and new services have been introduced. The library now requires extra space that the current site cannot provide. The Council proposes to build a new library by 2022.

In the 2016–17 year 406,806 items were issued. The library’s central location has proven popular as a central meeting place for those visiting the CBD. As the collection has expanded and new services have been introduced to meet the changing needs of the community, free space has become increasingly scarce.

Activity Group: People

Picton Library and Service Centre Waitohi Whare Mātauranga (Picton’s House of Knowledge)

This new purpose-built 725m² facility opened in November 2017. The facility provides a variety of scaled spaces to suit the myriad uses of a modern community building. It includes community meeting and activity spaces, smaller meeting rooms, intimate study nooks, window seats, a children’s collection area, access to Council information and services, group or solo study spaces and desks, and associated staff facilities.

A western courtyard fronting Dublin Street is provided and is complemented by a green space/pocket park on the southern side with car parking, significant native plantings, decking and seating.

In the 2016–17 year 62,011 items were issued and 67,532 visitors were recorded.

Collections

The libraries’ collection consists of over 108,700 physical items with a current value estimated at \$3.59M, covering a wide range of general interest and popular fiction and non-fiction, pre-school and children’s titles, large print, local history and bicultural texts, along with non-book resources. The Collection Development Policy identifies how the collections will be maintained and developed to meet the needs of a growing and diverse population.

The comprehensive book collections are complemented by access to authoritative electronic databases, including national online catalogues and websites, national and international newspapers, and access to the internet.

The Marlborough District Libraries’ catalogue is also available online, providing 24/7 access to the libraries’ holdings. Non-book resources include sheet music, DVDs, talking books in various formats, magazines and jigsaw puzzles.

In addition, downloadable e-books and e-audio books are available to library members. This service is offered through two consortiums — OverDrive Digital Library and Bolinda BorrowBox. These companies allow library customers to download e-Books and e-Audio books. Titles include fiction and non-fiction items for adults, young adults and children. New titles are added regularly.

IT

The library management and searching system (catalogue) is part of a New Zealand-wide Public Library Consortium called Kōtui. At January 2018, 35 councils throughout the country were members of the consortium.

The Library Management System provides the day-to-day control of the collection. The online catalogue can be accessed 24/7 and allows members to self-manage the items they have out on loan and to reserve items they wish to borrow. Members with email addresses receive a reminder email three days prior to their items being overdue.

In late 2017 self-service kiosks were introduced at both facilities. This allows members to issue their own items. Freeing up staff from manually issuing items enables them to provide more valuable types of assistance to customers.

The Aotearoa People’s Network Kaharoa is a managed network that provides internet and Wi-Fi access to library members and visitors. It is provided by the National Library of New Zealand. The Library Management System, Kōtui, is supported through this same network.

Major Budgeted Capital Projects

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

Asset	Major Capital Projects	Inflated value (Millions)
Library	2018-23 New Blenheim library as part of the Blenheim Riverside Precinct project. The total project cost is estimated at \$14.6M.	\$14.6

Emerging Issues and Expected Changes

Library facilities

Council has previously recognised the inadequacies of the Picton and Blenheim library facilities. The new Library and Service Centre in Picton opened in November 2017.

Council is looking at options to update and expand the District Library to meet the needs of the users and the community. This project will be partially funded from the Forest Park Reserve and the sale of the old library and civic theatre buildings.

Revenue and Expenditure Changes

With the opening of the new purpose-built Library and Service Centre in Picton, the opportunity has been taken to reclassify the Picton activity into library services. This reclassification, together with new costs associated with the new building, results in an increase in the budget assigned to library services. Previously much of this budget was

classified as customer services. The customer service activity will continue to contribute toward a share of the costs of the Picton presence and that is reflected in the budget.

Levels of Service 2018-28: Library Services						
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
An overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6	7.6	7.6	7.6
A range of current resources supporting the tastes, interests and reading levels of users is provided	Average age of resources	8 years or less	8 years or less	8 years or less	8 years or less	8 years or less
	Frequency of items being taken out (turnover rate).	4 times per year	4 times per year	4 times per year	4 times per year	4 times per year
	Number of overdue items not returned 28 days after due date	130 items	<130 items	<130 items	<130 items	<130 items
A range of programmes or training opportunities that meet or exceed customers' expectations	Evaluate the satisfaction of courses and programmes offered by the libraries by survey, where 1=Unsatisfactory , 3= Good and 5 = Excellent	>4	>4	>4	>4	>4
Access to information electronically	Number of e-book and e-audio loaned	10,934	10% increase on baseline	10% increase on baseline	10% increase on baseline	10% increase on baseline

Funding Impact Statement for LTP 2018-28											
Library Services	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	2,011	2,304	2,365	2,428	2,504	2,574	2,538	2,585	2,644	2,720	2,800
Fees and charges	6	6	6	6	6	7	7	7	7	7	7
Other receipts including fines and infringement fees	293	296	295	285	287	281	267	266	273	268	273
Total operating funding	2,310	2,606	2,666	2,719	2,797	2,862	2,812	2,858	2,924	2,995	3,080
Applications of operating funding											
Payments to staff and suppliers	1,234	1,599	1,623	1,651	1,681	1,712	1,745	1,777	1,813	1,848	1,888
Finance costs	147	112	136	250	462	478	377	368	365	362	359
Internal charges and overheads applied	572	538	549	561	563	567	570	573	569	564	573
Total applications of operating funding	1,953	2,249	2,308	2,462	2,706	2,757	2,692	2,718	2,747	2,774	2,820
Surplus (deficit) of operating funding	357	357	358	257	91	105	120	140	177	221	260
Sources of capital funding											
Increase (decrease) in debt	(69)	440	432	3,665	3,990	(3,399)	(270)	(63)	(53)	(65)	(70)
Gross proceeds from sale of assets	-	-	-	-	-	3,062	-	-	-	-	-
Total sources of capital funding	(69)	440	432	3,665	3,990	(337)	(270)	(63)	(53)	(65)	(70)
Applications of capital funding											
Capital expenditure to meet additional demand	310	1,000	3,061	6,250	4,255	-	-	-	-	-	-
Capital expenditure to improve the level of service	24	25	27	28	30	33	34	36	38	41	42
Capital expenditure to replace existing assets	264	261	422	306	306	310	376	362	377	394	404
Increase (decrease) in reserves	(310)	(489)	(2,720)	(2,662)	(510)	(575)	(560)	(321)	(291)	(279)	(256)
Total applications of capital funding	288	797	790	3,922	4,081	(232)	(150)	77	124	156	190
Surplus (deficit) of capital funding	(357)	(357)	(358)	(257)	(91)	(105)	(120)	(140)	(177)	(221)	(260)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,953	2,249	2,308	2,462	2,706	2,757	2,692	2,718	2,747	2,774	2,820
plus - Depreciation and amortisation	357	470	494	489	461	521	523	528	550	576	598
Expenditure as per Statement of Financial Performance	2,310	2,719	2,802	2,951	3,167	3,278	3,215	3,246	3,297	3,350	3,418

Activity: Emergency Management

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by demonstrating care for the well-being of the community. It contributes to the Community Outcomes of Governance, Environment, People, Economy and Living as outlined below.

Column	Actions
Governance	Providing a governance role to ensure Civil Defence and Emergency Management (CDEM) operates effectively in Marlborough.
Environment	Advocating for the reduction of significant hazards as identified in the CDEM Plan risk profile.
People	Engaging with vulnerable sectors of the community to assist them with their preparedness planning. Encouraging communities to build their own community resilience by being prepared at home and work, supported by CDEM. Training volunteers and equipping them to establish Civil Defence Centres in their communities.
Economy	Engaging with business groups and non-governmental organisations to encourage the development of Business Continuity Plans. These are essential for their own economic survival and that of their employees during significant events.
Living	Providing an effective, coordinated response to emergencies in Marlborough so that the community retains confidence in the Council's ability to respond to emergencies. Fostering the coordination of members within the Welfare Coordination Group, Engineering Lifelines and the Readiness and Response Committee to ensure a holistic approach to emergency management in Marlborough.

What is this Activity About?

Council is a key member and the sole funding agency of the Marlborough Civil Defence Emergency Management (CDEM) Group, with responsibility for the administration and implementation of a CDEM Group Plan. The Assets & Services Committee has the governance role of ensuring civil defence and emergency management operates effectively in Marlborough.

Amongst other requirements, the CDEM Group Plan describes:

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

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

The vision and goals of the Marlborough CDEM Plan are outlined below.

Vision

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

Goals

- Goal 1. To coordinate efforts to reduce the risk posed by hazards that threaten the life, well-being, infrastructure, economic fabric and ecological systems that support the lifestyle of the area.
- Goal 2. To improve an awareness of the remaining risks faced by residents and visitors to the region in order to be better prepared for the risks of known hazards.

Activity Group: People

- Goal 3. To enhance the efficiency and effectiveness of all agencies and the community in their response to an emergency through integrated and coordinated effort.
- Goal 4. To improve the process of recovery after an event in order to return to normal life as quickly as possible with a minimum of loss and disruption.

Preparedness for Major Hazards and Events

- Marlborough CDEM is prepared and able to coordinate a response and recovery from a major event such as earthquake and flood. It should be noted that the Council is only one of the organisations that has emergency management responsibilities (others include the Nelson Marlborough District Health Board, Police, Fire & Emergency, Red Cross, St Johns and the Ministry of Primary Industries).
- Response is carried out for the Marlborough District Council by the Coordinating Executive Group (CEG) members who appoint a Controller and alternates to manage an event. Exercises are carried out regularly and the Group is actively involved in the Ministry of Civil Defence and Emergency Management 10 year training programme.
- An Engineering Lifeline Group has been established to ensure that lifelines (essential services such as power, water, telecommunications and transport networks) in Marlborough are resilient, and able to withstand a major event, and to ensure that lifelines which are damaged during an event are repaired as soon as possible. The Council employs a Lifelines Coordinator.
- Staff work with vulnerable sectors within the community such as the seniors, migrant workers, tourists, coastal residents and a disability action group to ensure they are prepared for emergency events, and that the organisations which care for them have business continuity plans.
- The Emergency Management Office receives numerous weather warnings from MetService throughout the year on a 24/7 basis, and staff respond to these appropriately.
- The Group's Civil Defence/Welfare Centres are well resourced. The training of volunteers is a high priority.
- A programme is underway to train Council staff to work in an incident control structure, with increased training to be provided for welfare and sector groups.
- Our Group supports the Ministry's national awareness campaign, and spends considerable resources each year encouraging residents to prepare for disaster.

Emerging Issues and Expected Changes

Changing roles

From 1 July 2017 Fire and Emergency NZ took over responsibility for all fire hazards in Marlborough and for issuing fire permits within the urban districts. This activity now focuses on emergency management only.

New communication tool

Cell Broadcast Alerting is a new tool for warning the public of impending emergencies. There is an onus on CDEM to use the tool in a timely and accurate manner and there is a public expectation that very tight deadlines will be met. As of early 2018, this tool has not yet been tested in a real event.

Changes to CDEM Groups

The 2017 Ministerial Review of CDEM titled "Better Responses to Natural Disasters and Other Emergencies" is likely to result in changes to CDEM Group structures and response capability. However future changes are likely to be introduced over a five year time period — as at January 2018 little is known of the likely outcomes of this review.

Alpine Fault Response Plan

The AF8 (Alpine Fault) Response Plan is currently in draft form and this will include responsibilities and expectations of the Marlborough CDEM Group in the event of the Alpine Fault rupturing. Local plans will need to be completed which will outline how Marlborough will support the more heavily impacted regions. Associated with this planning process is the review of the Wellington Earthquake National Initial Response Plan (WENIRP). Marlborough will be positioned to support Wellington when such an event occurs and will need to have plans and agreements in place to ensure this occurs.

Volunteers

Increasingly organisations which engage volunteers are expected to have similar procedures for managing health and safety as they do for employees. This requires the Council to provide training and protective equipment, and to arrange for Police vetting. The Response Team is well trained and practised. However the community volunteers who will open and manage the 16 Civil Defence Centres should receive more training, and this will require considerable investment over the next five years.

Levels of Service 2018-28: Emergency Management

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.2	8.2	8.2	8.2	8.2
Provide a planned, tested capability to respond to major Civil Defence and Emergency Events.	The CDEM Group Plan and Group Welfare Plan fully comply with the Ministry of Civil Defence Director's Guidelines.	comply	comply	comply	comply	comply
	The Coordinating Executive Group, the Readiness & Response Committee and Welfare Coordination Group each meet at least 3 times per year.	3x3 meetings	3x3 meetings	3x3 meetings	3x3 meetings	3x3 meetings
	Regional Incident Management Team train/exercise at least 10 times per year.	≥10	≥10	≥10	≥10	≥10
	Activate the Emergency Operations Centre (EOC) within 30 minutes of an event or post a national warning being received from MCDEM if an active response is required.	100%	100%	100%	100%	100%

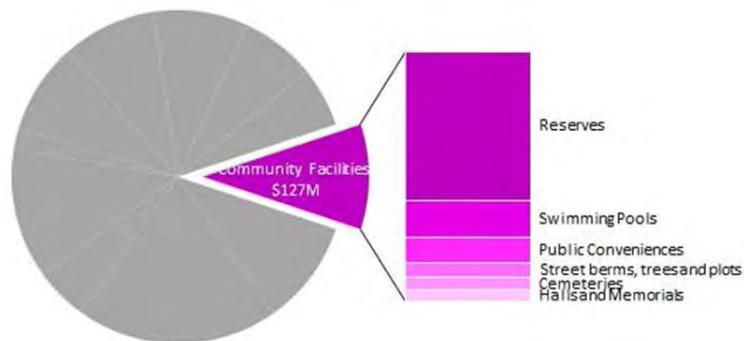
Funding Impact Statement for LTP 2018-28											
Emergency Management	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	845	522	531	538	545	554	568	579	589	601	613
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Other receipts	109	59	58	55	54	52	50	49	50	48	49
Total operating funding	954	581	589	593	599	606	618	628	639	649	662
Applications of operating funding											
Payments to staff and suppliers	451	403	410	410	419	426	436	446	456	467	478
Internal charges and overheads applied	276	144	147	151	152	154	156	157	157	158	161
Other operating funding applications	174	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	901	547	557	561	571	580	592	603	613	625	639
Surplus (deficit) of operating funding	53	34	32	32	28	26	26	25	26	24	23
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to replace existing assets	28	9	30	9	10	10	10	10	10	11	11
Increase (decrease) in reserves	25	25	2	23	18	16	16	15	16	13	12
Total applications of capital funding	53	34	32	32	28	26	26	25	26	24	23
Surplus (deficit) of capital funding	(53)	(34)	(32)	(32)	(28)	(26)	(26)	(25)	(26)	(24)	(23)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	901	547	557	561	571	580	592	603	613	625	639
plus - Depreciation and amortisation	53	34	31	32	28	26	26	25	26	24	23
Expenditure as per Statement of Financial Performance	954	581	588	593	599	606	618	628	639	649	662



Community Facilities

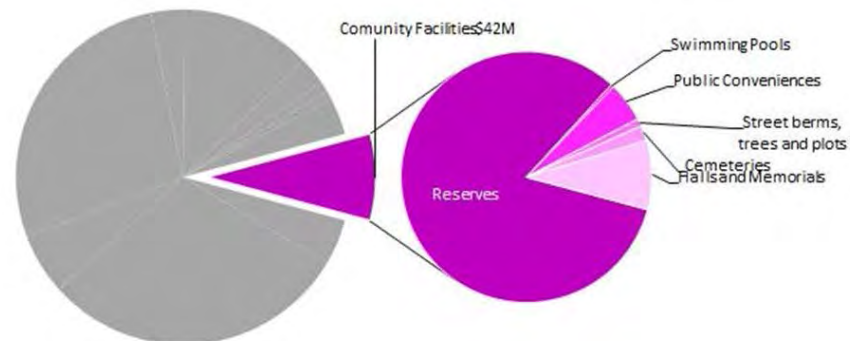
Operating Costs

The operating costs for the Community Facilities Activity Group represent \$127million of total Council expenditure.



Capital Projects

The capital expenditure for the Community Facilities Activity Group represents \$42 million of total Council expenditure over the next 10 years. Information about the major budgeted capital projects is included in this Activity section.



Rationale for the Delivery of the Community Facilities Activity Group

This Activity is a grouping of several types of community facilities that are mostly delivered within the Reserves and Amenities Department.

Changes to the Community Facilities Activity Group from the 2017–18 Annual Plan

There are no changes to this Activities Group.

Intended Changes to Levels of Service from the 2017–18 Annual Plan

The following table documents intended changes to the levels of service included in the 2017–18 Annual Plan, within this Group of Activities, and the reasons for those changes.

2017-18 Annual Plan	2018-28 LTP	Reason for change
Activity: Community Facilities		
Provide an overall level of service that meets or exceeds residents'	Community facilities are accessible and maintained to a high standard appropriate to the range and level of use, including:	Targets the components of community facilities that the residents' satisfaction

2017-18 Annual Plan	2018-28 LTP	Reason for change
Activity: Community Facilities		
expectations.	<ul style="list-style-type: none"> reserves, parks, gardens, civic and open spaces; cycling and walking tracks and paths; cemeteries and war memorials; swimming pools; sports parks; and public conveniences. 	survey covers.
Provision of high quality public gardens in key locations that provide opportunities for amenity horticultural displays, education and contemplative leisure experiences.	None	Included in new level of service above.
The protection of specific cultural heritage sites and opportunities to experience and learn about our history.	Provision of well-maintained cemeteries to provide accessible and appropriate sites for the interment needs of the community.	<p>Level of service has a focus on cemeteries, which was not evident previously, and is linked to cemetery master plans that will guide the management and development of cemeteries.</p> <p>Reference to war memorials now included in overall level of service across the Community Facilities activity as above.</p>
Recreation activities and built facilities, requiring a large scale non-urban environment.	A connected network of walking and cycling paths and tracks that is accessible and visible and caters for a range of abilities.	Existing level of service very high level with one detailed indicator. New level of service is similar to existing indicator and includes rural and urban environments.

2017-18 Annual Plan	2018-28 LTP	Reason for change
Activity: Community Facilities		
Provision of open space within business/retail areas, with a high level of amenity development and maintenance designed to attract and cater for periodic high levels of use.	None	Some indicators for this level of service were beyond the Council's control. Indicator for civic spaces now included in overall level of service across the Community Facilities activity as above.
<p>To provide and maintain sports field capacity to meet reasonable demand.</p> <p>Recreation facilities will be managed to meet the recreation needs of the community or sport code.</p>	<p>The Council's sports parks:</p> <ul style="list-style-type: none"> provide for a range of sporting and recreation activities; and are well maintained, available and accessible and safe to use. 	Levels of service are similar but different indicators and measures are included to provide more effective monitoring.
-	Use and development of reserves is carried out in accordance with Reserve Management Plans (rmpls).	Reflects statutory requirements that reserves should be managed in accordance with rmpls.
-	Street trees provide an attractive streetscape and are well maintained.	Levels of service have been included as the Council has nearly 6500 street trees managed under contract.
-	Playgrounds are varied and stimulating and are safe and well maintained.	Playgrounds have a high profile within the community at neighbourhood parks and destination parks and it is appropriate there is a level of service reflecting this.
-	The Council's public conveniences are well designed, accessible, clean and safe to use.	It is appropriate there are some levels of service for public toilets as they have a high profile within the community.

Activity Group: Community Facilities

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

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

Significant Negative Effects Associated with this Group of Activities

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

Activity: Community Facilities

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by enhancing the quality of the environment through the establishment and maintenance of reserves, parks, cemeteries, public toilets, halls, trees etc. These assets promote quality lifestyles and the desirability of Marlborough as a place to live and visit. It contributes to the Community Outcomes of Governance, Environment, People, Living and Connectivity as outlined below.

Outcome	Major contribution
Cemeteries	
Living	<p>Providing a respectful and comforting environment for people to remember those they have lost.</p> <p>Investing in facilities which enhance the social well-being and health and safety of Marlborough's communities.</p> <p>Contributing to the open space network.</p>
Memorials	
Living	Recognising Marlborough's rich cultural and historic heritage.
Trees and Garden Plots	
Environment	Helping to maintain indigenous biodiversity and air quality, as well as reducing the volume of stormwater run-off and improving the quality of stormwater discharges.
Living	<p>Contributing to the well-being of the community by enhancing the character and amenity of our urban environments.</p> <p>Protecting Marlborough's historic heritage.</p>
Halls	
Governance	Enabling local governance to take place in communities across Marlborough.
People	Providing meeting places for community organisations.
Living	Enhancing the social well-being of the community.
Public Toilets	
Environment	Supporting the tourism industry and avoiding adverse effects on the environment.
Living	Providing for the social well-being, health and safety of Marlborough's communities.

Outcome	Major contribution
Reserves, recreation facilities, sports parks and open spaces	
Governance	Enabling events to take place on reserves and sports parks.
Environment	Managing our open space resources in a sustainable manner and protecting and enhancing assets, such as the biodiversity present in our reserves, for future generations.
People	Providing sporting facilities, stadia, swimming pools and reserves which enhance quality of life for Marlborough's communities.
Economy	Holding events at aquatic facilities, sporting stadia and sport parks contributes to Marlborough's economy.
Connectivity	Establishing and maintaining a network of cycleways and walking paths and tracks provides recreation and access opportunities for our communities and visitors.
Living	Providing opportunities for recreation, relaxation and physical activity to meet community needs and improve well-being.

What is this Activity About?

The Council provides and maintains open spaces and built facilities to meet a range of community needs. Community facilities include the following assets.

Reserves, parks, accessways, amenity areas and playgrounds

The Council owns and maintains a wide range of neighbourhood parks, public gardens, natural parks, outdoor adventure parks, civic spaces and recreational and ecological linkages as part of its overall reserves network. Street trees, berms and garden plots also contribute to the network.

Neighbourhood parks

Neighbourhood parks provide an open grass area suitable for small scale ball play and children's play equipment, seating, amenity lighting, paths and attractive amenity planting. These parks generally provide an attractive, welcoming ambiance to the immediate local community, within a 10 minute walking distance or 500 metre radius of urban residential properties. Some sites may contain buildings used for local community and recreation functions. There are 91 of these parks across Marlborough.

Premier gardens

The primary focus for premier gardens is to create a place of beauty and tranquillity through high quality horticultural design and maintenance, and other features as appropriate to the park's character. The three premier gardens in Marlborough are Pollard Park, Seymour Square and the Picton Foreshore. Each of these areas has multiple values and attributes, and they are all maintained to very high standards.

Activity Group: Community Facilities

Major upgrades to the playgrounds at Pollard Park and Picton Foreshore are planned, as is a refresh of the entrance to Pollard Park. All of these upgrades are in response to increased use of these premier gardens.

Civic spaces

Marlborough's civic spaces include Market Place, Liz Davidson Place, Bythell Place, the Stadium Pocket Park. The Quays in Blenheim and London Quay in Picton. Bythell Place has undergone an upgrade and The Quays has recently been opened and will require a maintenance budget.

The Council also maintains and manages approximately 6500 street trees, street gardens and road berms throughout the district. There is a planting plan to establish 100 new trees per year for the first two years of the Long Term Plan, increasing in number in subsequent years. There are also increased maintenance requirements to manage these trees to ensure the safety of life and property, and to avoid conflicts with infrastructure. This Activity also includes monitoring of overhanging growth from private property encroaching on public footpaths.

Natural parks

Marlborough's natural parks provide opportunities for people to experience nature. Development in these areas is generally limited to low impact activities. There are eight reserves within this category, ranging from coastal reserves where camping is permitted (eg Ohingaroa and Double Bay) to the Koromiko Forest Reserve, which is primarily managed for its ecological significance but where public access is also provided.

Outdoor adventure parks and other paths and accessways

The Wither Hills Farm Park, as the backdrop to Blenheim, and Victoria Domain in Picton are regarded as Marlborough's outdoor adventure parks. Both provide extensive walking, running and biking opportunities. Soil conservation is also an important function of the Wither Hills Farm Park, and the park is operated as a working farm.

Increasing numbers of people are using the walking and cycling tracks, with new tracks in both of these parks being created and existing ones upgraded. Reserve management plans for each park are being reviewed in the first two years of the Long Term Plan, with the opportunity for widespread community involvement in this process.

The Council has allocated funding for the Link Pathway project between Picton and Havelock, and many sections of this track have now been completed. The Council also maintains pathways and accessways around urban areas to enable easy access between areas of town, and for recreational purposes. A high level of access is available alongside the Taylor River in Blenheim.

Sports Parks and Community Facilities

Throughout Marlborough the Council provides and maintains sports parks for year-round use by residents and visitors, providing opportunities for the community to take part in team or individual sporting pursuits of a formal or informal nature. A wide range of sporting codes are catered for, while some parks also have a range of facilities serving a local neighbourhood and community function, creating multi-function parks.

As a result of the Council's Outdoor Sports Facility Plan, design works for a 'sportshub' facility for all codes using Lansdowne Park is underway and is to be completed later in 2018. Construction is scheduled to occur from 2018–20.

Several of the Council's facilities have been affected by ongoing earthquake activity and the subsequent requirements to strengthen buildings. The Council has decided not to strengthen the existing grandstand at A & P Park. Instead, a new pavilion and grandstand at the park have been budgeted for in the 2019–20 financial year. Earthquake repairs to the grandstand at Athletic Park have been completed. The Awatere Community Hall redevelopment is in the design phase, with budget allocated for this from 2017–19. Council has also agreed to an acceleration of the provision of a youth centre from 2023/24 at a saving of approximately \$1.8 million from the \$2.2 million originally budgeted.

Public Conveniences

The Council provides and maintains public conveniences throughout Marlborough to meet community and visitor needs. Currently there are 70 facilities located throughout the district, including in:

- the central business district and smaller town centres
- urban areas subject to high use by the community
- rural or remote areas servicing reserves and walking tracks.

New toilets were constructed in Picton in the last financial year in response to increased visitor numbers. Upgrades are planned for many of the other toilets in the district over the first four years of the Long Term Plan to respond to increased visitor numbers. This includes new toilets at Rai Valley and at Torea Bay in Queen Charlotte Sound.

Cemeteries and Memorials

Cemeteries support our sense of community and are places of contemplation, and of respect for our history and the stories of our people. They provide a place where family and friends can care for and mourn the loss of loved ones in a way that is consistent with their culture and beliefs. Cemeteries also contribute to the open space network by providing areas of open space and amenity.

Activity Group: Community Facilities

The Council currently administers eight operating cemeteries. Master plans are being developed for each of the operating cemeteries which will guide future development and require budgets for future works.

The Council maintains 22 memorials across the district that recognise the efforts of service men and women, as well as local and nationally significant events and people. Earthquake strengthening and restoration works of the Ward and Seddon memorials have occurred as a result of the Kaikoura 2016 earthquake.

Provision and Maintenance

Maintenance is important to ensure these facilities remain at a high standard. This includes litter removal, grass cutting and pruning of shrubs, trees and hedges. It also includes the cleaning and upgrading of park furniture, playground equipment, walkways/pathways, car parks, turfs, sports fields and public conveniences. A high standard of maintenance contributes to the safety of these facilities and this is managed by staff through a range of contracts.

The provision of reserves and facilities is managed through strategies, plans and policies. Reserve management plans are required under the Reserves Act 1977 to guide the management of reserve land. Other policy is developed to guide day to day management of reserves, especially where this affects issues across all reserves.

The Reserves and Amenities Asset Management Plan provides information on the assets, associated levels of service and financial data for the Community Facilities Activity (excluding the Stadium 2000 swimming pool). All funding is allocated through the Annual Plan.

Future Direction

Some Council wide strategies and plans influence the provision of community facilities, including the Marlborough Urban Growth Strategy “Growing Marlborough”, the Marlborough Smart and Connected economic development strategy, Small Township programmes and resource management plans.

The specific plans and strategies which directly impact on the activities of the Community Facilities activity are outlined below.

Reserve management plans: These plans must be prepared for all reserve land with a Reserves Act classification. Many of the Council’s reserve management plans are programmed for review during the life of the Long Term Plan, as indicated in the Levels of Service for this Activity.

Outdoor Sports Facilities Plan: The plan sets out how public space and the development of associated assets are to be distributed for use by Marlborough’s sports and recreation community. The plan identifies key issues and opportunities, and was

developed with various sporting codes. A number of the opportunities in the plan have now been realised, including the expansion of Lansdowne Park to enable softball to have a dedicated home, the relocation of netball to Lansdowne Park and the development of an equestrian park at Botham’s Bend.

Open Space Strategy: This strategy provides the rationale for the Council’s investments in open spaces, and the approach it intends to take in delivering community benefits.

By investing in long term plans and processes the Council is able to provide infrastructure and services that provide for Marlborough now and in the future, taking into account residents’ expectations over the long term.

A collaborative approach to shared facilities and resources can also produce widespread benefits with low costs. It also allows Council to maintain positive relationships with the Department of Conservation, Ministry of Education, sports codes and local communities.

Asset Description

The Reserves section manages several types of reserves which are outlined below.

Reserve Type	Number	Land (hectares)
Sport and recreation	23	124.69
Neighbourhood	91	76.48
Public gardens (eg Seymour Square, Pollard Park)	4	47.36
Nature (eg Koromiko Forest, Blairich and Ohingaroa reserves)	9	26.11
Cultural/heritage (cemeteries and memorials)	27	46.90
Outdoor adventure (eg Wither Hills Farm Park and Victoria Domain)	7	360.78
Civic places (eg London Quay, Liz Davison Park and Bythell Place)	6	4.16
Recreation and ecological linkages (cycling and walking paths and tracks, and accessways)	105	480.58
Other reserves (road reserves and berms)	103	10.70
Total	375	1,177.76

Activity Group: Community Facilities

A variety of assets are located within each of the reserves, depending on the type of reserve. These assets include:

- public toilets, buildings, pool
- trees, garden areas, grassed areas, established vegetation, irrigation
- park fixtures, bridges/boardwalks, bbqs, barriers, edgings, fences, gates, walls
- car parks, roads/driveways
- memorials
- play equipment, play areas, fitness stations, skatepark/BMX, sports fields, goal posts
- picnic tables, platforms, rubbish bins, seats, signs, lighting
- walkways/tracks and paths.

Major Budgeted Capital Projects

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

Sub-Activity	Major Capital Projects	Inflated value (Millions)
Cemeteries	2018-20 Restoration of Picton historic cemetery and ashes retaining wall.	\$0.2
Public Toilets	2020-21 Seymour Square redevelopment.	\$0.4
	2019-20 Awatere Pavilion Hall upgrade	\$0.1
	2021-22 Renewals of public conveniences in Picton High Street.	\$0.3
	2018-19 Seymour Street Countdown public conveniences renewal.	\$0.1
	2018-19 Redwood town Community Hall Renewal	\$0.1
	2018-19 Horton Park Renewal	\$0.1
	2019-20 Havelock township redevelopment with increased capacity	\$0.4

Memorials	2019-20 Renwick memorials land purchase	\$0.1
Halls	2018-19 New Blenheim Youth Centre	\$0.4
	2018-19 Linkwater Hall supper room	\$0.4
	2018-19 Awatere Hall replacement	\$2.8
Reserves	2019-20 Cricket nets and wickets for Horton Park.	\$0.4
	2020-22 Endeavour Park Gravel banding renewal	\$0.2
	2019-20 A&P Park new grandstand and administration complex.	\$1.5
	2018-24 redevelopment of Lansdowne Park into a multisport facility, including No.1 sand ground artificial turf field and sports house construction,	\$7.9
	2019-20 Seymour Square perimeter wall upgrade.	\$0.1
	2018-28 New and improved reserves across Marlborough, subject to land sub-division reserve contributions.	\$22.8
Swimming Pools	2020-21 Seddon Swimming pool plant room filters replacement	\$0.1

Emerging Issues and Expected Changes

Building Work

Ongoing work is being carried out on community facilities that require seismic strengthening or demolition as a consequence of earthquake activity or to meet national building codes. Work has progressed on strengthening Stadium 2000 while strengthening work on Athletic Park Grandstand has been completed. Funding will be required for demolition of the A & P Park Grandstand given the Council's decision in March 2018 to demolish it. A replacement pavilion building and grandstand at A & P Park has been budgeted for in 2019–20. Funding for strengthening and redevelopment of the Awatere Community Hall has been budgeted for in 2017–19.

Accommodation Proposals

A continued increase in proposals to develop vineyard accommodation requires careful consideration of their impact on Council facilities.

Tree Management

A more robust data capture and monitoring system for trees across all parks and open spaces is being adopted. This will result in a more strategic and defined approach to tree management, along with the development of a tree policy to guide planning and decision making, planting, maintenance, and removal of trees.

Cemeteries

Master plans are nearly complete and they will guide future development, management and operational requirements across all of the cemeteries. The plans have an implementation programme, with prioritised projects to be reflected in budget allocations.

Marlborough, like other areas around the country, is seeing an increase in cremations compared to burials. Consequently there is a need to consider the most appropriate options for ashes interments at each of the cemeteries.

A district wide master plan is to be prepared for memorials. Similar to the cemetery master plans, this will guide future development, management and operational requirements relating to memorials.

Public Toilets

A major upgrade, and in some cases replacement, of public toilets around Marlborough is planned. This includes siting a new toilet at Torea Bay for those accessing the public jetty or the Queen Charlotte Walkway, and upgrades at Anakiwa, Okiwi Bay, Seymour Square, Lake Elterwater, Havelock, Rai Valley and Collins Memorial. There is a need to update existing assets and to cater for increased visitor numbers in some locations. Assistance is being sought through the Government's Tourism Infrastructure Fund, but if this is not forthcoming some of the planned work may need to be deferred to later years.

Freedom Camping

Freedom camping numbers continue to grow significantly in Marlborough, given the presence of the inter-island ferry terminals and our location along State Highway 1. Central government is now looking at the impacts of freedom camping on local communities and we are continuing to closely monitor this activity to determine whether a change in approach is needed.

Climate Change

Weather events which are combined with king tides and storm surges have the potential to damage coastal reserves and Council infrastructure. The implications of these events will need to be considered, along with the impacts of anticipated sea level

rise. There may be costs associated with managing these impacts, and issues to resolve regarding how the public expects the Council to respond to these events.

Walking and Cycling

There is an increasing demand for paths and tracks for walking and cycling. The Walking and Cycling Strategy for Marlborough outlines areas where cycling and walking are to be enhanced and/or new connections made to the network. This is positive in terms of people's health and social well-being, but we also need to consider the ongoing costs to develop and to maintain these facilities.

New Reserves

New reserves have been obtained by the Council as a result of subdivision development. These include reserves at Westwood and Omaka Landings. Mark Smith Reserve will also become a Reserves asset as a consequence of the Boulevard Park on Taylor subdivision development. There will be budgetary implications for these new neighbourhood parks related to the maintenance and provision of playground equipment.

Small Townships Programme

There will be budgetary implications for new projects identified through the Small Townships Programme. These projects also have an impact on maintenance costs and increased levels of service. Examples include the landscaping of the Wairau Valley township car park and the planter boxes in Renwick town centre. With a growing number of projects identified over the next 10 year period, there will need to be some funding provided to ensure they are maintained at a level which meets community expectations.

Lansdowne Park Redevelopment

Lansdowne Park redevelopment has continued with the completion of shifts of softball and netball to the park and also the completion of the new beach volleyball area. The development of a "Sportville" facility at Lansdowne will provide for all the potential sport codes that make use of the park. There is an opportunity to further develop the facility to provide for some commercial operations which will help to subsidise the operating expenses. Concept design options and costings are being developed within the 2018/19 year. It is expected the Sportville facility will cost \$5M.

Outdoor Sports Facilities Plan

The redevelopment of Lansdowne Park has come about as a consequence of opportunities set out in the Council's Outdoor Sports Facilities Plan. This plan was prepared in 2010, and has achieved a number of other outcomes for sporting facilities in Marlborough. It is important that this plan stays current, so it will be reviewed in 2020–21. This timing will enable consideration of the sporting facilities to be provided

Activity Group: Community Facilities

as part of the co-located colleges. Additionally, the Council will be undertaking a targeted survey of sport groups to determine whether existing facilities are sufficient. This in turn may create a need for enhanced facilities later in the life of the Long Term Plan, including codes not currently located at Lansdowne Park.

Levels of Service 2018-28: Community Facilities

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Community facilities are accessible and maintained to a high standard appropriate to the range and level of use, including: <ul style="list-style-type: none"> • reserves, parks, gardens, civic and open spaces • cycling and walking tracks and paths • cemeteries and war memorials • swimming pools • sports parks • public toilets. 	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	≥7.8	≥7.8	≥7.8	≥7.8	≥7.8
Neighbourhood parks in urban area within walking distance of home, providing play opportunities for all ages, open space and amenity values.	The proportion of residentially zoned houses in urban areas within 500m walking distance of neighbourhood parks.	≥98%	≥98%	≥98%	≥98%	≥98%
Use and development of reserves is carried out in accordance with Reserve Management Plans (RMPs)	Reserve management plans are in place for Council reserves and reviewed or prepared as necessary.	New measure	Review Victoria Domain RMP	Review of Wither Hills Farm Park and Picton Foreshore RMP's	Complete new sports parks and new neighbourhood parks RMP's	Review existing urban RMPs
A connected network of walking and cycling paths and tracks that is accessible and visible and caters for a range of abilities.	An enhanced and/or extended walking and cycling paths and tracks network.	New measure	Enhancements made to existing network and/or new additions to network	Enhancements made to existing network and/or new additions to network	Enhancements made to existing network and/or new additions to network	Enhancements made to existing network and/or new additions to network
Street trees provide an attractive streetscape and are well maintained.	Appropriately planted street trees on new urban roads and renewal of street trees on existing roads.	New measure	100%	100%	100%	100%
	Number of street trees planted per year.	New measure	100	100	120	120
	Condition assessment of each street tree undertaken once every two years (or sooner if necessary).	New measure	100%	100%	100%	100%
Playgrounds are varied and stimulating and are	New playgrounds and renewals have incorporated shade (including natural	New measure	75%	85%	95%	100%

Levels of Service 2018-28: Community Facilities

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
safe and well maintained.	shading) into the design.					
	Playground audits are undertaken and recommendations implemented.	New measure	100%	100%	100%	100%
Cemeteries Provision of well-maintained cemeteries to provide accessible and appropriate sites for the interment needs of the community.	Cemeteries managed and developed in accordance with cemetery master plans.	New measure	Finalisation of master plans: Fairhall, Omaka, Havelock, Ward Tuamarina, Picton, Awatere, and Rai Valley	Implementation of short term priorities from cemetery master plans.	Implementation of short term priorities from cemetery master plans.	Implementation of short term and medium term priorities from cemetery master plans.
	Number of burial and ashes plots.	650	650	650	650	650
Sports parks The Council's sports parks: <ul style="list-style-type: none"> provide for a range of sporting and recreation activities; and are well maintained, available and accessible and safe to use. 	Sports park user survey to determine satisfaction with maintenance, availability, accessibility and safety.	New measure	N/A	≥85% satisfaction	N/A	≥85% satisfaction every 3 rd year from 2019-20
	Review the Council's Outdoor Sports Facilities Plan.	New measure	N/A	N/A	Review complete	N/A
	Develop the Council's Indoor Sports Facilities Plan	New measure	N/A	Review scope	Begin development of plan	N/A
Public Toilets The Council's public toilets are well designed, accessible, clean and safe to use.	Initial response to requests for service actioned within allotted time.	New measure	100%	100%	100%	100%

Funding Impact Statement for LTP 2018-28											
Community Facilities											
	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	8,498	9,293	9,777	10,149	10,513	10,778	11,256	11,842	12,069	12,377	12,800
Subsidies and grants for operating purposes	10	11	11	11	11	11	12	12	12	13	13
Fees and charges	143	142	145	148	151	154	158	161	165	169	174
Other receipts	735	971	744	702	705	666	630	631	645	605	615
Total operating funding	9,386	10,417	10,677	11,010	11,380	11,609	12,056	12,646	12,891	13,164	13,602
Applications of operating funding											
Payments to staff and suppliers	5,937	6,284	6,474	6,583	6,821	6,903	7,097	7,400	7,438	7,573	7,817
Finance costs	803	859	969	1,038	1,053	1,068	1,146	1,237	1,264	1,265	1,266
Internal charges and overheads applied	1,719	2,038	2,065	2,115	2,148	2,186	2,226	2,265	2,297	2,331	2,388
Other operating funding applications	162	179	699	579	579	579	79	79	79	79	79
Total applications of operating funding	8,621	9,360	10,207	10,315	10,601	10,736	10,548	10,981	11,078	11,248	11,550
Surplus (deficit) of operating funding	765	1,057	470	695	779	873	1,508	1,665	1,813	1,916	2,052
Sources of capital funding											
Development and financial contributions	1,204	1,240	1,278	1,316	1,355	1,396	1,438	1,481	1,526	1,571	1,618
Increase (decrease) in debt	1,436	2,012	1,863	495	(5)	544	2,292	981	(29)	28	(66)
Total sources of capital funding	2,640	3,252	3,141	1,811	1,350	1,940	3,730	2,462	1,497	1,599	1,552
Applications of capital funding											
Capital expenditure to meet additional demand	897	978	1,397	1,488	1,478	1,635	2,355	1,992	2,051	2,090	2,145
Capital expenditure to improve the level of service	2,012	1,930	4,693	1,138	1,013	1,089	2,381	1,640	921	947	967
Capital expenditure to replace existing assets	1,450	3,590	450	833	701	280	465	462	140	161	163
Increase (decrease) in reserves	(954)	(2,189)	(2,929)	(953)	(1,063)	(191)	37	33	198	317	329
Total applications of capital funding	3,405	4,309	3,611	2,506	2,129	2,813	5,238	4,127	3,310	3,515	3,604
Surplus (deficit) of capital funding	(765)	(1,057)	(470)	(695)	(779)	(873)	(1,508)	(1,665)	(1,813)	(1,916)	(2,052)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	8,621	9,360	10,207	10,315	10,601	10,736	10,548	10,981	11,078	11,248	11,550
plus - Depreciation and amortisation	1,211	1,808	1,898	1,961	1,988	2,027	2,091	2,156	2,227	2,255	2,319
Expenditure as per Statement of Financial Performance	9,832	11,168	12,105	12,276	12,589	12,763	12,639	13,137	13,305	13,503	13,869

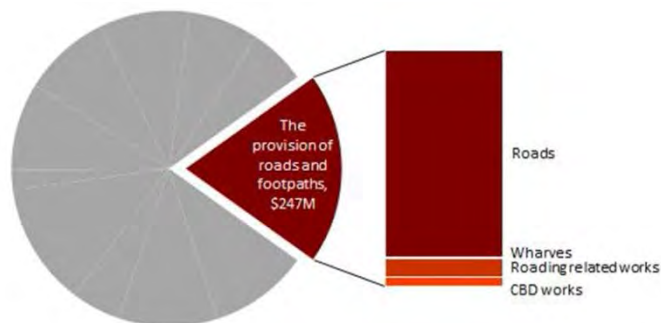
Funding Impact Statement for LTP 2018-28											
Community Facilities											
	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Operating expenditure											
Cemeteries	476	553	572	586	595	606	616	626	637	647	662
Memorials	95	125	128	131	133	137	141	145	152	127	131
Street berms, trees and plots	571	629	645	660	675	700	706	911	741	759	779
Halls	349	426	478	484	490	487	493	499	505	511	517
Public Conveniences	987	1,143	1,190	1,231	1,269	1,293	1,309	1,325	1,342	1,360	1,382
Reserves	5,590	6,520	7,297	7,360	7,575	7,661	7,466	7,692	7,956	8,092	8,352
Swimming Pools	1,764	1,772	1,795	1,824	1,852	1,879	1,908	1,939	1,972	2,007	2,046
Capital expenditure:											
Cemeteries	225	218	145	57	50	67	47	48	64	50	64
Memorials	78	58	131	8	9	17	9	9	9	27	10
Street berms, trees and plots	40	34	39	40	40	41	42	43	44	45	46
Halls	1,020	3,199	20	21	21	22	22	23	23	24	24
Public Conveniences	275	530	448	469	332	54	70	44	62	60	62
Reserves	1,561	2,409	5,757	2,760	2,740	2,803	5,011	3,927	2,910	2,992	3,069
Swimming Pools	1,160	50	-	104	-	-	-	-	-	-	-



Roads and Footpaths

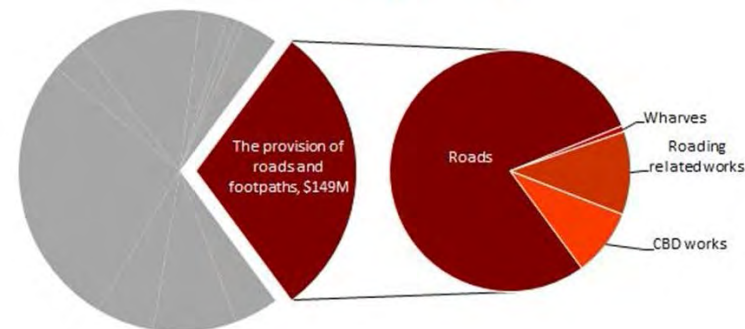
Operating Costs

The operating costs for the Roads and Footpaths Activity Group represents \$247 million of total Council expenditure.



Capital Projects

The capital expenditure for the Roads and Footpaths Activity Group represents \$149 million of total Council expenditure over the next 10 years. Information about the major budgeted capital projects is included in this Activity section.



Rationale for Delivery of Roads and Footpaths

It is mandatory that the provision of roads and footpaths is an Activity Group.

Changes to the Roads and Footpaths Activity Group from the 2017-18 Annual Plan

There are no changes to this Activity Group.

Intended Changes to Levels of Service from the 2017-18 Annual Plan

There are no intended changes to the levels of service included in the 2017–18 Annual Plan within this Activity Group.

Significant Negative Effects Associated with this Group of Activities

This Activity Group has the potential for environmental impact and involves the operation of noisy machinery, earthmoving or construction works, which may impact on the environment and can cause temporary disruptions to daily life. Resource consents are sometimes required for these activities, with appropriate conditions. Vehicle emissions are another potential negative effect associated with this Activity Group.

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by enabling global, national and local connectivity to support our economy and lifestyles. This Activity also contributes to the Community Outcomes of Environment, Economy, People, Connectivity and Living as outlined below.

Outcome	Actions
Roads	
Economy Connectivity Living	Providing the roads and the structures, components and services which support them. These are essential transport links which have both economic and social benefits.
Cycle facilities and footpaths	
Environment Connectivity Living	Providing healthy and sustainable alternative transport modes. Providing access and mobility for non-drivers.
Paved cobbled areas, street furniture	
People Living	Providing attractive public areas that enable people to mingle, enjoy the environment and participate in commercial or other town activities.
Street lighting	
Connectivity Living	Providing street lights which enable safer use of roads, footpaths, public facilities.
Wharves	
People Economy Connectivity Living	Providing wharves and jetties to create important transport links to isolated areas, with consequent social and economic benefits. They also provide recreational boating opportunities

What is this Activity About?

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

As the owner of the local roading network, the Council provides and maintains roads to a standard that achieves an acceptable balance between user levels of service and costs. In addition, Council is responsible for all roading-related assets — footpaths, kerb and channelling, street lighting and car parks. Some wharves are also owned and

maintained by Council. Recently there has been an increased emphasis on alternative modes such as walking and cycling, particularly the provision of high quality pedestrian facilities for an ageing population.

Separate roles

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

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

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

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

The road system

Council has 242 km of footpaths, 917 km of sealed road, 630 km of unsealed roads and 367 bridges. The network is absolutely essential to enable freight and passenger travel over land and across waterways within Marlborough.

Meeting standards

The key tool for management of the network is the Road Infrastructure Activity Management Plan (AMP) which determines levels of service to be provided for the next 10 years. Detailed programmes are included in the Transport Agency's three year programme for which Council receives Funding Assistance. Funding Assistance has been set at 51% from 2016–17.

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

The Transport Agency has introduced the One Network Road Classification (ONRC) system. This ONRC system classifies all roads across the country. Roads of a similar form and function have the same classification and should have consistent levels of service across the nation. Councils are required to implement the ONRC by 1 July 2018 and Marlborough is on track to meet this requirement.

Activity Group: Roads and Footpaths

Road safety

Marlborough Roads reviews road crashes in the Marlborough District on an ongoing basis, and annually prioritises the budgets available to improve safety where the road infrastructure is considered to be causing the most serious accidents. Reports are considered at the quarterly Road Safety Action Plan meetings which focus on developing strategies with the Police, ACC and road safety coordinators to address safety issues. Safety reports are also presented quarterly to the Regional Land Transport Committee, which reviews the latest data on local road and state highway safety performance.

Nationally there has been an upward trend in road fatalities in recent years and this is reflected in the Marlborough statistics showing an upward trend of serious and fatal casualties on local roads from 8 in 2014–15 to 13 in 2016–17.

Roads are maintained through good quality pavements that are free of large potholes, edge breaks and other defects which may compromise safety. Management of icy road conditions has been a winter focus, with no crashes causing injury reported in the last year.

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

Road Quality

Council maintains the quality of its roads by monitoring trends in pavement condition, the age of surfacings, and undertaking structural inspections and repairs. Marlborough Roads schedules a renewals programme which ensures roads are renewed before maintenance costs become excessive. The proposed standards and forward programme of work are reviewed by the Transport Agency. The Transport Agency undertakes technical and procedural audits on a three yearly cycle.

Marlborough Roads also monitors unsealed roads. They are challenging to manage because they can deteriorate rapidly and are influenced by climatic and traffic variables. Marlborough Roads now has the capability to measure roughness to assist with determining the need for intervention treatments such as grading and roughness management.

Marlborough's road pavement indicators compare favourably with peer agencies and the Transport Agency's requirements.

The draft 2018–21 Government Policy Statement (GPS) signals a continuation of the funding levels advised in the 2015–18 GPS. Council's budgets align with the draft GPS funding signals.

The Council's Network Outcomes Contract with Marlborough Roads continues to deliver optimal costs and ongoing savings. This has enabled all maintenance and renewals to be delivered within the budgets set by the Transport Agency.

Funding levels have been set to ensure that levels of service over time will meet ONRC requirements and the AMP has been updated to reflect these funding requirements. Renewal programmes are only undertaken where they are economically justified.

Footpaths and Street Parking

A formal monitoring system is now established to assess footpath condition in urban areas. A full footpath rating is undertaken on a three yearly basis.

Council provides parking on urban streets where it is practicable and safe to do so. Kerbside parking is either metered or time restricted in high use areas to ensure a good turnover of usage, to encourage a vibrant retail environment. Off-street parking is managed by Marlborough Roads (via a sub-contractor).

Growing Marlborough Strategy

The Growing Marlborough Strategy identified a number of options for upgrading the amenities of smaller towns and to keep them attractive and liveable. A strongly consultative approach was taken which resulted in a programme of future urban amenity improvements. A budget of \$5.5M has been allocated to carry out these improvements in consultation with these small communities.

(Funding for the upgrade of Blenheim's CBD has been provided for five years beginning in 2019–20. This includes works relating to the area proposed for the library redevelopment.)

Asset Description

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

Asset	Length / Quantity
Road Length	1,547 km (917 km sealed, 630 km unsealed)
Bridges	363
Jetties	13
Urban Footpaths	242 km (146 km concrete, 75 km asphalt, 9 km sealed, 12 km other materials)

The total asset value for the Roads and Footpaths Activity as at 30 June 2017 was \$675.2M.

Major Budgeted Capital Projects

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

Sub-Activity	Major Capital Projects	Inflated value (Millions)
General roading	2018-28 Northwest Blenheim extension zone development	\$6.0
	2018-28 Renewal of existing infrastructure (e.g. drainage, resealing, rehabilitation, seal widening, metalling etc).	\$76
	2018-19 Kenepuru Road sealed pavement.	\$0.8
	2018-28 Minor safety improvements	\$24.2
Bridges	2025-27 Taylor River Bridge on High St renewals.	\$3.6
Signs, footpaths, cycle facilities, kerb and channel	2018-28 Wairau/Awatere sealed pavement extension.	\$1.1
	2018-28 Renewals and additions of kerb and channels, footpaths, cycle facilities and non-subsidised seal extensions.	\$13.8
Blenheim CBD upgrades	2018-28 CBD paved/cobbled areas upgrade	\$8.2
Wharves	2018-28 Renewals of existing infrastructure (jetties).	\$1.2
Small township upgrades	2018-28 Small township upgrades in Blenheim Vicinity and General Rural	\$5.1
Subdivisional works	2018-28 Seal extensions, widening, kerb and channelling as required by subdivisional works.	\$1.7

Emerging Issues and Expected Changes

Deterioration of bridges and culverts

Council has more than 360 bridges on its transport network. Currently 28 bridges are posted for not meeting Class 1 criteria. All of these bridges are posted for restricted speeds and seven are posted for restricted weights.

As many bridges as funding permits will be replaced during this LTP period (2018–2028).

Deterioration of Unsealed Roads and Dust Control

Unsealed roads require frequent maintenance as they deteriorate rapidly when exposed to increased traffic, such as logging trucks. This rapid deterioration is exacerbated with wet weather.

Council also receives requests for dust control. Dust suppressants will be applied where this is necessary.

Urban Growth Effects

Proposed new zone developments need to follow planned roading layouts and services plans to ensure good community outcomes and equitable cost sharing. Capital costs are expected to be met by developers, with road costs included in Council zone levies.

High Impact Natural Events

Over recent years storm events and earthquakes have had a large effect on Council's Roding Budgets and the frequency of these storm events is likely to increase as a result of climate change.

Conflicting Road Network Use

The increase in viticulture, forestry, tourism and an ageing demographic is resulting in the transport network being used for many different purposes.

A key challenge is to provide a safe transport network that affordably meets the needs of all road users

Levels of Service 2018-28: Roads and footpaths
Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.7	6.5	6.5	6.5	6.5
Road safety Provide a safe transport infrastructure.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	1.0	-1	0	-1	-1
Road condition Provide a quality transport infrastructure.	Average quality of ride on a local road sealed network measured by Smooth Travel Exposure ¹ and classified using ONRC hierarchy					
	Arterial	91%	90%	90%	90%	90%
	Primary Collector	89%	88%	88%	88%	88%
	Secondary Collector	92%	94%	90%	88%	87%
	Access	89%	89%	88%	87%	86%
	Low Volume	94%	92%	90%	87%	85%
	85% Average road roughness classified using ONCRC hierarchy					
	Arterial	104.2	≤ 110	≤ 110	≤ 110	≤ 110
Primary Collector	119.0	≤ 120	≤ 120	≤ 120	≤ 120	
Secondary Collector	124.0	≤ 125	≤ 125	≤ 125	≤ 125	
Access	135.0	≤ 140	≤ 140	≤ 140	≤ 140	
Low Volume	132.0	≤ 150	≤ 150	≤ 150	≤ 150	
NB: a newly sealed road has an average roughness of 50 – 70. A very rough gravel rough will have a roughness value higher than 300.						
Road maintenance Provide a sustainable land transport infrastructure.	The percentage of sealed road network that is resurfaced annually. Average chipseal life is 13.5 years.	5.25%	> 5.5%	> 5.5%	> 5.5%	> 5.5%
Footpaths To provide footpaths that meet the needs of an ageing community.	% of footpaths that meet the Asset Management Plan rating of better than 4, where 1 = "Excellent" 2 = "Good" 3 = "Average" 4 = "Poor" 5 = "Very Poor".	94%	94.9%	95.0%	95.25%	95.25%
Response to Service Requests	% of customer service requests relating to roads and footpaths to which the territorial authority responds within 15 days	87%	90%	90%	90%	90%

¹ Smooth Travel Exposure is the percentage of vehicle kms travelled on roads meeting a certain roughness standard. This indicator shows the extent to which Council has maintained the road asset. It records travel on the roading network which meets the roughness benchmarks therefore providing a measure of delivery of a safe and comfortable ride. Well maintained roads contribute to lower operating costs for road users. The Marlborough values compare favourably with peer agencies.

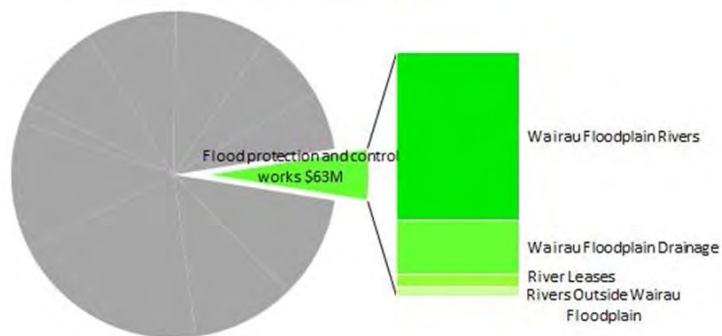
Funding Impact Statement for LTP 2018-28											
Roads and footpaths	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	9,938	10,036	10,439	10,924	11,335	11,870	12,388	12,929	13,385	13,979	14,378
Targeted rates	63	63	63	63	63	63	63	63	63	63	63
Subsidies and grants for operating purposes	4,377	4,304	4,410	4,571	4,721	4,900	5,051	5,214	5,404	5,625	5,762
Fees and charges	7	7	7	7	8	8	8	8	8	9	9
Other receipts	1,376	1,324	1,336	1,316	1,327	1,306	1,271	1,274	1,309	1,285	1,301
Total operating funding	15,761	15,734	16,255	16,881	17,454	18,147	18,781	19,488	20,169	20,961	21,513
Applications of operating funding											
Payments to staff and suppliers	9,491	9,755	9,767	10,131	10,435	10,843	11,147	11,519	11,901	12,393	12,676
Finance costs	654	541	618	722	828	936	1,043	1,120	1,170	1,216	1,259
Internal charges and overheads applied	1,454	1,341	1,369	1,401	1,413	1,430	1,446	1,461	1,463	1,464	1,496
Other operating funding applications	-	25	-	-	-	-	-	-	-	-	-
Total applications of operating funding	11,599	11,662	11,754	12,254	12,676	13,209	13,636	14,100	14,534	15,073	15,431
Surplus (deficit) of operating funding	4,162	4,072	4,501	4,627	4,778	4,938	5,145	5,388	5,635	5,888	6,082
Sources of capital funding											
Subsidies and grants for capital expenditure	4,211	4,663	4,668	4,285	4,462	4,610	4,768	4,933	6,009	6,219	5,493
Development and financial contributions	634	645	661	677	693	710	728	746	765	784	805
Increase (decrease) in debt	1,525	992	1,836	1,912	1,946	1,972	1,854	901	845	783	718
Total sources of capital funding	6,370	6,300	7,165	6,874	7,101	7,292	7,350	6,580	7,619	7,786	7,016
Applications of capital funding											
Capital expenditure to meet additional demand	1,731	3,253	3,169	1,260	1,289	1,319	1,351	1,189	1,220	1,253	1,288
Capital expenditure to improve the level of service	3,931	2,555	2,396	2,579	2,251	2,304	3,050	2,322	1,052	1,081	1,111
Capital expenditure to replace existing assets	7,956	8,890	9,121	8,990	9,744	10,056	10,391	10,626	12,407	12,837	11,431
Increase (decrease) in reserves	(3,086)	(4,326)	(3,020)	(1,328)	(1,405)	(1,449)	(2,297)	(2,169)	(1,425)	(1,497)	(732)
Total applications of capital funding	10,532	10,372	11,666	11,501	11,879	12,230	12,495	11,968	13,254	13,674	13,098
Surplus (deficit) of capital funding	(4,162)	(4,072)	(4,501)	(4,627)	(4,778)	(4,938)	(5,145)	(5,388)	(5,635)	(5,888)	(6,082)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	11,599	11,662	11,754	12,254	12,676	13,209	13,636	14,100	14,534	15,073	15,431
plus - Depreciation and amortisation	9,267	9,548	9,866	10,260	10,645	11,042	11,463	11,887	12,309	12,729	13,029
Expenditure as per Statement of Financial Performance	20,866	21,210	21,620	22,514	23,321	24,251	25,099	25,987	26,843	27,802	28,460
Capital expenditure (including vested assets):	14,243	15,322	15,324	13,481	13,951	14,361	15,491	14,853	15,414	15,926	14,606



Flood Protection and Control Works

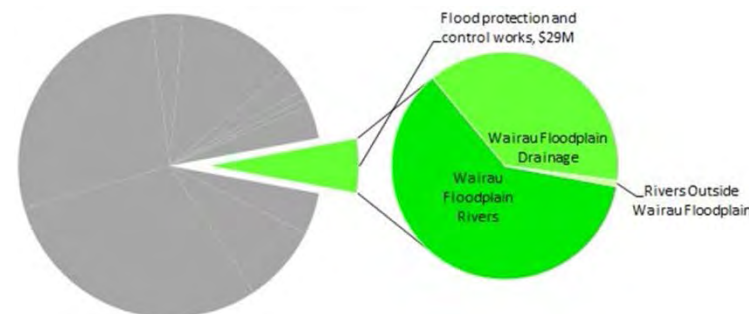
Operating Costs

The operating costs for the Flood Protection and Control Works Activity Group represents \$63 million of total Council expenditure.



Capital Projects

The capital expenditure for the Flood Protection and Control Works Activity Group represents \$29 million of total Council expenditure over the next 10 years. Information about the major budgeted capital projects are included in this Activity section.



Rationale for Delivery of Flood Protection and Control Works

Flood Protection and Control Works is a mandatory Activity Group.

Changes to the Flood Protection and Control Works Activity Group from the 2017–18 Annual Plan

There are no changes for this Activity Group.

Intended Changes to Levels of Service from the 2017–18 Annual Plan

There are no changes to the levels of service included in the 2017–18 Annual Plan within this Activity Group.

Significant Negative Effects Associated with this Group of Activities

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

Activity: Flood Protection and Control Works

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by protecting both high-value enterprises and the wider community from flood damage. It contributes to the Community Outcomes of Environment, People, Economy, Connectivity and Living as outlined below.

Outcomes	Actions
Environment People Economy Connectivity Living	<p>Providing flood control and drainage services has major environmental, economic and social benefits because:</p> <ul style="list-style-type: none"> - residents and their properties are safeguarded from the risks of river and stream flooding and erosion - agricultural drainage of the lower Wairau plains improves the productivity of drainage impaired soils. <p>Managing soil conservation at the Wither Hills Farm Park prevents sediment from depositing into the watercourses at the base of the hills.</p> <p>Managing gravel extraction from river channels in a sustainable manner avoids environmental impacts and provides a valuable economic resource.</p> <p>Providing for secondary uses on Council owned floodway land enables public access and recreation, ecological/amenity plantings and economic gain through forestry or pastoral leasing as appropriate.</p>

What is this Activity About?

The Activity is primarily about managing flood hazard and drainage, and occurs in the more developed areas of Marlborough. Requirements in different areas have developed according to the history of flood risks and development of drainage improvements, or from more recent assessment of flood risks as land uses have changed and development occurred. The objectives for this activity are outlined below.

Lower Wairau Flood Protection

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

Wairau Floodplain Tributaries

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

Sounds Watercourses Flood Management

To develop and maintain a river capacity and standard of protection for flood sizes of up to a one in 50 year return period for the Waitohi and the Waikawa (and their tributaries) flowing through the urban areas of Picton and Waikawa. Similarly, to consider waterway improvements in other built up Sounds areas including Havelock in order to protect houses.

Blenheim, Riverlands and Renwick Stormwater Outfalls

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

Lower Wairau Floodplain Drainage

To provide agricultural drainage for the Wairau floodplain land, generally to the east of Blenheim and O'Dwyers Road. This involves controlling weed and sediment for 280 km of excavated drains or natural watercourses, maintaining floodgated culverts into the major rivers, and providing pumping stations (generally with a capacity of removing 15 mm of rainfall in 24 hours). The riparian margins of selected channels are managed in an aesthetic and ecologically sensitive manner.

Gravel Extraction

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

Gibson's Creek Rewatering

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

Soil Conservation

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

Activity Group: Flood Protection and Control Works

Floodway Reserves

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

Flood Hazard and River Management Advice

To provide flood hazard advice to other sections of Council for Land Information Memorandum (LIM) and Project Information Memorandum (PIM) documents, and for resource consents, building consents and completion of the Proposed Marlborough Environment Plan. The section also provides direct advice to landowners on flooding and erosion risks, and mitigation options.

Flood Response

To monitor key river systems during a flood event, provide advice and undertake emergency repairs as appropriate. Advice of potential flood danger is provided to the public and public agencies such as the Police and Civil Defence.

Asset Description

The table below provides an overview of Council's Flood Protection and Control Works assets.

Asset	Length /Quantity
Stopbanks, training banks, the Taylor Dam, and other minor dams which in total comprise of 4.8 million cubic metres of earthworks.	180 km
Large rock rip rap for river bank erosion protection purposes.	585,000 m ³
Trees (willows, poplars etc) for riverbank erosion protection purposes.	55 hectares
Excavated minor watercourses for agricultural drainage and urban stormwater disposal purposes.	160 km
Major river diversions.	4
Pumping stations for agricultural drainage purposes.	19
Pumping stations for urban stormwater disposal purposes.	11
Culverts under stopbanks etc of various sizes and lengths, usually floodgated.	290
Control gates or weirs.	20
Floodway land.	3,000 hectares

The total asset value for the Flood Protection and Control Works Activity as at 30 June 2017 was \$200.7 million.

Major Budgeted Capital Projects

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

Areas	Major Capital Projects	Inflated value (Millions)
Wairau floodplain to the Waihopai confluence	2018-28 Flood protection and control works	\$17.8
Wairau floodplain	2018-28 Pump station and drainage network upgrades, excluding town branch drain	\$3.9
	2018-23 Town branch drain upgrades	\$7.2

Emerging Issues and Expected Changes

Taylor Dam Upgrades to Meet New Dam Safety Regulations

The Taylor flood detention dam is now close to 50 years old and is generally in very good condition. However, a comprehensive safety review completed earlier this year has identified a number of matters for Council to attend to, including a minor capacity upgrade to the auxiliary spillway, installation of additional drainage and crest level monitoring points, and resealing of the main outlet culvert joints. This work is underway.

Similar refurbishment work is also required on the Gibson's Creek Waihopai intakes.

Maintaining the Wairau River Alignment and Stopbank Security

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

Regular asset inspections have confirmed the need for continued investment in new works and regular maintenance of existing works to ensure a robust flood protection system is in place. The main change for this plan is that new rock work has been identified as being required in both the lower Wairau and the Diversion reaches. Provision has been made for this work.

Activity Group: Flood Protection and Control Works

Recent flood events have reinforced the need for continued investment in maintaining the existing edge protection, as well as new edge protections on the Wairau with a focus on the Waihopai to Conders reach.

Implementing Agreed Improvements to the Lower Wairau Drainage Network

The approved plan from the 2015–2025 LTP is on track but this work will extend into the 2018–2028 LTP period.

Blenheim Stormwater Outfall Upgrades

Ongoing development of Blenheim including infill housing and expansion into the recently rezoned areas to the north and west requires upgrade of the stormwater system, including the outfall channels and pump stations.

Work continues on the design and construction of upgrades for the Redwood Street catchment (Town Branch drain, Redwood Street and Abattoir pumping), Blenheim north rezone area (Casey's Creek and pump station) and Blenheim west (Murphy's Creek capacity and environmental issues). Budget provision has been included for new/upgraded pump stations and channel upgrades.

Pukaka Quarry Extension

The Council owned Pukaka Quarry is a key source of rock rip-rap for river protection works on the Wairau River and tributaries. The quarry also supplies a variety of aggregates to the contracting market as a by-product of the rock production.

The rock resource within the existing land boundary is now limited and further land will be required if the quarry is going to continue for a further 50 years. Discussions with the adjacent landowner are continuing.

No specific capital budget is provided for in this plan. However the Pukaka Quarry is self-funding and capital requirements for any extension are proposed to be serviced from operating revenue.

Planning Input

Much of the Rivers and Land Drainage team's work needs to be authorised by way of permitted activity rules in the Proposed Marlborough Environment Plan or through resource consent. Similarly, implementation of the Marlborough Growth Strategy can have a significant impact on investigation and capital expenditure programmes. These include Blenheim north and the lower terrace at Renwick.

Ongoing staff resource will continue to be made available to provide appropriate input into the Proposed Marlborough Environment Plan, and to ensure that adequate technical expertise is available to assess and facilitate areas of growth in the District.

Levels of Service 2018-28: Flood Protection and Control Works

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.0	7.0	7.0	7.0	7.0
Wairau River scheme - system and adequacy These major flood protection and control works are maintained, repaired and renewed to the standards defined in the Rivers and Land Drainage Asset Management Plan (AMP)	% of floodway and tributary network inspected annually for condition and maintenance requirements.	95%	95%	95%	95%	95%
	% of programmed maintenance and renewal works identified in the AMP 'practically' ² completed.	100%	100%	100%	100%	100%
	% of capital improvement works in the AMP achieved.	80%	80%	80%	80%	80%
	Timeliness of providing a report to the Assets & Services Committee on the damage to the floodway network and potential problem areas following significant flood events (generally exceeding a 1:2 year return event).	<2 months post event	<2 months post event	<2 months post event	<2 months post event	<2 months post event
Wairau Plains Effective drainage provided to the lower Wairau plains.	% of drain network inspected at least annually for condition and maintenance requirements.	100%	100%	100%	100%	100%
	% of drains weed sprayed each year.	90%	90%	90%	90%	90%
	% of drains mechanically cleared each year.	4%	4%	4%	4%	4%
Picton Floodways Monitor, maintain and upgrade key Picton floodways (Waitohi and Waikawa Rivers) to provide for a 1 in 50 year return period flood event.	% of floodway network inspected annually for condition and maintenance requirements.	100%	100%	100%	100%	100%
	% of programmed maintenance and renewal works identified in the AMP 'practically' completed.	100%	100%	100%	100%	100%
Blenheim Urban Upgrade and maintain key Blenheim stormwater outfalls. ³	% of programmed maintenance and renewal works identified in the AMP 'practically' completed.	100%	100%	100%	100%	100%
	% of capital improvement works in the AMP achieved.	80%	80%	80%	80%	80%
Sound flood hazard advice provided.	Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the resource consent, building consent, PIMs and LIMs processes.	<5	<5	<5	<5	<5

² NZS 3910:2003 defines practical completion as when the contract works or any separable portion are complete except for minor omissions and minor defects.

³ Channels and pump stations, including the Town Branch and Caseys, Fulton and Murphys Creeks to provide for 1 in 50 year return period storm event runoff including both infill and greenfield development.

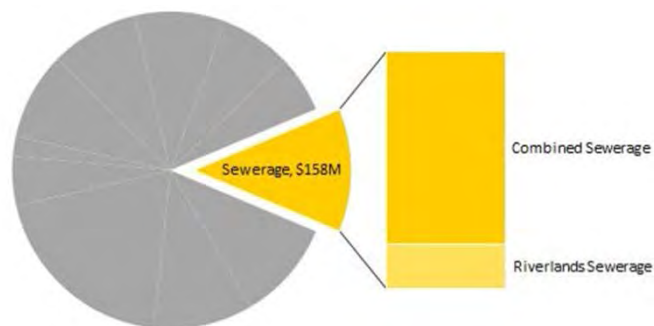
Funding Impact Statement for LTP 2018-28											
Flood protection and control works	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	296	290	296	303	309	316	324	331	337	345	352
Targeted rates	3,747	4,020	4,218	4,471	4,805	5,191	5,548	5,822	6,095	6,378	6,709
Fees and charges	565	585	600	613	628	643	659	676	694	713	733
Internal charges and overheads recovered	200	205	209	214	219	224	229	234	240	246	253
Other receipts including rental revenue	2,716	2,677	2,741	2,996	3,460	3,711	3,714	3,721	3,741	3,973	4,057
Total operating funding	7,524	7,777	8,064	8,597	9,421	10,085	10,474	10,784	11,107	11,655	12,104
Applications of operating funding											
Payments to staff and suppliers	3,226	3,342	3,421	3,493	3,573	3,655	3,804	3,955	4,117	4,288	4,471
Finance costs	111	119	181	286	443	619	731	789	830	868	913
Internal charges and overheads applied	1,661	1,752	1,790	1,829	1,861	1,896	1,932	1,968	2,001	2,035	2,086
Other operating funding applications	35	36	37	37	38	39	40	41	42	43	45
Total applications of operating funding	5,033	5,249	5,429	5,645	5,915	6,209	6,507	6,753	6,990	7,234	7,515
Surplus (deficit) of operating funding	2,491	2,528	2,635	2,952	3,506	3,876	3,967	4,031	4,117	4,421	4,589
Sources of capital funding											
Increase (decrease) in debt	520	822	1,420	2,334	3,316	3,044	1,010	1,040	442	885	723
Total sources of capital funding	520	822	1,420	2,334	3,316	3,044	1,010	1,040	442	885	723
Applications of capital funding											
Capital expenditure to meet additional demand	200	600	974	210	268	330	225	231	415	731	877
Capital expenditure to improve the level of service	1,685	950	1,435	2,764	2,958	2,491	775	957	712	890	752
Capital expenditure to replace existing assets	1,664	1,492	1,250	1,145	851	1,190	1,085	984	807	378	426
Increase (decrease) in reserves	(538)	308	396	1,167	2,745	2,909	2,892	2,899	2,625	3,307	3,257
Total applications of capital funding	3,011	3,350	4,055	5,286	6,822	6,920	4,977	5,071	4,559	5,306	5,312
Surplus (deficit) of capital funding	(2,491)	(2,528)	(2,635)	(2,952)	(3,506)	(3,876)	(3,967)	(4,031)	(4,117)	(4,421)	(4,589)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	5,033	5,249	5,429	5,645	5,915	6,209	6,507	6,753	6,990	7,234	7,515
plus - Depreciation and amortisation	167	184	200	207	210	219	224	226	236	251	274
less - Internal charges and overheads recovered	200	205	209	214	219	224	229	234	240	246	253
Expenditure as per Statement of Financial Performance	5,000	5,228	5,420	5,638	5,906	6,204	6,502	6,745	6,986	7,239	7,536
Operating expenditure											
River Leases	276	294	296	298	300	303	307	309	311	314	317
Rivers Outside Wairau Floodplain	252	260	264	267	271	274	278	281	285	288	292
Wairau Floodplain Drainage	910	1,000	1,064	1,172	1,314	1,459	1,532	1,543	1,560	1,593	1,656
Wairau Floodplain Rivers	3,562	3,674	3,796	3,901	4,021	4,168	4,385	4,612	4,830	5,044	5,271
Capital expenditure:											
Rivers Outside Wairau Floodplain	40	20	20	21	21	22	23	23	24	24	25
Wairau Floodplain Drainage	1,010	650	994	2,292	2,518	2,403	212	310	439	524	777
Wairau Floodplain Rivers	2,499	2,372	2,645	1,806	1,538	1,586	1,850	1,839	1,471	1,451	1,253



Sewerage Including Treatment and Disposal

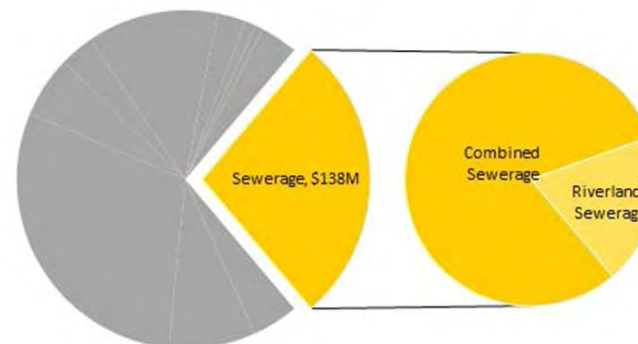
Operating Costs

The operating costs for the Sewerage Activity Group represent \$158 million of total Council expenditure.



Capital Projects

The capital expenditure for the Sewerage Activity Group represents \$138 million of total Council expenditure over the next 10 years. Further information about the major budgeted capital projects is included in this section.



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

Sewerage including Treatment and Disposal is a mandatory Activity Group.

Changes to Sewerage Including Treatment and Disposal Activity Group from the 2017–18 Annual Plan

There are no changes to this Activity Group.

Intended Changes to Levels of Service from the 2017–18 Annual Plan

There are no changes to the levels of service included in the 2017–18 Annual Plan.

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

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

Significant Negative Effects Associated with this Group of Activities

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

Activity: Sewerage Including Treatment and Disposal

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by enabling high-value enterprises such as viticulture and aquaculture to sustainably manage their wastes. These services support sustainable use of resources and expansion of key industries. This Activity also contributes to the Community Outcomes of Environment, Economy and Living as outlined below.

Outcome	Actions
Living	Collecting, treating and disposing of wastewater provides sanitary living conditions and protects public health.
Environment	Minimising damaging discharges to the environment through effective sewage treatment.
Economy	Enabling industry to achieve good effluent management supports a prosperous community and economy for all Marlburians.

What is this Activity about?

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

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

What We Do and Where We Do It

Council operates four wastewater schemes in Blenheim, Picton, Havelock and Seddon. The reticulation networks at Blenheim, Renwick, Grovetown, Spring Creek, Riverlands, Cloudy Bay, Marlborough Ridge and Woodbourne drain to the sewage treatment facility at Hardings Road, Blenheim.

The Blenheim plant has evolved over many years. The original aeration ponds have been augmented with the treatment ponds which formerly served the PPCS meat processing plant. There have been major upgrades to the plant in recent years to meet the rapidly growing discharges from the wine industry. The most recent work was the construction of a major new wetland, tertiary treatment and outfall that will deliver

improved effluent quality and facilitate irrigation to land. A new outfall pipeline has been constructed into the Wairau River estuary.

Picton and Waikawa are served by an extended aeration treatment plant which was completed in 1999. The plant performs very well and produces an effluent of consistent high quality. An old outfall pipeline that used to be conspicuous along the shore of Kaipupu Point has now been replaced by a new and improved underwater pipe, and the old pipeline has been removed. Traditional oxidation ponds are used to treat effluent in Havelock and Seddon.

Approximately 85% of Marlborough’s population is connected to the reticulated wastewater system. Rural locations rely on individual on-site treatment/disposal systems or small community based reticulation and treatment. The initial cost of on-site treatment is often more affordable for small and dispersed settlements but requires suitable ground conditions for soakage of the treated effluent and a commitment to ongoing monitoring and maintenance. Permeable soils, a low residual water table and a reasonably flat topography are good attributes for an efficient on-site treatment system.

There are many areas of Marlborough where on-site sewage disposal occurs in difficult conditions. Failing treatment systems can cause insanitary living conditions and pollution of both local watercourses and groundwater, with subsequent health risks, loss of amenity and ecological deterioration.

A major upgrade of the trunk sewer between Waikawa and Picton commenced in 2017. Recent urban growth around Waikawa and infiltration of stormwater into the sewers had caused the existing infrastructure to be over-taxed and sewer overflows were not uncommon. Fixing this problem requires renewal of 3.2 km of trunk sewer and three pump stations. A treatment facility to provide partial treatment of a planned sewer overflow during very large storms has been incorporated into the design. A pipe has also been installed parallel to the trunk main to return treated wastewater which can be used for irrigation to land in future. The total cost of the project will be around \$28M.

Why We Provide these Services

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

Environmental Risks — the marine and aquatic environments are important commercial, recreational and cultural environments. Iwi have a deep cultural relationship with the natural environment, and fisheries, aquaculture, tourism, water sports and leisure activities depend on good quality water.

Effluent quality from the treatment plants is strictly controlled by resource consent.

Activity Group: Sewerage Including Treatment and Disposal

Sampling routines have been imposed to check the quality of the outfall discharge of each of the plants and on the shellfish ecology in the vicinity of two of the coastal plants.

Treatment plants can become overloaded by highly concentrated wastewater from intensive trade effluent. Vigilance is required to monitor trade wastes discharging into the networks, particularly to the smaller treatment plants which have less capacity to treat concentrated contaminant loads.

Excessive wastewater volumes can lead to inadequate treatment at the plants, and overflows from the reticulation. Most surcharging in the system occurs when rainwater enters the reticulation through inflow and infiltration during storms. An ongoing programme is in place to identify and remedy sources of leakage into the system. In the event of a sewer overflow the Assets & Services Department advises Council's Regulatory Department, Public Health and major stakeholders. A response plan is immediately implemented and environmental monitoring is undertaken to identify the extent of the contamination and to progress the clean-up.

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

Timely and responsive service — A constant and reliable wastewater service is often taken for granted, however all systems are likely to break down or fail from time to time. The Council operates a 24/7 emergency breakdown response service to remedy blockages and breakdowns as a matter of urgency.

Sewers may become partially blocked, causing considerable inconvenience and restricting the service as the wastewater slowly drains away. More severely blocked sewers can quickly backup and be at risk of sewage overflows. Many blockages occur on the laterals (the smaller pipes connecting the property to the mains in the road). Customer Services staff are trained to question customers reporting blockages, to try to establish whether the problem is on the customer's pipe within the property or is the Council's responsibility. Service requests are prioritised based on the severity and the number of customers affected, so that repair crews can be effectively dispatched to the most urgent work.

If the Council cannot restore toilet facilities within six hours of notification of a blockage, a temporary toilet or alternative facilities will be arranged.

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

Asset Description

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

Area	Sub Area	Pipeline Length (km)	Number of Connections
Blenheim	Blenheim	187.7	14,133
	Renwick	15.0	Included in Blenheim
	Spring Creek	3.9	Included in Blenheim
	Riverlands	21.3	Included in Blenheim
	Grovetown	17.0	Included in Blenheim
Picton		50.1	1,668
Havelock		9.9	341
Seddon		7.9	182
Total		312.8	16,324

There are four treatment plants, which are in Blenheim (Hardings Road), Havelock, Picton and Seddon. (The Spring Creek treatment plant has been decommissioned.) There are 64 sewer pump stations and 197 sewer grinder pumps. The asset base has grown considerably over the last 10 years to meet the growth in wastewater (domestic and industrial) and the higher standards expected by an increasingly environmentally conscious population.

The total asset value for the Sewerage Activity as at 30 June 2017 was \$157.6 million, and it depreciates at around \$3M per annum. Detailed information on these assets is provided in the Wastewater Asset Management Plan.

Major Budgeted Capital Projects

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

Areas	Major Capital Projects	Inflated value (Millions)
Blenheim	2018-28 Pipelines	\$20.9
	2018-28 Pump stations	\$21.8
	2018-28 Treatment plant	\$9.6
Picton	2018-28 Pipelines maintenance and renewals.	\$9.9
	2018-28 Pump station upgrades	\$4.8
	2018-28 Treatment plant	\$12.3
Riverlands	2018-28 Sewerage treatment for industrial capacity upgrade.	\$26.6
Seddon	2018-28 Sewerage treatment upgrade.	\$4.3
St Andrews	2018-26 Pipelines	\$1.2
Havelock	2018-28 Sewerage treatment upgrade.	\$8.9

Emerging Issues and Expected Changes

Reasons for the Upcoming Projects

- Completion of the Picton trunk main upgrade will reduce and control overflows.
- Gaining renewal of resource consents at Seddon and Havelock wastewater treatment plants is likely to result in revised consent conditions. These may include a requirement to recycle effluent or discharge it to land.
- The Main Outfall Pump Station (MOPS) at Riverlands will require major upgrade works to improve its earthquake resistance. Council decided it would be more economical to rebuild the pump station in 2021/23.
- Increasing treatment capacity at the Blenheim Sewage Treatment Plant (BSTP) is necessary to meet continuing growth in trade waste.
- Infrastructure renewal is necessary across networks due to damage caused by the 2016 earthquakes and as pipelines near the end of their useful life.

Ongoing Issues

- The management and control of rainfall derived inflow and groundwater infiltration into the wastewater reticulation.
- Failure of on-site wastewater treatment systems in townships and rural residential areas without municipal sewerage systems.

Levels of Service 2018-28: Sewerage Including Treatment and Disposal

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Customer Satisfaction Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.8	7.8	7.7	7.7	7.6
	The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.	8.3	8.0	8.0	8.0	8.0
System and Adequacy Provide a level of service quality that minimises environmental risks.	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	0.4	0.4	0.4	0.4	0.4
Discharge Compliance Provide a reliable wastewater service with adequate system capacity and performance.	Number of wet weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	1.1	1.1	1.1	0.5	0.5
	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation to those resource consents.	Nil	Nil	Nil	Nil	Nil
Fault Response Times Provide a service that is timely and responsive to customers' needs.	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured by:					
	(a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, and	0.6	0.6	0.6	0.6	0.6
	(b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	1.7	1.7	1.7	1.7	1.7

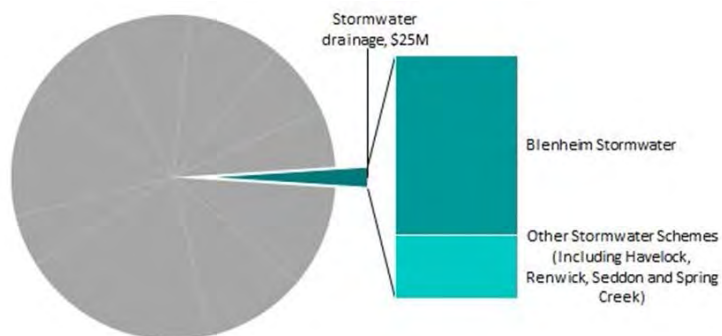
Funding Impact Statement for LTP 2018-28											
Sewerage	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
Targeted rates	7,939	8,014	8,777	9,524	10,064	10,720	11,597	12,288	13,097	14,281	14,748
Fees and charges	62	62	64	65	67	68	70	72	74	76	78
Other receipts	2,032	2,921	3,004	3,086	3,175	3,567	4,067	4,171	4,283	4,402	4,530
Total operating funding	10,033	10,997	11,845	12,675	13,306	14,355	15,734	16,531	17,454	18,759	19,356
Applications of operating funding											
Payments to staff and suppliers	2,789	3,171	3,687	3,845	4,015	4,171	4,385	4,658	4,765	5,166	5,368
Finance costs	2,441	2,125	2,290	2,364	2,420	2,830	3,723	4,163	4,512	4,939	4,845
Internal charges and overheads applied	2,542	2,625	2,680	2,744	2,790	2,836	2,889	2,936	2,980	3,023	3,097
Total applications of operating funding	7,772	7,921	8,657	8,953	9,225	9,837	10,997	11,757	12,257	13,128	13,310
Surplus (deficit) of operating funding	2,261	3,076	3,188	3,722	4,081	4,518	4,737	4,774	5,197	5,631	6,046
Sources of capital funding											
Development and financial contributions	565	570	570	570	570	570	570	570	570	570	570
Increase (decrease) in debt	11,774	4,877	2,101	447	500	14,149	18,002	2,148	14,489	935	(4,368)
Total sources of capital funding	12,339	5,447	2,671	1,017	1,070	14,719	18,572	2,718	15,059	1,505	(3,798)
Applications of capital funding											
Capital expenditure to meet additional demand	6,096	5,404	4,981	549	2,508	9,320	9,353	308	3,891	2,241	529
Capital expenditure to improve the level of service	5,229	5,665	3,255	5,232	11,912	7,511	10,169	3,689	14,702	2,527	185
Capital expenditure to replace existing assets	3,966	6,151	4,400	3,157	4,389	3,224	4,207	3,476	1,775	1,624	555
Increase (decrease) in reserves	(685)	(8,697)	(6,777)	(4,199)	(13,658)	(818)	(420)	19	(112)	744	979
Total applications of capital funding	14,606	8,523	5,859	4,739	5,151	19,237	23,309	7,492	20,256	7,136	2,248
Surplus (deficit) of capital funding	(2,267)	(3,076)	(3,188)	(3,722)	(4,081)	(4,518)	(4,737)	(4,774)	(5,197)	(5,631)	(6,046)
Funding balance	(6)	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	7,772	7,921	8,657	8,953	9,225	9,837	10,997	11,757	12,257	13,128	13,310
plus - Depreciation and amortisation	3,138	3,380	3,666	4,288	4,673	5,089	5,564	5,816	6,110	6,488	6,696
Expenditure as per Statement of Financial Performance	10,910	11,301	12,323	13,241	13,898	14,926	16,561	17,573	18,367	19,616	20,006
Operating expenditure											
Combined scheme	8,874	9,164	10,011	10,871	11,444	12,110	13,029	13,797	14,616	15,734	16,123
Riverlands Industrial	1,922	2,041	2,248	2,275	2,299	2,667	3,389	3,640	3,616	3,747	3,755
St Andrews (new)	7	7	7	45	84	82	80	78	83	87	84
Loan units (no-lump sum)	107	89	57	50	71	67	62	57	52	48	44
Capital expenditure (including vested assets):											
Combined scheme	14,459	14,304	12,330	7,923	18,802	10,197	13,413	7,368	17,228	6,288	1,144
Riverlands Industrial	952	2,865	253	33	7	9,858	10,316	105	2,953	104	125
St Andrews (new)	-	51	53	982	-	-	-	-	187	-	-



Stormwater Drainage

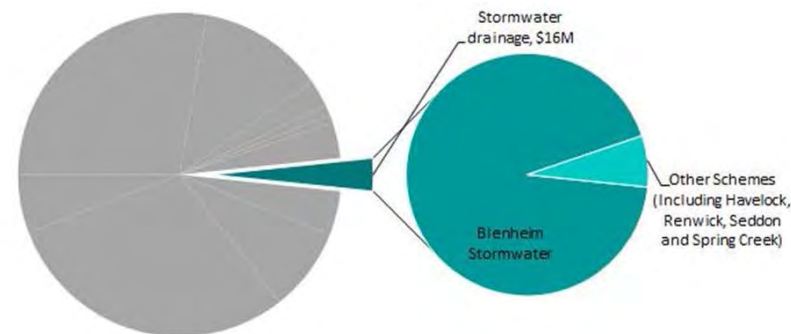
Operating Costs

The operating costs for the Stormwater Drainage Activity Group represents \$25 million of total Council expenditure.



Capital Projects

The capital expenditure for the Stormwater Drainage Activity Group represents \$16 million of total Council expenditure over the next 10 years. Further information about the major budgeted capital projects is included in this section.



Rationale for the Delivery of the Stormwater Drainage Group of Activities

Stormwater Drainage is a mandatory Activity Group.

Changes to the Stormwater Drainage Activity Group from the 2017–18 Annual Plan

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

Intended Changes to Levels of Service from the 2017–18 Annual Plan

There are no changes intended to the levels of service within this Group from the levels of service in the 2017–18 Annual Plan.

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

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

Significant Negative Effects Associated with this Group of Activities

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

Activity: Stormwater Drainage

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by enhancing quality of life in urban locations and avoiding contamination of natural freshwater environments. It also contributes to the Community Outcomes of Environment, People and Economy as outlined below.

Outcome	Actions
Environment	Controlling stormwater and managing drainage provides major environmental, economic and social benefits. Managing the quality of urban stormwater run-off prevents damage to the natural receiving environment.
People	Safeguarding residents and their property from the risks of stormwater flooding.
Economy	Enabling commercial and industrial activities to be carried out without disruption from flooding.

What is this Activity About?

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

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

What We Do and Where We Do It

Stormwater infrastructure is installed in areas where urban development has encroached onto natural drainage pathways. In areas where hard surfaces such as roads and buildings have covered land there is less soakage of rainfall into the ground, and properties need to be protected from stormwater run-off.

Council’s Rivers and Land Drainage Department provides flood protection from the main rivers for some rural buildings and land. Where the main rivers and drains pass close to the urban settlements, close liaison is required to ensure stormwater and river management practices are well coordinated. Rural locations frequently rely on natural channels and local experience to avoid flooding of dwellings and outbuildings.

The urban stormwater systems consist of natural components such as swales, channels and ponding areas as well as constructed assets — including inlet sumps, stormwater mains, manholes, pump stations, retention areas, secondary flow paths and soak holes. Over 90% of the stormwater assets in the Marlborough region are located in Picton and Blenheim (see the Asset Description table on the following page).

The local terrain can also determine the role of assets in the system. In Blenheim it is important to drain the flat valley bottom as quickly as possible, while the stormwater assets at the base of the Wither Hills have a role in detaining the water run-off to delay its concentration downstream and avoid flood accumulation on the valley floor. In some areas a degree of surface ponding can be tolerated and is even a desirable design feature. In other areas it is a sign the system is overloaded.

The settlements at Picton/Waikawa lie at the base of a number of steep natural catchments that quickly accumulate and concentrate stormwater into managed watercourses that run through the urban area. This topography poses a different set of challenges for land drainage.

Why We Provide these Services

Environmental Risks — Council owned stormwater systems must take reasonable care to prevent the conveyance of pollutants into the natural environment. Rainwater falling on urban areas picks up and conveys all sorts of waste materials to watercourses, and can also dissolve harmful substances. Pollution can occur through careless or accidental spillage of harmful materials or by reckless tipping of contaminants into the stormwater system. Council aims to control these risks through education, regulation and the installation of drainage infrastructure which provides a level of environmental protection.

Businesses which are considered to be carrying out high risk activities are required to install interceptors in their drains and to cover impermeable areas from rain. If a pollution event occurs Council will immediately respond to mitigate the effects and investigate the cause.

Activity Group: Stormwater Drainage

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

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

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

Provide a timely response — During severe storm events when flooding is predicted the Council will mobilise an Incident Management Centre to coordinate the response to emergency calls. All calls are assessed and prioritised. Those areas where there is a possibility of water entering either houses or commercial buildings are given the highest priority. Second priority is given to areas where there is a possibility of water entering garages or outbuildings, followed by areas where water may pond on garden areas and roads. In the worst storms there may be little that Council can do to manage the flood water as the infrastructure and natural waterways are overloaded. In these circumstances the response is to do whatever is possible to save life and reduce damage to property.

During an emergency event Council maintains a log of customer service requests to help prioritise and track the responses, identify clusters of particular concern and record events for debriefing and planning of future remedial works.

Sustainable stormwater — Responsible stewardship of major infrastructure requires the Council to repair, renew and upgrade the assets in a timely fashion and avoid accumulating a legacy of decrepit assets. Decisions have to be made as to when it is no longer cost-effective to continue to repair failing assets and to replace them instead.

Asset Description

The table below provides a summary of the scale of stormwater reticulation in each area.

Area	Reticulation length (km)
Blenheim	125.5
Picton/Waikawa	28.7
Renwick	5.1
Okiwi Bay	0.8
Riverlands	6.8
Spring Creek	3.4
Seddon/Grovetown/Anakiwa	1.6
Rai Valley	0.3
Havelock	1.3
Total	173.8

The total asset value for the Stormwater Drainage Activity at 30 June 2017 was \$73.1M. Depreciation is estimated as \$1.4M per annum. Detailed information on these assets, including information on levels of service performance, is provided in the Stormwater Asset Management Plan.

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

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

Major Budgeted Capital Projects

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

Areas	Major Capital Projects	Inflated value (Millions)
Blenheim	2021-24 Murphys Creek Pipeline	\$4.2
	2025-28 Graham, Stephenson, Stuart St, and Francis St Pipelines	\$4.3
	2018-28 Other Pipelines	\$4.6
	2019-21 Water Quality infrastructure for Kinross St	\$0.5

Emerging Issues and Expected Changes

Stormwater Strategy

Blenheim’s flat topography and sensitive receiving environments provide challenging conditions for stormwater management. Council has approved a stormwater strategy which provides clear direction and an integrated approach to managing Blenheim's stormwater future. This strategy sets out a 10 year plan of activity and provides a comprehensive framework to manage both the quality and quantity of stormwater. It also provides for an overhaul of the resource consent structure for Blenheim’s stormwater, which will involve review and consolidation of existing stormwater discharge consents.

The strategy requires clear lines of responsibility, improved integration, rigorous monitoring and a more modern approach to regulation. It will result in the establishment of effective Stormwater Management Area Plans throughout Blenheim.

Ongoing investment in the objectives of the strategy will result in functional infrastructure, improved customer experience and minimal impact on the natural receiving environments.

The strategy’s goals and approach will be extended to other townships over time.

Urban Growth Strategy

Stormwater management is a significant element in planning new urban development pockets as part of the Growing Marlborough Urban Growth Strategy. Early involvement with developers from the outset of the planning process allows structures to manage stormwater quantity and quality to be incorporated into the design of new subdivisions.

Urban growth in Blenheim is largely to the north and west of the town — and it will be important to ensure downstream upgrades are provided in a timely manner. Evaluation and installation of effective stormwater quality control techniques for new subdivisions and retrofit of existing reticulation will also occur.

Climate Change

The impact of climate change is likely to become increasingly important in future planning. The current indications are that extreme weather events will become more frequent and more intense. Sea level rise will have implications for the effectiveness of discharge to the sea and from the outfalls of the drainage network. Additional contingencies are being built into new designs but existing infrastructure will be severely tested by changing weather patterns.

The following issues are emerging within this Activity:

- implementation of the Blenheim Stormwater Strategy and extension of strategic goals to other townships
- establishment of effective Stormwater Management Area Plans in Blenheim and other areas.
- review and consolidation of existing stormwater discharge consents.
- urban growth in Blenheim is largely to the north and west of the town – ensuring downstream upgrades are provided in a timely manner.
- ensuring good stormwater design is incorporated into the design of new sub-divisions.
- evaluate and install effective stormwater quality control techniques for new sub-divisions and retro-fit to existing reticulation where required
- adaption to climate change.

Levels of Service 2018-28: Stormwater						
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Customer satisfaction Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.6	6.7	6.6	6.6	6.5
	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	2	2	2	2	1.8
System adequacy Provide a reliable stormwater service.	The number of flooding events that occur in a territorial authority district.	Actual number to be reported	Actual number to be reported	Actual number to be reported	Actual number to be reported	Actual number to be reported
	For each flooding event, the number of habitable floors affected, expressed per 1000 properties connected to the territorial authority's stormwater system.	3.0	2.8	2.8	2.6	2.6
Discharge compliance Minimise the environmental risks of stormwater discharge.	Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	Nil	Nil	Nil	Nil	Nil
Response times Provide a service that is timely and responsive to customers' needs.	The median* response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. (*The statistical median is the time in which half of calls are responded to in less time and half in a longer time.)	1 hour	1 hour	1 hour	1 hour	1 hour

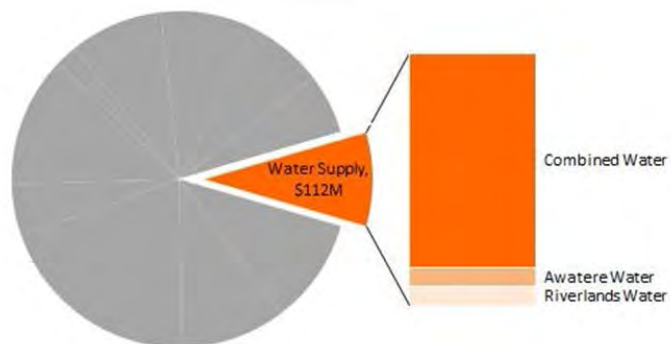
Funding Impact Statement for LTP 2018-28											
Stormwater drainage	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,935	2,006	2,110	2,175	2,231	2,305	2,420	2,551	2,637	2,768	2,898
Fees and charges	51	51	52	53	55	56	57	59	60	62	64
Other receipts	167	153	153	143	142	135	127	128	132	127	130
Total operating funding	2,153	2,210	2,315	2,371	2,428	2,496	2,604	2,738	2,829	2,957	3,092
Applications of operating funding											
Payments to staff and suppliers	301	317	346	333	310	328	361	423	442	491	540
Finance costs	50	14	12	11	9	7	5	3	1	-	-
Internal charges and overheads applied	368	429	439	450	459	468	478	488	498	507	520
Total applications of operating funding	719	760	797	794	778	803	844	914	941	998	1,060
Surplus (deficit) of operating funding	1,434	1,450	1,518	1,577	1,650	1,693	1,760	1,824	1,888	1,959	2,032
Sources of capital funding											
Development and financial contributions	25	25	25	25	25	478	219	1,899	25	25	25
Increase (decrease) in debt	1,060	(28)	(29)	(31)	(33)	(35)	(37)	(37)	(24)	(5)	-
Total sources of capital funding	1,085	(3)	(4)	(6)	(8)	443	182	1,862	1	20	25
Applications of capital funding											
Capital expenditure to meet additional demand	1,151	51	52	53	543	270	2,069	59	60	62	64
Capital expenditure to improve the level of service	475	280	277	356	359	214	1,269	191	617	634	25
Capital expenditure to replace existing assets	560	769	583	20	20	1,120	416	484	23	1,303	1,967
Increase (decrease) in reserves	333	347	602	1,142	720	532	(1,812)	2,952	1,189	(20)	1
Total applications of capital funding	2,519	1,447	1,514	1,571	1,642	2,136	1,942	3,686	1,889	1,979	2,057
Surplus (deficit) of capital funding	(1,434)	(1,450)	(1,518)	(1,577)	(1,650)	(1,693)	(1,760)	(1,824)	(1,888)	(1,959)	(2,032)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	719	760	797	794	778	803	844	914	941	998	1,060
plus - Depreciation and amortisation	1,495	1,454	1,506	1,559	1,606	1,627	1,696	1,755	1,802	1,857	1,917
Expenditure as per Statement of Financial Performance	2,214	2,214	2,303	2,353	2,384	2,430	2,540	2,669	2,743	2,855	2,977
Operating expenditure											
Blenheim Stormwater	1,589	1,603	1,665	1,718	1,736	1,758	1,860	1,959	2,043	2,140	2,246
Other Stormwater Schemes	625	611	638	635	648	672	680	710	700	715	731
Capital expenditure (including vested assets):											
Blenheim Stormwater	2,336	1,050	297	377	868	1,549	3,698	676	641	1,938	1,993
Other Stormwater Schemes	50	50	615	52	54	55	56	58	59	61	63



Water Supply

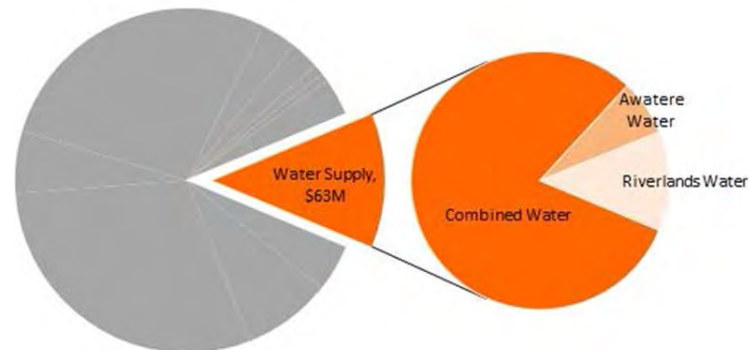
Operating Costs

The operating costs for the Water Supply Activity Group represent \$112 million of total Council expenditure as outlined below.



Capital Projects

Capital expenditure for the Water Supply Activity Group represents \$63 million of total Council expenditure over the next 10 years. Further information about the major budgeted capital projects is included in this section.



Rationale for the Delivery of the Water Supply Group of Activities

Water Supply is a mandatory Activity Group.

Changes to the Water Supply Activity Group from the 2017–18 Annual Plan

There are no changes to this Activity Group.

Intended Changes to Levels of Service from the 2017–18 Annual Plan

There are no intended changes to the levels of service within this Group from the levels of service in the 2017–18 Annual Plan.

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

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

Significant Negative Effects Associated with this Group of Activities

This Activity Group has the potential for environmental and public health impact, and the operation of noisy machinery, earthmoving or construction works which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities, controlling conditions are imposed as appropriate.

Activity: Water Supply

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by providing high quality, safe water to the community and to support high-value enterprises. It also contributes to the Community Outcomes of Environment, Economy and Living as outlined below.

Outcome	Actions
Environment	Providing efficient water reticulation helps ensure a scarce resource can be sustainably managed.
Economy	Providing good quality drinking water is critical to the health of the community and is essential for much of Marlborough's economy. It is also a key factor in housing location.
Living	Ensuring there is sufficient water available to fight fires contributes to community safety.

What is this Activity About?

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

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

What We Do and Where We Do It

Council operates seven drinking water supply schemes in Blenheim, Picton, Havelock, Renwick, Riverlands, Wairau Valley and Awatere/Seddon. Council also operates a piped irrigation scheme for the Southern Valleys area (see Regional Development Activity Group) of the Wairau Plains and provides a small irrigation supply to the Riverlands area. Providing a reticulated irrigation supply enables a wider range of land uses, and contributes to the economic well-being of the community.

Around 82% of the Marlborough population has access to the Council's reticulated

water supplies. Underground water reticulation systems are expensive to install and maintain, so are only cost-effective with a certain level of population density. For example, the Awatere (Black Birch) water supply scheme was initiated as a rural water scheme, predominantly to provide water for stock. It has a similar length of reticulation as Blenheim but only 7% of the population. Funding upgrades (particularly to meet the New Zealand Drinking Water Standards and depreciation) has been a challenge but this has been partially resolved by the introduction of the Combined Water Scheme Charges Policy in 2017.

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

Drinking Water	Source	Reticulation Length (kms)	Service connections	Current Treatment	Current Compliance with DWSNZ
Awatere/ Seddon	Black Birch Stream	157	827	MIOX (chlorine) disinfection complies with the bacteriological section of the NZ Drinking Water Standards.	No ⁴
Blenheim	Grove Road (4), Bomford Street, Auckland Street, and Middle Renwick Road bores (3)	190	10,787	pH correction, UV disinfection at Middle Renwick Road and Central Water Treatment Plant.	Yes

⁴ A Ministry of Health subsidy of \$1M has helped fund a treatment plant for Seddon. Construction commenced in early 2018.

Drinking Water	Source	Reticulation Length (kms)	Service connections	Current Treatment	Current Compliance with DWSNZ
Picton	Speeds Road bores(3) Barnes Dam (river)	62	2,110	Filtration, UV, chlorination and pH correction.	Yes
Havelock	Kaituna bores (2)	10	337	Chlorination	No ⁵
Renwick	Terrace Road bores (3)	17	858	Chlorination and pH correction	No
Riverlands	Malthouse Rd bore	11	142	-	No: micro-biological
Wairau Valley	Bore	3.5	63	Chlorination	No

Irrigation	Source	Reticulation length (kms)	Area (hectares)
Riverlands	Hardings Road bores (2)	3	52

Why We Provide these Services

Water quality — Possibly the greatest threat to public health is the microbiological infection of the drinking water supply. Since the introduction of the Health (Amendment) Act 2007 water suppliers have been required to plan to meet the Drinking Water Standards for New Zealand (DWSNZ). Compliance is phased over a number of years depending on the population each scheme serves. The target dates in the Act have not been met in Marlborough, but the design,

⁵ Havelock and Renwick compliance was required by 2014. Wairau Valley compliance was required by 2015 but has been delayed. Compliance with DWSNZ continues to require significant capital expenditure which creates affordability issues for smaller communities.

consultation and funding challenges have now been resolved and the required changes are planned. Major upgrades to the treatment plants serving Blenheim and Picton were completed in 2012 and 2017 respectively and the standards are now being met in these areas.

The DWSNZ requirements are very detailed, and include bacteriological, protozoal, chemical, radiological and physical parameters. A thorough sampling regime for the source water, treatment plant and the distribution network is also required under the standard.

The detection of E.coli bacteria is a reliable and readily detected indicator of bacteriological contamination. E.coli is a bacteria found in the gut of all warm blooded animals. Scrupulous sampling techniques are required to ensure representative samples are collected from the treatment plants and the distribution network. Council takes more than 2,000 water samples every year to monitor the water quality. Early detection of E.coli immediately triggers an investigative sampling programme of the area of supply to verify the initial result and the extent of the contamination. If contamination is confirmed, an emergency disinfection and flushing programme is initiated to clear the supply, and an advisory 'Boil Water Notice' is issued to all affected customers. The procedures are maintained until three consecutive days of negative samples indicate the problem has been resolved.

Construction of a new treatment plant for Seddon commenced in early 2018 and will be completed by the end of the year. Plans are progressing with the design of upgrades to the Havelock, Renwick and Wairau Valley water treatment plants, as well as the design of a new plant for the Riverlands supply. Properties in Rural Awatere are likely to be fitted with small treatment devices at the point of entry of each household.

In August 2016 the public drinking water supply in Havelock North was contaminated by sheep faeces entering the underground aquifer. Gastroenteritis affected over 5,000 people. There were three deaths directly related to the contamination as well as many severe and enduring illnesses. The public inquiry into the contamination reported in December 2017. The recommendations from the Inquiry that may impact the operation of this activity include the establishment of an independent drinking water regulator with consolidated powers, and the abolition of 'secure bore supply' status from the DWSNZ. Increased monitoring and training for operatives and the chlorination of all supplies is also recommended. The government response to the recommendations is not yet certain.

Flow and pressure — Customers value an unlimited supply of water at a desirable pressure for showers, domestic irrigation and multiple household uses.

Activity Group: Water Supply

The Firefighting Code of Practice also recommends minimum flows and pressures from hydrants to facilitate firefighting. The pressure of the delivered water decreases as demand increases. Pumps and pipes are therefore sized to deliver the minimum levels on peak demand days. Due to either recent rapid growth or a legacy of undersized pipework, there are small areas in Blenheim, Picton, Renwick and Havelock in which the water supply does not meet the minimum standard during the peak days of summer. Pipe upgrades will be required to alleviate these occasional problems. Achievement of the minimum pressures can be monitored through advanced mathematical models of the distribution network. The Awatere/Seddon and Wairau Valley networks were not designed to meet the Firefighting Code and are not included in this metric.

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

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

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

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

In 2016 the Council adopted national performance measures which included an assessment of the amount of water used by customers and the level of leakage from the supply. Customer consumption and leakage have both been estimated as relatively high in most networks. High quality source waters have been relatively cheap to treat and hot sunny weather encourages high domestic irrigation. Some areas, notably Renwick and Havelock, are facing high costs to

develop new water sources as demand begins to outstrip the capacity of the existing supply. Water demand management techniques such as universal metering of all properties, and active leak detection programmes are being implemented to help suppress demand and delay the need for expensive new infrastructure.

Asset Description

The asset base has grown considerably over the last 10 years partly to meet the growth in demand (domestic and industrial) and more recently through the addition of water treatment plants to meet the drinking water standards required by the Health (Drinking Water) Amendment Act 2007. The total value of the assets on 30 June 2017 was assessed at \$126 million and is depreciating at a rate of more than \$3.1 million/year.

Major Budgeted Capital Projects

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

Areas	Major Capital Projects	Inflated value (Millions)
Blenheim	2018-28 Pump stations maintenance and renewal	\$2.1
	2018-28 Fire capacity pipeline upgrades.	\$2.9
	2018-28 strengthen and maintenance for Wither reservoir, Bomford Treat site, Forest Hills Reservoir etc.	\$1.5
Havelock	2018-21 New treatment plant.	\$5.1
	2018-28 Pipelines	\$0.6
	2019-21 Construction of additional reservoir.	\$0.9
	2018-19 Universal water meters.	\$0.2
Picton	2021-23 New pipelines and at Speeds Road.	\$4.6
	2020-25 Pipeline Mainline and Press upgrades	\$0.9

Areas	Major Capital Projects	Inflated value (Millions)
	2018-23 Universal water meters.	\$2.4
	2021-23 Treatment plant at Essons Barnes.	\$2.3
Renwick	2018-19 New reservoir.	\$2.2
	2018-19 Universal water meters.	\$0.5
	2018-20 New treatment plant.	\$5.8
	2018-20 New wells and pipelines to treatment plant.	\$1.6
	2018-28 Pipelines renewals	\$1.6
Awatere	2019-21 Rural POE treatment plant and pipelines	\$3.4
	2020-22 New reservoir at Dashwood.	\$0.7
Seddon	2018-19 Seddon township treatment plant	\$1.1
Riverlands	2018-21 New treatment plant	\$7.8
Wairau Valley	2018-23 Pipelines and treatment plant upgrades	\$1.0

Emerging Issues and Expected Changes

Compliance with the DWSNZ

Compliance with the DWSNZ continues to require significant capital expenditure. The affordability issues for smaller communities (Awatere, Renwick, Wairau Valley, and Havelock) have largely been resolved with the adoption of the Combined Water Schemes Charging Policy in 2017. Upgrades to treatment plants to meet the DWSNZ have been delayed beyond the target dates in the Health Amendment Act (2007). The Seddon Water Treatment Plant is due to be completed in 2018.

Havelock North Drinking-Water Contamination Inquiry

The recommendations of the Havelock North Drinking-Water Contamination Inquiry will have far reaching consequences for water suppliers. The government's response to the recommendations has not been confirmed to date but is likely to include the revocation of 'secure bore' status (affecting the Riverlands supply), chlorination of all supplies, more training and accreditation of staff, and more

monitoring of water quality.

Renewal of Infrastructure

Infrastructure renewal is becoming necessary across all networks as pipelines near the end of their useful life, particularly for older networks such as the Awatere.

Demand Management

Growth in demand for water in Renwick and Havelock has caused supply capacity issues. The residents have agreed to fit meters to all properties to help suppress peak demand and delay the need for investment in new water sources. Other demand management techniques such as pressure zone management and leakage control are being implemented where practicable.

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

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

Many of the costs associated with water supply are 'fixed' and are incurred irrespective of the volumes pumped. A small proportion of operational costs such as power and chemicals are related to the volume of water pumped into the supply. However, savings can be achieved by delaying the need for major capital upgrades to meet increased demand for water. A particularly relevant example of this is the current position of the Havelock water supply. During periods of peak demand elevated levels of chloride can be detected in the supply bores, indicating the demand is outstripping the supply capacity of the bores. The nearest reliable source of water is in the Pelorus Valley. A pipeline from the new source would cost an estimated \$4.5M .

In the past the Council has adopted a 'passive' leak detection policy. Leaks were not actively identified, but service crews would respond to leaks reported by

customers and those detected by the reticulation monitoring systems. More recently the Council has also instigated an ‘active’ leakage programme in Renwick, Seddon, Picton and Havelock. Specialist contractors are employed to search for and locate leaks in underground pipes that are not obvious from the surface. These projects have helped to reduce the volume of unaccounted for water but are relatively costly because of the specialist equipment and skills required. Crews attend to all reported and detected leaks within a given timeframe, depending on an assessment of how serious the leak is. We aim to attend major leaks in 30 minutes, serious leaks within 60 minutes and respond to all reported leaks within three working days, with a median response time of 13 hours.

Considerable care is required to ensure active leak detection projects return good value for money. It is likely these techniques will be used more in future along with other demand management techniques such as pressure control, district leakage management, public education and voluntary restraint measures. Water demand management is a particularly important technique in areas where the water sources are limited in times of high demand.

Firefighting capacity in some industrial/commercial areas is lower than the capacity sought by the New Zealand Fire Service (NZFS). Upgrades to the reticulation have been programmed over the next 10 years

Levels of Service 2018-28: Water Supply

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28	
Customer satisfaction Provide an overall level of service that meets or exceeds residents’ expectations.	Resident satisfaction with this service as measured by survey, where 10 = “service delivered extremely well”.	8.2	8.2	8.3	8.3	8.3	
	The total number of complaints received by the local authority about any of the following:						
	(a) drinking water clarity	1.30	1.30	1.10	1.10	1.30	
	(b) drinking water taste	1.90	1.90	1.70	1.90	1.90	
	(c) drinking water odour	0.65	0.65	0.60	0.65	0.65	
	(d) drinking water pressure or flow	1.90	1.90	1.90	1.70	1.50	
	(e) continuity of supply, and (f) the local authority’s response to any of these issues	1.30 0.65	1.30 0.65	1.30 0.65	1.30 0.65	1.30 0.65	
expressed per 1000 connections to the local authority’s networked reticulation system ⁶ .							
Safety of drinking water Provide a level of water quality that meet community needs and is appropriate to the degree of public health risk.	The extent to which the local authority’s drinking water supply complies with:	Blenheim	a)Y b)Y	a)Y b)Y	a)Y b)Y	a)Y b)Y	a)Y b)Y
	(a) Part 4 of the drinking-water standards (bacteria compliance criteria), and	Picton	a)Y b)N	a)Y b)N	a)Y b)Y	a)Y b)Y	a)Y b)Y
	(b) Part 5 of the drinking-water standards (protozoal compliance criteria).	Havelock	a)Y b)N	a)Y b) N	a)Y b) N	a)Y b) Y	a)Y b) Y
		Renwick	a)Y b)N	a)Y b) N	a)Y b) N	a)Y b) Y	a)Y b) Y
		Riverlands	a)Y b)N	a)Y b) N	a)Y b) N	a)Y b) Y	a)Y b) Y
		Awatere	a)N b)N	a)N b) N	a)N b) N	a)N b) Y	a)Y b) Y
		Wairau Valley	a)N b)N	a)N b) N	a)N b) N	a)Y b) Y	a)Y b) Y

⁶ Assumes 15,591 connections. Estimated in accordance with DIA recommended option 2. Minimum Night Flow Analysis. Riverlands not included as industrial night consumption volumes not available.

Levels of Service 2018-28: Water Supply

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Maintenance of the reticulation network	The percentage of real water loss from the local authority's networked reticulation system. ⁷	Blenheim ≤44%	37%	37%	37%	37%
		Picton ≤48%	32%	32%	30%	28%
		Havelock ≤51%	49%	38%	30%	28%
		Renwick ≤50%	35%	32%	30%	28%
		Awatere ≤28%	15%	15%	15%	15%
		Wairau Valley ≤42%	15%	15%	15%	15%
Fault response times Provide a service that is timely and responsive to customers' needs. (The target figures are the 'median' time ie half of all call-outs will be responded to/resolved in less time, half will be greater.)	Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:					
	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	30 minutes	30 minutes	30 minutes	30 minutes	30 minutes
	(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	3 hours	3 hours	3 hours	3 hours	3 hours
	(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	8 hours	8 hours	8 hours	8 hours	8 hours
	(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	13 hours	13 hours	13 hours	13 hours	13 hours
Demand management Provide a reliable water supply service.	The average consumption of drinking water per day per resident within the territorial authority district.	800 litres	780 litres	770 litres	770 litres	750 litres

⁷ The water loss figures shown are based on the best available information and do not include legitimate commercial/industrial night usage, day/night adjustment factor or system specific issues that are not currently monitored. Water loss has been calculated in accordance with Method Option 2 (minimum night flow analysis) recommended by the Department of Internal Affairs guidance for non-financial performance measures for water supply.

Funding Impact Statement for LTP 2018-28											
Water Supply											
	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
Targeted rates	4,779	8,216	8,824	9,698	10,502	10,789	11,129	11,368	11,657	11,865	12,108
Fees and charges	3,095	143	167	170	174	179	183	188	193	198	204
Total operating funding	7,874	8,359	8,991	9,868	10,676	10,968	11,312	11,556	11,850	12,063	12,312
Applications of operating funding											
Payments to staff and suppliers	2,699	2,735	3,027	3,350	3,608	3,761	3,931	4,076	4,249	4,430	4,615
Finance costs	1,261	1,146	1,232	1,512	1,723	1,650	1,631	1,703	1,697	1,595	1,539
Internal charges and overheads applied	1,577	1,629	1,665	1,703	1,731	1,760	1,793	1,822	1,849	1,875	1,921
Other operating funding applications	-	39	40	41	42	43	44	45	46	48	49
Total applications of operating funding	5,537	5,549	5,964	6,606	7,104	7,214	7,399	7,646	7,841	7,948	8,124
Surplus (deficit) of operating funding	2,337	2,810	3,027	3,262	3,572	3,754	3,913	3,910	4,009	4,115	4,188
Sources of capital funding											
Development and financial contributions	285	285	285	285	285	285	285	285	285	285	285
Subsidies and grants for capital expenditure	483	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	1,981	1,083	8,903	(1,292)	(1,368)	588	1,917	(2,204)	(1,549)	(564)
Total sources of capital funding	768	2,266	1,368	9,188	(1,007)	(1,083)	873	2,202	(1,919)	(1,264)	(279)
Applications of capital funding											
Capital expenditure to meet additional demand	1,530	1,875	1,844	5,425	1,087	696	390	755	326	631	478
Capital expenditure to improve the level of service	4,003	5,811	3,216	9,264	3,436	3,548	2,094	2,766	(124)	55	790
Capital expenditure to replace existing assets	2,173	1,796	1,436	1,557	1,134	5,715	1,198	1,046	365	893	1,215
Increase (decrease) in reserves	(4,601)	(4,406)	(2,101)	(3,796)	(3,092)	(7,288)	1,104	1,545	1,523	1,272	1,426
Total applications of capital funding	3,105	5,076	4,395	12,450	2,565	2,671	4,786	6,112	2,090	2,851	3,909
Surplus (deficit) of capital funding	(2,337)	(2,810)	(3,027)	(3,262)	(3,572)	(3,754)	(3,913)	(3,910)	(4,009)	(4,115)	(4,188)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	5,537	5,549	5,964	6,606	7,104	7,214	7,399	7,646	7,841	7,948	8,124
plus - Depreciation and amortisation	3,123	3,306	3,542	3,823	4,056	4,210	4,355	4,320	4,356	4,426	4,468
Expenditure as per Statement of Financial Performance	8,660	8,855	9,506	10,429	11,160	11,424	11,754	11,966	12,197	12,374	12,592
Operating expenditure											
Combined Scheme	7,700	7,812	8,376	8,883	9,262	9,492	9,788	10,136	10,417	10,584	10,789
Awatere Rural (new)	646	731	794	888	930	945	960	826	778	791	806
Riverlands Water	314	312	336	658	968	987	1,006	1,004	1,002	999	997
Capital expenditure (including vested assets):											
Combined Scheme	7,515	9,186	5,665	7,174	4,811	9,819	2,968	4,507	558	1,335	2,470
Awatere Rural (new)	159	142	672	1,561	845	139	713	59	8	243	11
Riverlands Water	227	154	159	7,511	1	1	1	1	1	1	2



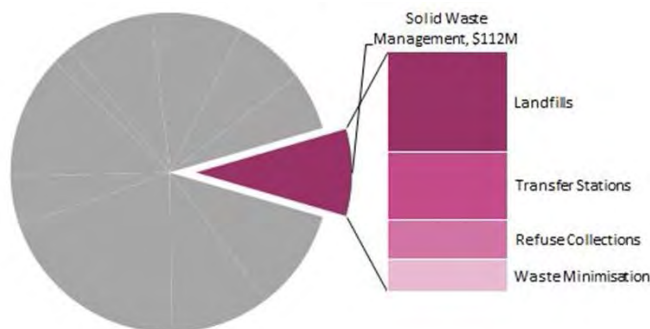
Rationale for the Delivery of Solid Waste Management Group of Activities

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

Solid Waste Management

Operating Costs

The operating costs for the Solid Waste Management Group of Activities represents \$112 million of total Council expenditure.



Capital Projects

Capital expenditure for the Solid Waste Management Activity Group represents \$14 million of total Council expenditure over the next 10 years. Further information about the major budgeted capital projects is included in this section.

Changes to the Solid Waste Management Activity Group from the 2017–18 Annual Plan

There are no changes to this Activity Group.

Intended Changes to Levels of Service from the 2017–18 Annual Plan

There are no intended changes to the levels of service within the Group from the levels of service in the 2017–18 Annual Plan.

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

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

Significant Negative Effects Associated with this Group of Activities

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

Activity: Solid Waste Management

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by enabling the community, including industries, to take a progressive approach to waste management and to contribute to a healthy natural environment. It also contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living as outlined below.

Outcome	Actions
Governance	Enabling communities to be involved with Council projects that impact on them such as infrastructure development and regulatory issues.
Environment	Promoting effective and efficient waste management systems across the district.
People	Protecting public health and reducing environmental impacts from waste.
Economy	Providing key infrastructure for waste and recycling services to support our economy.
Connectivity	Providing effective and accessible reuse and recycling facilities that encourage and improve waste diversion.
Living	Investing in, and planning for, infrastructure to provide for the social and economic well-being, and the health and safety of Marlborough's communities.

What is this Activity About?

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

These facilities are designed and operated to ensure the minimum impact on people's amenity and the environment. By promoting the reduction, reuse and recycling of waste we will reduce our reliance on landfill for disposal and also have

the ability to influence the direction of our waste management and minimisation planning. Council also collects refuse and recyclables from the kerbside in Blenheim and Picton through a contract.

The Waste Situation

The landfill receives up to 50,000 tonnes of waste each year. The resource recovery centre diverts up to 5,500 tonnes of domestic recycling (card/paper, plastics, cans and glass). The waste sorting centre diverts up to 4,000 tonnes of skip and transfer waste (card/paper, plastics, GIB, glass, metal, rubble, tyres and wood). The compost site diverts up to 18,000 cubic metres (3,000 tonnes) of greenwaste. The hazardous waste facility processes up to 50 tonnes of domestic and commercial materials.

The transfer stations and the resource recovery centre provide the opportunity for source segregation of recyclables by the public.

The waste sorting centre in Blenheim provides an opportunity to process transfer and skip waste, and to divert suitable materials for reuse, recycling or recovery.

The Bluegums landfill site is an engineered containment facility for the depositing of waste residues. Based on the current level of waste disposal the site will be filled by 2071.

The greenwaste facility provides an opportunity to divert garden waste, excluding grass clippings, away from landfill by composting. Grass clippings are sent to landfill for disposal rather than composted as they contain traces of herbicides (Clopyralid). These herbicides are persistent and are not broken down during composting.

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

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

Waste Management and Minimisation Plan

The Council is the territorial authority for the Marlborough District and as such is required to develop, adopt, maintain and review a waste management and

minimisation plan (WMMP). This document was reviewed and updated in 2014–15 and sets out the strategy for managing and minimising the District’s waste for the period from 2015 to 2021.

The WMMP sets out a number of options/goals to be worked on over the next three year period. The major options/goals are listed in the following table.

Option	Comment
11	Work with the private sector to maximise the throughput and diversion levels at the CIF.
13	Review existing methods of communication with the community.
15	Continue to work with industry sectors on the development of sustainable solutions for forest skid sites, mussel shells and grape marc.

Waste Levy

The Waste Minimisation Act 2008 introduced a waste levy for all disposal sites. The current rate is \$10 per tonne for waste sent to the landfill. This charge is paid for by the depositor of the waste who could be a private contractor, business or the Council on behalf of ratepayers. The collection of this charge is administered by the Ministry for the Environment. The effectiveness of the waste disposal levy is also reviewed by the Ministry every three years. The latest review took place in 2017. A concluding statement in the Ministry’s report states:

Systems and processes to administer the waste disposal levy are operating efficiently and effectively, and all stakeholders are meeting their obligations relevant to this review as prescribed in the Waste Minimisation Act. However, annual levied waste is increasing, indicating that the levy is not currently achieving its objective. Added to this, the majority of New Zealand’s waste disposal facilities are exempt from the levy and no data is available about the waste that is disposed at these facilities.

2017 Review Recommendations

The following extract from the report summarises the recommendations.

This review combines recommendations from the previous review to create three clear lines of strategic focus to address these issues in future.

These are:

Focus 1. Strategy — Develop a clear vision, strategy and set of outcomes for

the future direction of the waste disposal levy. Develop an aligned approach to invest funding into projects that are targeted, measurable and provide the greatest returns.

Focus 2. Data — Invest in developing a national waste data collection and evaluation framework that targets key information to prioritise waste issues and measures effectiveness of the waste disposal levy.

Focus 3. Approach — Develop and implement a staged approach to applying the waste disposal levy across additional classes of landfills and assess the role of a differential rating system.

Whilst no increase in the Waste Disposal Levy is signaled at present there is a possibility that the \$10 per tonne rate could increase in the years ahead. In order to protect the district from legislative increases in disposal costs and our reliance on landfill, the Council has developed and is now operating the waste sorting centre.

Pyrolysis Site

The district produces a large volume of waste timber each year. Up to 1,500 tonnes is being recovered at the waste sorting centre, with up to 6,500 tonnes received directly at the landfill.

Pyrolysis is a thermochemical treatment which can be applied to any organic (carbon-based) product. In this treatment, material is exposed to a high temperature, and in the absence of oxygen goes through chemical and physical separation into different molecules.

The establishment of a pyrolysis plant would provide an end outlet for diverted wood materials, converting them into a charcoal product for onward sale into suitable markets.

Subject to gaining resource consent, a pyrolysis plant could be established at the Bluegums landfill site. This plant would be operated by a private company, Waste Transformation Limited. The company will have to demonstrate that the operation of the plant will not have an adverse effect on the surrounding environment.

Hazardous Waste Centre

The current hazardous waste facility has been in operation since the mid-1990s. To manage the future increases in the volumes of hazardous waste, Council is planning to open a hazardous waste centre. This facility will provide a drop off point for the community and will allow materials to be processed more efficiently. The facility will be located adjacent to the waste sorting centre and be accessed

Activity Group: Solid Waste Management

from Wither Road. The site will operate similarly to the other transfer stations but will focus on hazardous waste including agricultural chemicals and spent containers. The intent is to have this facility operational by 1 July 2019.

Emissions Trading Scheme (ETS)

The landfill generates and emits gas as a by-product of waste decomposition. Under the Climate Change Regulations (2002) the emissions are now subject to a surrender obligation where carbon credits are traded against the tonnage of emissions. The landfill has a flare and associated collection system which burns the gas on site. The efficiency of this system along with the percentage of biodegradable material within the incoming waste has been assessed and is used to allow the site to define its Unique Emissions Factor (UEF). This UEF has allowed the site to reduce its liability for carbon credits from a default in the district of 50,000 tonnes to a surrender value in the district of 14,000 tonnes. The current carbon price for surrendered units is approximately \$20 per tonne.

Additional upgrades to the landfill gas system will see an improved efficiency in extraction. Future uses of this gas as a fuel continue to be explored. The challenge is in developing a consistent flow of gas.

Major Budgeted Capital Projects

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

Areas	Major Capital Projects	Inflated value (Millions)
Blenheim	2018-28 Bluegums development	\$12.1
	2020-21 Replacement of crates	\$0.2

Asset Description

The Council's principal assets supporting this Activity are the regional landfill facility, the network of transfer stations, waste sorting centre, rural community recycling bins, and the resource recovery centre/re-use shop facility.

Emerging Issues and Expected Changes

The introduction of Product Stewardship schemes could have a significant impact on the cost of managing waste and recycling.

Product Stewardship is an environmental management strategy that means whoever designs, produces, sells, or uses a product takes responsibility for minimising the product's environmental impact throughout all stages of the product's life cycle, including end of life management.

There are two types of product stewardship schemes, voluntary and mandatory. To date the approach has focused on voluntary schemes set up by interested parties. In future the focus is likely to be on mandatory schemes through the Government's declaration of 'priority products'.

Council supports the costs associated with managing waste products being redistributed to the producer/consumer and away from the ratepayer. We will continue to participate in policy discussions and development of product stewardship at a national level as a means of achieving this.

Levels of Service 2018-28: Solid Waste Management

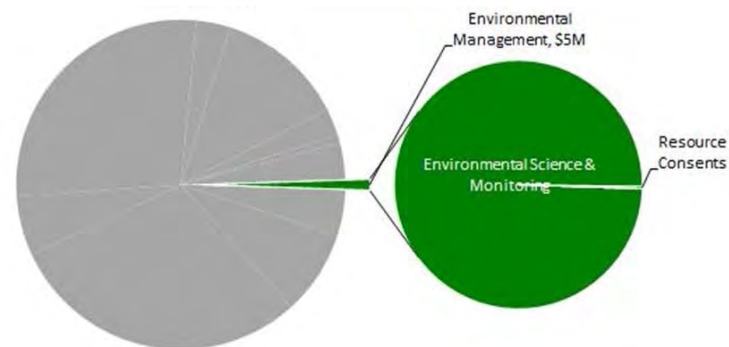
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6	7.6	7.6	7.6
Reduce the amount of waste sent to the landfill.	% growth in diverted material throughput at the Resource Recovery Centre (RRC).	5,000 tonnes	2.5% growth from 2017-18	5% growth from 2017-18	7.5% growth from 2017-18	2.5% growth year on year
	% growth in sales at the Reuse Shop.	\$225k (inc GST)	2.5% growth from 2017-18	5% growth from 2017-18	7.5% growth from 2017-18	2.5% growth year on year
	% growth in tonnage diversion from the Waste Sorting Centre (WSC).	3,000 tonnes	2.5% growth from 2017-18	5% growth from 2017-18	7.5% growth from 2017-18	2.5% growth year on year
	% growth in greenwaste material throughput at the Greenwaste Acceptance Facility (GAF).	16,500 cubic metres	2.5% growth from 2017-18	5% growth from 2017-18	7.5% growth from 2017-18	2.5% growth year on year
Effective operation of waste management and minimisation services.	Number of resident's complaints in regards to Bluegums Landfill operations.	12	<12	<12	<12	<12
	% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	13,200 households	< 1% of 2017-18	< 1% of 2017-18	< 1% of 2017-18	< 1% of 2017-18
	Number of resident's complaints in regards to the greenwaste acceptance facility operation	12	<12	<12	<12	<12
	Number of resident's complaints in regards to the transfer stations, waste sorting centre, reuse centre, resource centre, ewaste facility, rural community recycling, coin skips and salvage yard.	36	<36	<36	<36	<36

Funding Impact Statement for LTP 2018-28											
Solid Waste Management											
	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,384	1,530	1,602	1,653	1,694	1,740	1,786	1,832	1,870	1,919	1,944
Targeted rates	1,456	1,435	1,470	1,524	1,577	1,613	1,652	1,691	1,713	1,737	1,786
Subsidies and grants for operating purposes	167	185	151	154	158	162	166	170	174	179	184
Fees and charges	5,763	7,072	7,272	7,436	7,613	7,797	7,994	8,199	8,416	8,648	8,893
Other receipts	226	315	300	296	298	296	293	295	301	300	305
Total operating funding	8,996	10,537	10,795	11,063	11,340	11,608	11,891	12,187	12,474	12,783	13,112
Applications of operating funding											
Payments to staff and suppliers	5,989	7,165	7,504	7,725	7,871	8,066	8,271	8,518	8,696	8,935	9,188
Finance costs	435	378	352	321	288	259	232	203	177	151	125
Internal charges and overheads applied	1,136	1,170	1,194	1,224	1,241	1,262	1,283	1,304	1,319	1,336	1,368
Other operating funding applications	325	495	493	491	488	497	506	515	525	535	545
Total applications of operating funding	7,885	9,208	9,543	9,761	9,888	10,084	10,292	10,540	10,717	10,957	11,226
Surplus (deficit) of operating funding	1,111	1,329	1,252	1,302	1,452	1,524	1,599	1,647	1,757	1,826	1,886
Sources of capital funding											
Increase (decrease) in debt	450	(399)	(562)	(594)	(552)	(498)	(514)	(494)	(465)	(469)	(458)
Total sources of capital funding	450	(399)	(562)	(594)	(552)	(498)	(514)	(494)	(465)	(469)	(458)
Applications of capital funding											
Capital expenditure to improve the level of service	450	142	-	59	60	62	131	134	-	-	-
Capital expenditure to replace existing assets	1,231	215	53	564	2,011	2,510	344	678	6,362	173	83
Increase (decrease) in reserves	(120)	573	637	85	(1,171)	(1,546)	610	341	(5,070)	1,184	1,345
Total applications of capital funding	1,561	930	690	708	900	1,026	1,085	1,153	1,292	1,357	1,428
Surplus (deficit) of capital funding	(1,111)	(1,329)	(1,252)	(1,302)	(1,452)	(1,524)	(1,599)	(1,647)	(1,757)	(1,826)	(1,886)
Funding balance											
	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	7,885	9,208	9,543	9,761	9,888	10,084	10,292	10,540	10,717	10,957	11,226
plus - Depreciation and amortisation	687	758	764	772	788	776	1,401	1,405	1,381	1,356	773
Expenditure as per Statement of Financial Performance	8,572	9,966	10,307	10,533	10,676	10,860	11,693	11,945	12,098	12,313	11,999
Operating expenditure											
Landfills	3,534	4,016	2,954	3,055	3,068	3,134	3,199	3,315	3,341	3,407	3,485
Refuse Collections	1,671	1,670	4,213	4,260	4,306	4,372	5,070	5,134	5,216	5,305	4,824
Transfer Stations	2,107	2,893	1,710	1,754	1,808	1,848	1,892	1,937	1,964	1,994	2,050
Waste Projects	1,260	1,387	1,430	1,464	1,494	1,506	1,532	1,559	1,577	1,607	1,640
Capital expenditure:											
Landfills	1,681	275	-	-	-	-	-	-	-	-	-
Refuse Collections	-	-	53	430	2,071	2,572	475	812	6,362	173	83
Transfer Stations	-	-	-	193	-	-	-	-	-	-	-
Waste Projects	-	82	-	-	-	-	-	-	-	-	-



Capital Projects

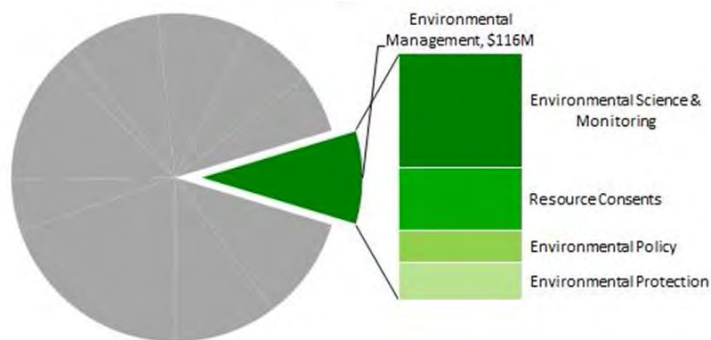
Capital expenditure for the Environmental Management Group of Activities represents \$5 million of total Council expenditure over the next 10 years. Information about the major budgeted capital projects is included under the respective Activities sections.



Environmental Management

Operating Costs

The operating costs for the Environmental Management Group of Activities represents \$116 million of total Council expenditure.



Activity	Major Capital Projects	Inflated value (Millions)
Environmental Science and Monitoring	2019-22 Multi-beam seabed mapping project.	\$3.1
Environmental Science and Monitoring	2018-28 Telemetry field equipment.	\$1.7

Rationale for Delivery of this Group of Activities

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

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



The role of the Environmental Policy Activity is to develop, maintain and review a resource management framework consisting of a Regional Policy Statement (RPS), a Regional Coastal Plan, Regional Plans and a District Plan. The Council has combined these plans into a single, integrated Proposed Marlborough Environment Plan. This plan has an important role in strategically guiding the use, development and protection of natural and physical resources by enabling appropriate resource use (through the use of permitted activity rules and through the allocation of public resources) and by identifying the circumstances under which resource consent is required.

The resource management framework is implemented by the Resource Consent Activity through the processing of resource consents and certificate of compliance applications, and through the provision of planning information. The processing of resource consent applications utilises the guidance provided by the operative resource management plans and the Proposed Marlborough Environment Plan to ensure that any adverse effects of resource use are appropriately managed. Non regulatory methods specified in the planning documents are also being implemented by various parts of the Council. This is the “Do” part of the cycle.

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

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

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

Measuring Success

Monitoring the state of the Marlborough environment and monitoring the effectiveness and efficiency of the policies and methods included in the Council’s resource management documents is a statutory requirement under the RMA.

The State of the Environment Report data will be used to assess whether the outcomes specified in the existing resource management plans and the Proposed MEP have been achieved and, as a result, whether the provisions are effective or efficient in resolving or managing the environmental issue they are addressing. The results of this monitoring must be reported at intervals of not more than five years.

A comprehensive set of anticipated environmental results has been included in the Proposed MEP. Given this process, which is a statutory requirement, it is not necessary to set environmental performance indicators in the Long Term Plan.

Changes to the Environmental Management Activity Group from the 2017–18 Annual Plan

There are no changes to this Activity Group.

Intended Changes to Levels of Service from the 2017–18 Annual Plan

The following table describes intended changes to the levels of service within this Group from the levels of service in the 2017–18 Annual Plan. The reasons for the intended changes are also described.

2017-18 Annual Plan	2018-28 LTP	Reason for change
Activity: Environmental Policy		
None.	Review of the second generation resource management framework.	To ensure that the LTP 2018-28 reflects statutory requirements and the work programme of the Environmental Policy Group.
None.	Progressive Implementation Programmes under the NPS Freshwater Management are implemented.	

Significant Negative Effects in this Group

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

Activity Group Funding Impact Statement

The following Funding Impact Statement (FIS) is for the Activity Group. Throughout this section a separate FIS is included for each Activity and these should be referred to for more detailed information.

Funding Impact Statement for LTP 2018-28											
ENVIRONMENTAL MANAGEMENT	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	6,157	6,670	7,026	7,712	8,397	8,675	8,794	9,028	9,221	9,473	9,708
Subsidies and grants for operating purposes	-	-	-	42	27	27	28	29	18	18	19
Fees and charges	2,217	2,272	2,326	2,373	2,429	2,481	2,545	2,605	2,666	2,730	2,798
Internal charges and overheads recovered	88	88	89	92	94	96	99	100	103	106	108
Other receipts including fines	508	511	513	509	537	509	465	454	467	436	438
Total operating funding	8,970	9,541	9,954	10,728	11,484	11,788	11,931	12,216	12,475	12,763	13,071
Applications of operating funding											
Payments to staff and suppliers	6,796	7,250	7,254	7,951	8,323	8,550	8,612	8,823	9,015	9,244	9,490
Finance costs	25	21	20	19	19	18	17	16	15	14	17
Internal charges and overheads applied	2,471	2,437	2,502	2,569	2,627	2,691	2,755	2,819	2,880	2,942	3,023
Other operating funding applications	77	1	1	1	1	1	1	1	1	1	1
Total applications of operating funding	9,369	9,709	9,777	10,540	10,970	11,260	11,385	11,659	11,911	12,201	12,531
Surplus (deficit) of operating funding	(399)	(168)	177	188	514	528	546	557	564	562	540
Sources of capital funding											
Increase (decrease) in debt	-	(13)	(14)	(15)	(16)	(16)	(17)	(18)	(19)	(20)	134
Total sources of capital funding	-	(13)	(14)	(15)	(16)	(16)	(17)	(18)	(19)	(20)	134
Applications of capital funding											
Capital expenditure to improve the level of service	753	3	1,028	1,095	1,121	49	98	101	-	-	-
Capital expenditure to replace existing assets	150	150	154	157	198	165	169	173	178	183	188
Increase (decrease) in reserves	(1,302)	(334)	(1,019)	(1,079)	(821)	298	262	265	367	359	486
Total applications of capital funding	(399)	(181)	163	173	498	512	529	539	545	542	674
Surplus (deficit) of capital funding	399	168	(177)	(188)	(514)	(528)	(546)	(557)	(564)	(562)	(540)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	9,369	9,709	9,777	10,540	10,970	11,260	11,385	11,659	11,911	12,201	12,531
plus - Depreciation and amortisation	205	241	247	261	588	602	622	634	643	643	622
less - Internal charges and overheads recovered	88	88	89	92	94	96	99	100	103	106	108
Expenditure as per Note 1	9,486	9,862	9,935	10,709	11,464	11,766	11,908	12,193	12,451	12,738	13,045

Activity: Environmental Policy

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by planning for urban development and a healthy natural environment. This Activity also contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living as outlined below.

Outcome	Actions
Governance	Taking a collaborative approach to resource management policy development, which involves the community and tangata whenua iwi in the process, ensures that the policy and planning provisions remain current and reflect the aspirations of the Marlborough community.
Environment	<p>Including provisions in the Proposed MEP to sustain the potential of natural and physical resources to meet the reasonably foreseeable needs of future generations and to safeguard the life-supporting capacity of air, water, soil and ecosystems. This includes limits on resource use and environmental standards but also the use of a range of non-regulatory methods.</p> <p>Seeking to avoid, remedy or mitigate the adverse effects of activities, especially where there is potential for conflict between different resource uses and users.</p> <p>Carrying out monitoring to understand the environmental outcomes resulting from the current resource management framework. The results of state of the environment monitoring indicate where current policy and planning provisions are not maintaining or enhancing the state of the Marlborough environment, allowing adjustments in management to be made through review processes. This monitoring also identifies new and emerging issues to be addressed.</p>
People	Developing and maintaining the resource management framework in a way that recognises the kaitiaki role of tangata whenua iwi.
Economy	<p>Strategically guiding appropriate use, development and protection of Marlborough's natural and physical resources, including land, water, air, indigenous ecosystems and the built environment.</p> <p>Ensuring adequate and appropriate land is zoned to meet business and housing demand.</p>
Connectivity	Protecting transport infrastructure from the adverse effects of other activities and enabling the efficient and effective operation of the infrastructure.

Outcome	Actions
Living	<p>Making provision for housing, employment and recreation in the Proposed MEP.</p> <p>Providing recreational space and guidelines for the form of residential development encourages social cohesion.</p> <p>Avoiding, remedying or mitigating the adverse effects of other activities on reasonable residential amenity expectations.</p> <p>Identifying and protecting Marlborough's cultural heritage.</p>

What is this Activity About?

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

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

Council's four core RMA policy and planning documents are outlined below.

The Marlborough Regional Policy Statement (RPS)

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

The Marlborough Sounds Resource Management Plan (MSRMP)

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

The Wairau/Awatere Resource Management Plan (WARMP)

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

The Proposed Marlborough Environment Plan (MEP)

The Council completed a review of the effectiveness and efficiency of the operative resource management framework in 2016. As a result the Proposed Marlborough Environment Plan (MEP) was notified for public submissions in June 2016. The proposed MEP combines the Regional Policy Statement, Regional Coastal Plan, regional plan and district plan provisions into a single resource management planning document for Marlborough.

The RPS, the operative resource management plans and the proposed MEP identify resource management issues, establish objectives for addressing these issues, provide policies for achieving the objectives and identify regulatory and non-regulatory methods for implementing the policies. The provisions collectively seek to enable resource use, but in a manner that sustains the potential of natural and physical resources to meet the reasonably foreseeable needs of future generations, safeguards the life supporting capacity of air, water, soil and ecosystems and avoids, remedies or sufficiently mitigates adverse effects.

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

Asset Description

Although not an asset in the conventional sense, the RPS, MSRMP, WARMP and proposed MEP are assets the Council and the community rely on to guide development within Marlborough. They identify the status of resource use activities occurring within the environment (ie whether an activity requires a resource consent), allocate public resources (such as water and coastal space) and contain policies to guide the determination of resource consent applications.

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

Emerging Issues and Expected Changes

Proposed Marlborough Environment Plan

The proposed MEP attracted 1,322 submissions. Those submissions are currently in the process of being heard in accordance with the First Schedule of the RMA.

The task of hearing submissions and making decisions on the proposed MEP is being undertaken by an appointed panel of accredited hearing commissioners, consisting of four elected Councillors and three independent commissioners. The hearings commenced in November 2017 and are scheduled to be completed by December 2018.

Decisions on the proposed MEP will be publicly notified in 2019. Any submitter to the proposed MEP can appeal the Council's decision to the Environmental Court. Depending on the number and nature of the appeals, resolving the appeals may be a significant priority for the Environmental Policy Activity for the first half of this LTP.

Once appeals are resolved, the MEP can be made operative. This means that the current operative framework consisting of the Marlborough Regional Policy Statement, the Marlborough Sounds Resource Management Plan and the Wairau/Awatere Resource Management Plan will cease to have effect. This will, in turn, simplify the task of other activities, particularly Resource Consents and Environmental Protection.

Review of Aquaculture Provisions

In notifying the proposed MEP, Council decided not to notify marine farming provisions, opting instead to continue the review process. This review commenced in March 2017 and the Council is being assisted by an Aquaculture Review Working Group consisting of industry members, members of the local community and central government agencies. The work of the Group may result in the notification of a Variation to the MEP in 2018. The First Schedule process would then run for approximately the following two years.

Central Government Initiatives

Government initiatives (such as legislative change or the introduction of national policy statements or national environmental standards) can influence the nature, scope and timing of the Environmental Policy work programme. In particular, the Council is required to give effect to the provisions of national policy statements, while the provisions of the Council's resource management framework cannot duplicate or conflict with national environmental standards.

Activity Group: Environmental Management

There are currently five national policy statements and six national environmental standards. In most cases these were given effect to through the review of the resource management framework.

National Policy Statement for Freshwater Management

In the case of the National Policy Statement for Freshwater Management 2014, the Council has adopted a staged implementation programme to establish a minimum aquifer level for the Wairau Aquifer through to 2019 and to establish freshwater quality limits through to 2024. These programmes set out the various actions that will be taken by the Council to establish those limits, including technical investigations, community consultation and planning. The budget implications of this work will be highlighted through future annual planning processes. Note that there are government commitments to further review the NPSFM and this could have an effect on the Environmental Policy Activity work programme.

National Policy Statement on Urban Development Capacity

In the case of the National Policy Statement on Urban Development Capacity 2016, the Council is required to monitor a range of indicators for housing and business development capacity in Blenheim on a quarterly basis. A housing and business development capacity assessment is also required in December 2018 and every three years thereafter.

National Environmental Standard for Plantation Forestry

The Council may need to notify plan changes as part of the process of aligning the provisions of the operative plans and the proposed MEP with the National Environmental Standard for Plantation Forestry.

National Planning Standards

Government is also in the process of developing national planning standards. The standards can relate to any aspect of the structure, format or content of regional policy statements and plans, and the Council must amend its planning documents if so directed. The first tranche of standards are expected in 2019. It is not possible to plan for any changes at this stage as the nature of the national planning standards is not known. However, it is likely that changes will be required to the Council's resource management framework over the life of this LTP.

Transitioning to the Marlborough Environment Plan

Leading up to and following notification of the reviewed RPS/RMP, the operative resource management framework still has legal status and therefore requires maintenance.

Plan change requests to the operative resource management framework made by members of the public, which cannot be anticipated, have a similar effect on the environmental policy work programme as central government initiatives. Any new plan change request has to be processed in accordance with statutory processes and timeframes. The costs of plan change requests are borne by the person who has made the request (unless the Council adopts the plan change as its own). One plan change request was being processed at the time of preparing this LTP.

Levels of Service 2018-28: Environmental Policy						
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
A second generation resource management framework for Marlborough.	Decisions on the MEP publicly notified.	N/A	June 2018	N/A	N/A	N/A
	A variation to the MEP providing for and managing the effects of marine farming activity is publicly notified	N/A	December 2018	N/A	N/A	N/A
	Appeals on MEP decisions resolved and MEP made operative.	New measure	N/A	N/A	N/A	June 2023
Review of the second generation resource management framework	Efficiency and effectiveness report completed	New measure	N/A	N/A	N/A	June 2028
Progressive Implementation Programmes under the NPS Freshwater Management are implemented	Freshwater quality limits are set for all freshwater management units	New measure	N/A	N/A	N/A	June 2024
	Minimum aquifer level established for Wairau Aquifer	New measure	N/A	December 2019	N/A	N/A

Funding Impact Statement for LTP 2018-28											
Environmental Policy	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,270	1,271	1,289	1,326	1,354	1,389	1,426	1,461	1,490	1,527	1,568
Other receipts	104	97	94	87	86	81	75	73	75	70	70
Total operating funding	1,374	1,368	1,383	1,413	1,440	1,470	1,501	1,534	1,565	1,597	1,638
Applications of operating funding											
Payments to staff and suppliers	1,433	1,435	1,104	1,128	1,153	1,179	1,207	1,238	1,269	1,301	1,336
Internal charges and overheads applied	291	273	279	285	287	291	294	296	296	296	302
Other operating funding applications	54	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	1,778	1,708	1,383	1,413	1,440	1,470	1,501	1,534	1,565	1,597	1,638
Surplus (deficit) of operating funding	(404)	(340)	-	-	-	-	-	-	-	-	-
Sources of capital funding											
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(404)	(340)	-	-	-	-	-	-	-	-	-
Total applications of capital funding	(404)	(340)	-	-	-	-	-	-	-	-	-
Surplus (deficit) of capital funding	404	340	-	-	-	-	-	-	-	-	-
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,778	1,708	1,383	1,413	1,440	1,470	1,501	1,534	1,565	1,597	1,638
Expenditure as per Statement of Financial Performance	1,778	1,708	1,383	1,413	1,440	1,470	1,501	1,534	1,565	1,597	1,638

Activity: Environmental Science and Monitoring

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by ensuring the natural environment is healthy. It also contributes to the Community Outcomes of Governance, Environment, Economy, People and Living as outlined below.

Outcome	Actions
Environment	Monitoring the state and condition of our natural resources, investigating environmental issues, helping to create solutions and implementing programmes to protect our resources (fresh water, land, coast and air).
Economy	Helping with the allocation and informed use of resources to enable productivity within set environmental bottom lines.
People	Helping the community and resource users to better understand our natural resources through participative processes, and the provision of environmental information.
Living	Providing assurance that our natural resources and special places are protected and in a condition suitable to maintain our lifestyle and general well-being, for example recreation and food gathering from our rivers and coastal waters.
Governance	Understanding environmental issues and the condition of our natural resources to enable strategic and transparent decision making.

What is this Activity About?

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

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

- obtain information about the condition of the environment and raise awareness of environment issues
- assist in identifying areas where there is a need to improve the quality of the environment and enable Council to support a range of methods that can be applied to address specific issues

- allow Council to assess the effectiveness of the policies and methods contained in the Proposed MEP and other planning documents, and the Council's implementation of the RMA, National Policy Statements and National Environmental Standards
- support the sustainable use and allocation of our natural resources.

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

Emphasis has been placed on the monitoring and development of sustainable programmes associated with fresh water resources and this is expected to continue. This reflects the value of water to the community and its overall vulnerability to overuse and contamination.

There are important resource management programmes associated with gathering a range of information and measuring the health and integrity of our marine habitats and ecosystems, air quality, land resources and the protection of biodiversity. Council also has a responsibility for maintaining a property based list of historical land use activities that potentially pose a soil contamination risk. (This is called a Hazardous Activity and Industries List, or HAIL.)

Asset Description

Council operates 91 automated real time monitoring stations that measure a number of environmental parameters to support a range of resource management programmes and emergency responses.

Environmental parameters (automated)	Number of parameters monitored
Rainfall	28
Surface Water Level	33
River Flow	26
Groundwater Level	34
Groundwater Temperature	11
Groundwater Conductivity	7
Air Quality (PM10)	2
River Water Quality	3
Total	143

Major Budgeted Capital Projects

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

Asset	Major Capital Projects	Inflated value (Millions)
Field equipment	2018-28 Telemetry field equipment.	\$1.7
Project	2019-22 Multi-beam seabed mapping project.	\$3.1

Emerging Issues and Expected Changes

Additional investment

The Marlborough Environment Plan has been notified and will set the future direction and resourcing for State of Environment (SoE) monitoring and resource investigations in the District.

Additionally the government is increasingly directing Council services through legislative change consisting of a number of National Policy Statements and National Environmental standards. For example, the National Policy Statement for Freshwater Management is expected to impact on the levels of service for setting of catchment based limits, monitoring and contaminant accounting systems.

The Council will invest in the following projects.

- A multi-beam survey of the entire seabed of Pelorus Sound/Te Hoiere will be carried out as part of a co-funding partnership with Land Information New Zealand. This investment in understanding the different habitats and their values will enable the Council to improve management of marine ecosystems in this extensive area.
- There will be progressive increases in the funding for the Council's environmental science and monitoring activities over the next three years to implement the Proposed MEP as well as the range of National Environmental Policy Standards and Regulations. In particular, additional resources have been allocated for environmental monitoring, coastal monitoring and science programmes, biodiversity, riparian management, Taylor River enhancement, implementation of the National Environmental

Standard for Assessing and Managing Contaminants in Soil, monitoring of winery waste discharges, monitoring of agricultural spray drift and implementation of the National Policy Statement for Freshwater Management.

Environmental information

There is also an increasing expectation from government, the community and the regional sector that resource information will be readily available for national environmental reporting and the community in an open digital format.

Water Quality

Diffuse pollution, sediment runoff and discharges to land as a consequence of intensive urban and rural land use will remain as the main human induced threat to water quality in the District. Monitoring programmes focused on determining the effects of winery waste discharges and sediment run-off are immediate options to help us better understand and mitigate these effects. The implementation of additional catchment based enhancement plans and options for a riparian management strategy will involve collaborative action to help mitigate diffuse pollution and sediment runoff.

Water Use

The extraction of fresh water for irrigation and consumptive use will require a continuation of careful management to balance community aspirations for economic growth while ensuring environmental sustainability is not compromised.

Air Quality

Agriculture spray drift and the effects on air quality in the District are little known. A monitoring programme to address cumulative effects will be a necessary step to better understanding these complex issues.

Soil Quality

Council has an obligation to ensure the most up to information exists on sites that are potentially contaminated, and these sites recorded as HAIL. A focused program systemically surveying sites and reviewing the level of risk will be carried out.

Biodiversity

The community terrestrial biodiversity programme has an objective to halt the decline in biodiversity values. Resourcing has been allocated to address the protection of high value significant sites. The community also expects more

Activity Group: Environmental Management

investment in broad scale biodiversity interventions such as pest control, and this will be achieved through implementation of the Biodiversity Strategy and the Regional Pest Management Plan 2018.

The Council continues to increase our knowledge of the complex nature of our marine environment. Opportunities exist for additional resourcing including collaborative approaches with stakeholders.

An improved understanding of our coastal water quality and the effects from human induced effects and natural processes can be measured more efficiently and effectively by investments in real time monitoring instruments. Opportunities to measure change in the environment with better technology off-setting existing manual sampling regimes requires a review which could potentially be funded through mechanisms such as coastal occupancy charging.

Climate Change

The longer term consequences of climate variability will need to be better understood, including establishing measures and coordinated responses across the Council, and resourcing has been allocated for this work.

Levels of Service 2018-28: Environmental Science and Monitoring

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Monitor, investigate, gather and analyse information, and report on the state of Marlborough's natural resources including: Fresh Water, Land, Air and Coastal.	Timeliness of completion of data integrity audits and quality coding (in accordance with National Environmental Monitoring Standards).	30 June	30 June	30 June	30 June	30 June
	Number of technical SoE monitoring reports/or report cards completed.	6	6	6	6	6
	Timeliness completion of resource investigations and reporting to Council.	30 June	30 June	30 June	30 June	30 June
Effective real time environmental monitoring network is operated.	Percentage availability of the environmental monitoring network.	99%	99%	99%	99%	99%
Promotion of resource management programmes to help maintain or improve the condition of the environment.	Increase in the number of sites classified as Significant Natural Areas on private land that are either protected by management interventions or legal covenants.	92	96	100	104	108
Encourage the community and industry to look after and restore the environment through communication, education and advocacy.	Marlborough Environment Awards are held biennially.	Awards Held 2016/17	Awards Held	N/A	Awards Held	2022/23 and Biannually there after
	Number of planned communication programmes with Industry/Community sector groups annually.	5	5	5	5	5

Funding Impact Statement for LTP 2018-28											
Environmental Science and Monitoring	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	3,405	3,737	3,967	4,484	5,020	5,183	5,203	5,342	5,449	5,597	5,725
Subsidies and grants for operating purposes	-	-	-	42	27	27	28	29	18	18	19
Fees and charges	5	5	5	5	5	5	6	6	6	6	6
Internal charges and overheads recovered	65	65	66	68	69	71	73	74	76	78	80
Other receipts	280	285	288	295	319	303	274	267	274	256	257
Total operating funding	3,755	4,092	4,326	4,894	5,440	5,589	5,584	5,718	5,823	5,955	6,087
Applications of operating funding											
Payments to staff and suppliers	2,700	2,998	3,205	3,738	3,938	4,053	4,008	4,109	4,187	4,300	4,422
Finance Costs	25	21	20	19	19	18	17	16	15	14	17
Internal charges and overheads applied	912	900	923	948	968	990	1,013	1,036	1,057	1,079	1,108
Other operating funding applications	23	1	1	1	1	1	1	1	1	1	1
Total applications of operating funding	3,660	3,920	4,149	4,706	4,926	5,062	5,039	5,162	5,260	5,394	5,548
Surplus (deficit) of operating funding	95	172	177	188	514	527	545	556	563	561	539
Sources of capital funding											
Increase (decrease) in debt	-	(13)	(14)	(15)	(16)	(16)	(17)	(18)	(19)	(20)	134
Total sources of capital funding	-	(13)	(14)	(15)	(16)	(16)	(17)	(18)	(19)	(20)	134
Applications of capital funding											
Capital expenditure to improve the level of service	750	-	1,025	1,092	1,118	46	98	101	-	-	-
Capital expenditure to replace existing assets	150	150	154	157	198	165	169	173	178	183	188
Increase (decrease) in reserves	(805)	9	(1,016)	(1,076)	(818)	300	261	264	366	358	485
Total applications of capital funding	95	159	163	173	498	511	528	538	544	541	673
Surplus (deficit) of capital funding	(95)	(172)	(177)	(188)	(514)	(527)	(545)	(556)	(563)	(561)	(539)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	3,660	3,920	4,149	4,706	4,926	5,062	5,039	5,162	5,260	5,394	5,548
plus - Depreciation and amortisation	205	241	247	260	587	601	621	633	642	642	621
less - Internal charges and overheads recovered	65	65	66	68	69	71	73	74	76	78	80
Expenditure as per Statement of Financial Performance	3,800	4,096	4,330	4,898	5,444	5,592	5,587	5,721	5,826	5,958	6,089

Activity: Resource Consents

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by ensuring natural resources are used in a smart, sustainable way that enhances environmental well-being. It also contributes to the Community Outcomes of Governance, Environment, Economy, Living as outlined below.

Outcome	Actions
Governance	Ensuring the Council meets its statutory obligations under the Resource Management Act 1991 (RMA).
Environment	Promoting the sustainable management of natural and physical resources in Marlborough through an effective resource consenting regime.
Economy	Educating applicants, submitters and other interested parties on the Resource Management Act and the resource consent process to assist sustainable development. Providing information to potential applicants, interest groups and the general public on all resource management matters.
Living	Managing the physical and built environment through the administration of the resource consenting process in a manner that contributes towards environmental sustainability and prosperity.

What is this Activity About?

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

Specifically this Activity processes five different types of resource consents:

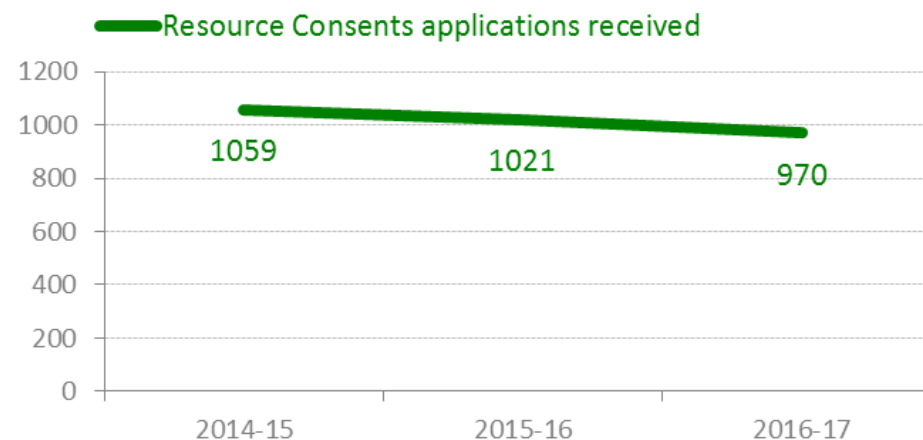
- land use consents
- water permits

- discharge permits
- subdivision consents
- coastal permits.

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

Activity Levels

The level of activity varies from year to year. The graph below shows there has been a slight decrease in numbers since last year. Within each year there are also daily, weekly and monthly fluctuations in the numbers and types of applications.



Emerging Issues and Expected Changes

Legislative Changes

The challenges for this Activity are centred on the need to adequately respond to legislative and other changes whilst meeting statutory timeframes for the processing of consents and providing a fair, cost effective and consistent service to the community. As a large unitary authority, the Council is responsible for processing a constantly fluctuating work flow, including a number of applications of a complicated nature, particularly those involving the allocation of water and coastal space. Council constantly reviews its processes and procedures to ensure adherence with current best practices.

The Resource Management Amendment Act 2013 introduced new provisions in March 2015. The new provisions relate to the required content of resource consent applications under section 88 and Schedule 4 of the Act. The new provisions require significantly more information at lodgement stage for applications to be accepted under section 88. If the applicant does not provide this information the application “must” be rejected. Since 3 March 2015 Council has been required to reject 256 applications for resource consent due to incompleteness. Prior to this legislative change Council rejected less than 1% of all applications received. In 2017 there has been a significant reduction in the number of applications that are being rejected which indicates the effectiveness of Council’s duty planner service. This has resulted in a better understanding by applicants of the new requirements.

Council expanded the service to two full time duty planners in 2017 to cater for the significant increase in demand for the service, both in terms of the volume and the complexity of the enquiries. This expansion has improved the level of service provided to customers.

The number of applications being processed by the team was consistently over 400 in 2017, compared to 340 in 2016 and 270 in 2015. The number of applications spiked with notification of the Proposed Marlborough Environment Plan on 9 June 2016.

The earthquake on 14 November 2016 has created a significant increase in applications in the land disturbance area. The number of road/bridge works and gravel extractions applications in association with the earthquake recovery has been considerable.

The Resource Legislation Amendment Act 2017 (RLAA) contains approximately 40 amendments and is the most comprehensive package of reforms to the Resource Management Act since its inception 26 years ago. The intent of these changes is to deliver substantive improvements to the resource management system, to support more effective environmental management and drive capacity for development and economic growth. In particular the amendments aim to provide stronger national direction, a more responsive planning process, streamlined resource consent processing and better alignment with other legislation.

The RLAA directly amends five different Acts: the Resource Management Act 1991, Conservation Act 1986, Reserves Act 1977, Public Works Act 1981, and the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2013. Consequential changes have also been made to other Acts.

Some of the changes to the Resource Management Act took immediate effect, and others have transitional periods. The majority of changes to the resource consent process came into force on 18 October 2017. The Council has developed new templates, processes and forms to meet the requirements associated with these changes.

Quality Management System

The Regulatory Department is continuing to experience increased demands from statutory functions. To ensure the section fulfils these functions, the department operates under a Quality Management System (QMS). Control and suitability of the QMS is reliant on Regulatory Department managers and staff resourcing. However, increasing resource demands limit the department’s ability to maintain and continually improve the QMS.

Funding for a dedicated Regulatory QMS position has been allocated to maintain the department’s QMS and mitigate risk of nonconformity with statutory functions from 2019/20.

Levels of Service 2018-28: Resource Consents						
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0	6.0	6.0	6.0
Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers' needs.	% of resource consent applications processed within statutory timeframes.	100%	100%	100%	100%	100%
	% of objections under section 357(b) compared to total number of applications processed. ⁸	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%
Provide consistent, appropriate and timely information to applicants and the public on the RMA and the resource consent and approval process.	% of incomplete applications rejected under the requirements of section 88 of the RMA..	<15%	<5%	<5%	<5%	<5%

⁸ RMA, Section 357(b) – Right of objection in relation to imposition of additional charges and recovery costs.

Funding Impact Statement for LTP 2018-28											
Resource Consents	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	853	893	930	962	988	1,018	1,050	1,079	1,106	1,138	1,170
Fees and charges	1,635	1,680	1,716	1,751	1,788	1,827	1,869	1,913	1,958	2,005	2,055
Internal charges and overheads recovered	23	23	23	24	25	25	26	26	27	28	28
Other receipts	70	68	67	63	63	59	55	54	56	52	52
Total operating funding	2,581	2,664	2,736	2,800	2,864	2,929	3,000	3,072	3,147	3,223	3,305
Applications of operating funding											
Payments to staff and suppliers	1,847	1,846	1,895	1,936	1,978	2,018	2,065	2,113	2,164	2,215	2,268
Internal charges and overheads applied	824	818	841	864	886	910	934	958	982	1,007	1,036
Total applications of operating funding	2,671	2,664	2,736	2,800	2,864	2,928	2,999	3,071	3,146	3,222	3,304
Surplus (deficit) of operating funding	(90)	-	-	-	-	1	1	1	1	1	1
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to improve the level of service	3	3	3	3	3	3	-	-	-	-	-
Increase (decrease) in reserves	(93)	(3)	(3)	(3)	(3)	(2)	1	1	1	1	1
Total applications of capital funding	(90)	-	-	-	-	1	1	1	1	1	1
Surplus (deficit) of capital funding	90	-	-	-	-	(1)	(1)	(1)	(1)	(1)	(1)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	2,671	2,664	2,736	2,800	2,864	2,928	2,999	3,071	3,146	3,222	3,304
plus - Depreciation and amortisation	-	-	-	1	1	1	1	1	1	1	1
less - Internal charges and overheads recovered	23	23	23	24	25	25	26	26	27	28	28
Expenditure as per Statement of Financial Performance	2,648	2,641	2,713	2,777	2,840	2,904	2,974	3,046	3,120	3,195	3,277

Activity: Environmental Protection

This Activity helps to achieve the Vision by ensuring the community’s activities are not adversely impacting on the natural environment. It also contributes to the Community Outcomes of Governance, Environment, People and Economy as outlined below.

Outcome	Actions
Governance	<p>Publishing clear, timely and informative monitoring and compliance reports.</p> <p>Enabling public interaction and targeted engagement in Council monitoring activities through customer surveys.</p> <p>Supporting community and industry forums in our region by communicating environmental monitoring and compliance challenges and success.</p> <p>Ensuring the Council meets its statutory obligations under the Resource Management Act 1991 (RMA).</p>
Environment	<p>Ensuring the sustainable management of Marlborough's natural and physical resources.</p> <p>Investing in the sustainable use of the Marlborough environment through a mix of regulatory and non-regulatory methods.</p> <p>Promoting and encouraging collaborative actions to enable the protection and restoration of Marlborough's natural resources.</p> <p>Providing an active compliance monitoring and enforcement regime to sustainably manage Marlborough's natural physical resources and to provide feedback to the Policy, Resource Consents and Science & Monitoring groups.</p>
People	<p>Protecting Marlborough's natural and physical resources for community and industry use and enjoyment.</p>
Economy	<p>Enabling appropriate use of natural resources for economic well-being through Council's resource management framework.</p>

What is this Activity About?

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

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

The key objectives for the activity are:

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

The key methods to achieve these objectives are outlined below.

- **Monitoring** — Proactively monitor activities that: have a greater environmental impact which warrants special consideration, generate community concern, or are related to trends highlighted in State of the Environment reports.
- **Policy** — Provide feedback to the Policy, Resource Consents and Science & Monitoring teams to measure the effectiveness and efficiency of the District’s resource management plans.
- **Complaint Response** — Investigate alleged breaches of the RMA, resource management plans and consents.
- **Enforcement** — Undertake enforcement action for breaches of the RMA and Marlborough District Council bylaws.
- **Reporting** — Monitor and analyse trends and issues. This analysis is used when reviewing education opportunities and monitoring programmes. Relevant trends and issues are reported to the Policy, Resource Consents and Science & Monitoring teams. Monitoring results are also reported to the Ministry for the Environment.
- **Emergency Response** — Respond to emergencies that have the potential to affect the environment (eg spillages and discharges).
- **Education** — Good education leads to the community understanding and taking ownership of an issue and its resolution. It is an effective way to bring about a long-term change in environmental behaviour and also allows Council and the community to foster good relationships and deal with issues in a proactive rather than a regulatory manner.

Activity Group: Environmental Management

- **Customer Service** — Review of processes on an ongoing basis to improve service delivery.

Statutory Requirements

Resource Management Act 1991

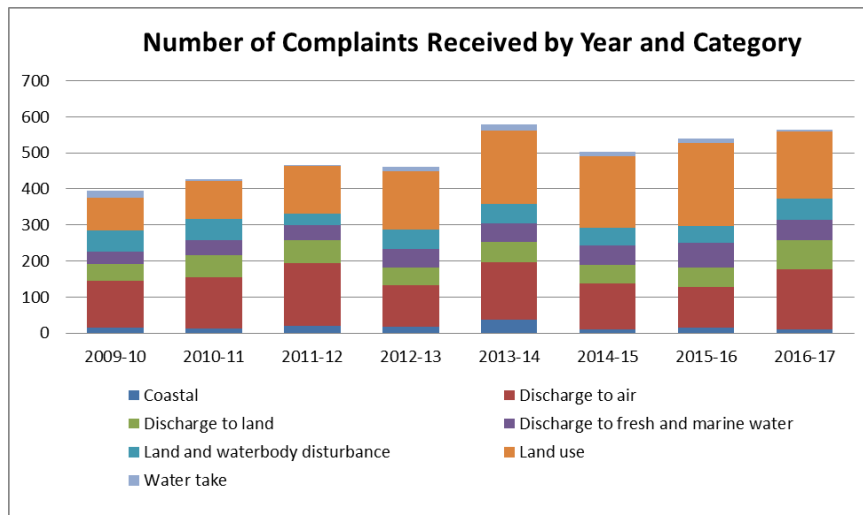
- Section 35(2)(d) of the RMA requires the Council to monitor resource consent compliance within the District.
- Section 35(5)(i) requires the Council to keep a summary of all written complaints received during the previous 5 years concerning alleged breaches of the RMA or a resource management plan, and the action taken.
- The Council must also ensure compliance with the provisions in Council’s policy statements and plans, taking appropriate enforcement action under the RMA where necessary.

Local Government Act 2002

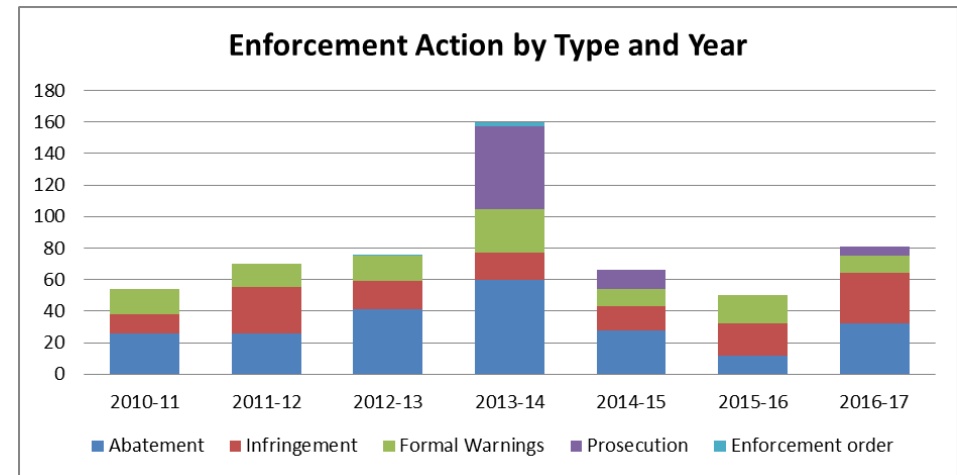
- Enforcement of District Bylaws.

Activity Levels

During 2016–17 the Council received 564 Resource Management Act-related complaints.



There were 80 enforcement actions taken in the 2016–17 year. This included six prosecutions, 32 abatement notices and 31 infringement notices. The graph below shows the trends in different types of enforcement actions for the last seven years.



Emerging Issues and Expected Changes

Resource Consent Numbers

A significant challenge facing the section is the sheer volume of resource consents, as there are more than 35,000 current resource consents. A number of annual monitoring programmes are undertaken of activities which have been identified as a monitoring priority. The number of monitoring programmes which can be delivered is restricted by the team’s resources.

As noted previously in this Group Activity, the Council is increasing its investment in funding for environmental protection.

Proposed Marlborough Environment Plan

As a result of the notification of the Proposed Marlborough Environment Plan (MEP) the status and rules relating to many activities have changed — and the team’s monitoring programmes are under continual review to reflect these changes as and when they have legal effect.

Water

Water is a valuable commodity in Marlborough, both environmentally and economically. Increasing water takes are putting pressure on Marlborough’s aquifers and waterways. The introduction and transition of water takes to the

Activity Group: Environmental Management

Resource Management (Measurement and Reporting of Water Takes) Regulations 2010 has placed increased functions and responsibilities on both Council and the holders of water permits. Active monitoring of water takes is critical to the sustainability of Marlborough's aquifers and waterways.

Enforcement

Identification of breaches of the RMA and escalated enforcement due to their significance can have a substantial effect on the Environmental Protection team's work programme by diverting staff and other activities into enforcement proceedings.

Managing Complaints

Council receives over 500 complaints (excluding excessive noise complaints) on an annual basis in regard to alleged breaches of the RMA, all of which require investigation. The follow up involved in resolving a complaint can vary from a relatively simple desktop exercise to a complex investigation and Court action. Prioritising resources is a continual issue for the team to achieve efficient and effective monitoring while meeting customer expectations and achieving environmental outcomes.

National Direction

Legislative change or the introduction of national environmental standards can influence the nature, scope and timing of the Environmental Protection team's work programme. Any increased statutory functions and responsibilities places increased demands on the team's resources.

Cost Recovery

Budgetary levels restrict the available resources to undertake the team's activities. While some activities are identified as of private benefit (with monitoring charges

applied) many activities undertaken by the team are for public benefit and cannot be cost recovered, such as incident investigation and enforcement. Implementation and review of monitoring charges for resource users is ongoing, to ensure as much cost recovery as possible for the team's active monitoring programmes.

Database

Current database functionality impacts on the efficiency of the team's activities and reporting for monitoring and compliance activities. Development plans and a preliminary budget is in place for a replacement system.

Quality Management System

The section is continuing to experience increased demands from statutory requirements. To ensure the section fulfils these functions the Regulatory Department operates under a Quality Management System (QMS). Control and suitability of the QMS is reliant on Regulatory Department managers and staff resourcing. Increasing resource demands limit the Department's ability to maintain and continually improve the QMS.

As noted previously in this Activity Group, funding for a dedicated Regulatory QMS position has been allocated from 2019/20 to maintain the department's QMS and mitigate risk of nonconformity with statutory functions.

Levels of Service 2018-28: Environmental Protection

Performance Targets (for the financial year)

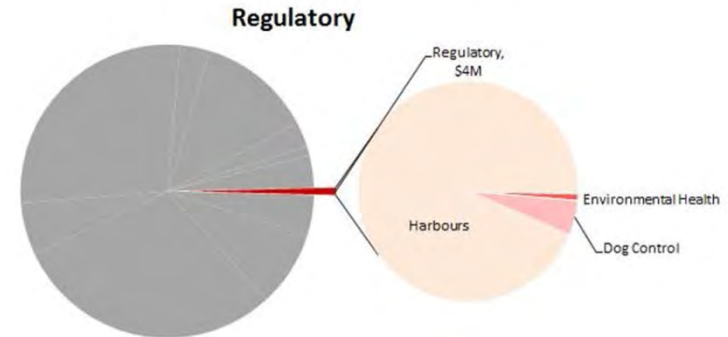
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations. Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.5	6.5	6.5	6.5
	Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or resource management plans and consent conditions.	31-August Improved or unchanged compliance level	Annually by 31 August Improved or unchanged compliance level	Annually by 31 August Improved or unchanged compliance level	Annually by 31 August Improved or unchanged compliance level	Annually by 31 August Improved or unchanged compliance level
	Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	30-November Improved or unchanged compliance level	Annually by 30 November Improved or unchanged compliance level	Annually by 30 November Improved or unchanged compliance level	Annually by 30 November Improved or unchanged compliance level	Annually by 30 November Improved or unchanged compliance level
	Report on resource consents for forestry in the district.	30-November Improved or unchanged compliance level	Annually Improved or unchanged compliance level	Annually Improved or unchanged compliance level	Annually Improved or unchanged compliance level	Annually Improved or unchanged compliance level
Monitor and investigate alleged breaches of the RMA, RMP and Consents.	% of complaints assessed within one working day.	86%	80%	80%	80%	80%

Funding Impact Statement for LTP 2018-28											
Environmental Protection	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	629	769	840	940	1,035	1,085	1,115	1,146	1,176	1,211	1,245
Fees and charges	577	587	605	617	636	649	670	686	702	719	737
Other receipts including fines	54	61	64	64	69	66	61	60	62	58	59
Total operating funding	1,260	1,417	1,509	1,621	1,740	1,800	1,846	1,892	1,940	1,988	2,041
Applications of operating funding											
Payments to staff and suppliers	816	971	1,050	1,149	1,254	1,300	1,332	1,363	1,395	1,428	1,464
Internal charges and overheads applied	444	446	459	472	486	500	514	529	545	560	577
Total applications of operating funding	1,260	1,417	1,509	1,621	1,740	1,800	1,846	1,892	1,940	1,988	2,041
Surplus (deficit) of operating funding	-	-	-	-	-	-	-	-	-	-	-
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	-	-	-	-	-	-	-	-	-	-	-
Surplus (deficit) of capital funding	-	-	-	-	-	-	-	-	-	-	-
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,260	1,417	1,509	1,621	1,740	1,800	1,846	1,892	1,940	1,988	2,041
plus - Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-
Expenditure as per Statement of Financial Performance	1,260	1,417	1,509	1,621	1,740	1,800	1,846	1,892	1,940	1,988	2,041



Capital Projects

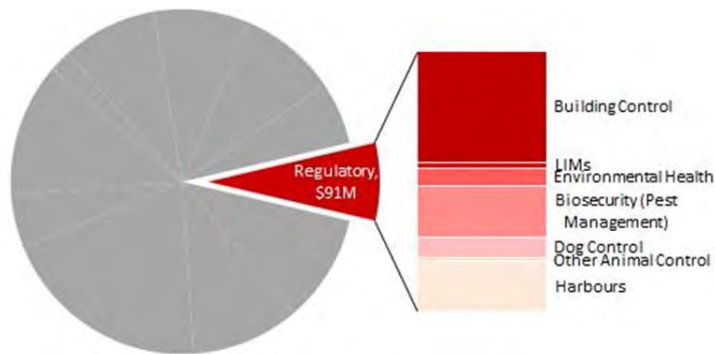
The capital expenditure for the Regulatory Group of Activities represents \$4 million of total Council expenditure over the next 10 years. Information about the major budgeted capital projects are included under the relevant Activities sections.



Regulatory

Operating Costs

The operating costs for the Regulatory Group of Activities represents \$91 million of total Council expenditure.



Activity	Major Capital Projects	Inflated value (Millions)
Animal control	2018-19 Dog park development	\$0.2
Harbour	2018-28 Instrumentation.	\$0.5
	2018-28 boat trailer, truck, engine, vessel replacement etc.	\$1.4
	2018-28 improve access to navigation aids for health and safety reasons	\$1.0

Rationale for Activities in this Group

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

Changes to the Regulatory Activity Group from the 2017–18 Annual Plan

There are no changes to this Activity Group.

Intended Changes to Levels of Service from the 2017–18 Annual Plan

The following table describes any intended changes to the levels of service within the Group from the levels of service in the 2017–18 Annual Plan. The reasons for the intended changes are also described.

2017-18 Annual Plan	2018-28 LTP	Reason for changes
Activity: Biosecurity (Pest Management)		
Monitoring and controlling the spread and impacts of animal and plant pests.	Implementation of the Regional Pest Management Plan (RPMP).	The changes are a consequence of a review of statutory pest programmes outlined in the RPMP. The changes in level of service are also complimented by the implementation of a Biosecurity Strategy.
None.	Delivery of non-RPMP biosecurity services and/or initiatives.	
Prepare, publish, and implement the Regional Pest Management Strategy (RPMS) operational plan.	Completion of annual operational plan report to the Environment Committee.	
Activity: Harbours		
Ensure navigation safety and bylaw requirements in the Marlborough Sounds area are adhered to.		There is no change in the actual levels of service the Harbours Activity plans to deliver, but there is significant change to the wording of these levels of service, to: <ul style="list-style-type: none"> • better reflect the services provided by the Harbours Activity, • make the levels of service and the associated indicators and targets more relevant and transparent.
Ensure that navigation aids, swimming and water-ski lanes are maintained effectively.	Provide navigation aids to the International Association of Lighthouse Authorities (IALA) standard.	
	Comply with the Harbours Maritime Transport Operators Plan. Removal of wrecks.	
	Marine farm audits.	
	Pilotage. Oil spill response.	

Significant Negative Effects Associated with this Group of Activities

No negative effects are associated with this Group of Activities.

Activity Group Funding Impact Statement

The following Funding Impact Statement (FIS) is for the Activity Group. A separate FIS is included for each Activity in this Group and these provide more detailed information.

Funding Impact Statement for LTP 2018-28											
REGULATORY	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	3,258	3,218	3,311	3,495	3,613	3,684	3,833	3,959	4,122	4,164	4,336
Subsidies and grants for operating purposes	483	132	56	-	-	-	-	-	-	-	-
Fees and charges	3,832	4,502	4,587	4,672	4,760	4,852	4,952	5,056	5,163	5,275	5,393
Other receipts	371	441	441	435	439	429	420	422	435	425	435
Total operating funding	7,944	8,293	8,395	8,602	8,812	8,965	9,205	9,437	9,720	9,864	10,164
Applications of operating funding											
Payments to staff and suppliers	5,751	6,057	6,072	6,211	6,375	6,480	6,665	6,791	6,986	7,126	7,335
Finance Costs	34	9	22	36	35	33	32	59	84	81	78
Internal charges and overheads applied	1,956	1,912	1,959	2,012	2,052	2,097	2,142	2,187	2,225	2,265	2,325
Other operating funding applications	60	91	91	92	92	94	94	95	95	96	96
Total applications of operating funding	7,801	8,069	8,144	8,351	8,554	8,704	8,933	9,132	9,390	9,568	9,834
Surplus (deficit) of operating funding	143	225	251	252	259	262	272	306	331	297	331
Sources of capital funding											
Increase (decrease) in debt	-	(6)	503	(21)	(22)	(24)	(25)	373	(58)	(61)	544
Total sources of capital funding	-	(6)	503	(21)	(22)	(24)	(25)	373	(58)	(61)	544
Applications of capital funding											
Capital expenditure to improve the level of service	70	198	-	73	-	-	78	-	-	-	551
Capital expenditure to replace existing assets	145	216	527	428	164	289	332	502	181	185	190
Increase (decrease) in reserves	(72)	(196)	227	(271)	73	(52)	(163)	177	92	51	134
Total applications of capital funding	143	219	754	231	237	238	247	679	273	236	875
Surplus (deficit) of capital funding	(143)	(225)	(251)	(252)	(259)	(262)	(272)	(306)	(331)	(297)	(331)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	7,801	8,069	8,144	8,351	8,554	8,704	8,933	9,132	9,390	9,568	9,834
plus - Depreciation and amortisation	239	164	194	203	217	228	249	275	295	267	308
Expenditure as per Note 1	8,040	8,233	8,338	8,554	8,771	8,932	9,182	9,407	9,685	9,835	10,142

Activity: Biosecurity (Pest Management)

How this Activity Contributes to the Vision and Related Community Outcomes

This activity helps to achieve the Vision by controlling potential pest impacts on high-value enterprises and natural ecosystems. It also contributes to the Community Outcomes of Environment, Economy, People and Living as outlined below.

Outcome	Actions
Environment	Monitoring and managing pest organisms that pose a threat to our indigenous ecosystems.
Economy	Monitoring and managing pest organisms that pose a threat to primary industry production and economic well-being. These services promote innovation for improved pest management systems.
People	Helping to create solutions with the community through information, discussions and research.
Living	Helping to protect our lifestyle and general well-being from the threat of harmful pest organisms which degrade recreational areas (eg marine pests).

What is this Activity About?

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

The ways in which Council undertakes its activities include:

- promoting the alignment of pest management in the region
- facilitating the development and alignment of regional pest management plans and regional pathway management plans in the region
- promoting public support for pest management and facilitating communication and cooperation among people involved in pest management activities to enhance the effectiveness, efficiency, and equity of programmes

- monitoring to determine whether or not pests are present and undertaking surveillance of pests, and unwanted organisms
- investigating, eradicating or managing pests in accordance with relevant pest management plans.

The guiding framework and principles for biosecurity are outlined in the Marlborough District Council Biosecurity Strategy. A key component in the Strategy is the use of a Regional Pest Management Plan (RPMP). The RPMP highlights the priority programmes and sets clear, achievable objectives for specific harmful organisms.

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

Exclusion — where the intermediate outcome being sought is to prevent the establishment of the pest in Marlborough.

Eradication — where the intermediate outcome being sought is to control the pest to a level where it has been removed entirely from the region.

Sustained Control — where the intermediate outcome being sought is to control the pest down to levels that can be sustained and that are not causing undesired impacts.

Progressive Containment — where the intermediate outcome being sought is to control the pest in areas of the region, with an aim to reduce and contain the geographical distribution of the pest.

Site-Led — where the intermediate outcome is to manage a pest (using one of the previously aforementioned outcomes) at a given site or sites within the region.

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

The operational details of both the implementation of the RPMP and other biosecurity services will be outlined in an Operational Plan (which is a legal requirement of implementing a RPMP) and this will be reported on each year.

Emerging Issues and Expected Changes

The implementation of the new RPMP will provide for changes to the delivery of biosecurity services and require additional resources. The Council will progressively increase funding in pest control programmes to implement both this plan and the Biosecurity Strategy over the next three years. For example, greater emphasis will be placed on earlier intervention with harmful organisms such as wallabies and Mediterranean fanworm. The threat of Mediterranean fanworm, along with the proliferation of other marine pests, is a serious challenge given the difficulties of operating in the marine environment.

The spread of Chilean needle grass and wilding conifers continues to be a threat to the environment. Joint agency and community partnerships, and the development of non-regulatory approaches to the management of these pests, coupled with other regulatory tools, are expected to be required and greater emphasis will be placed on achieving the desired outcomes. The Council will also work much more closely with stakeholders and occupiers to both seek solutions and implement the agreed strategies.

Levels of Service 2018-28: Biosecurity (Pest Management)						
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.4	6.4	6.5	6.5
Implementation of the Regional Pest Management Plan (RPMP)	Operational Plan targets relating to the RPMP are met	95%	95%	95%	95%	95%
Delivery of non-RPMP biosecurity services and or initiatives	Operational Plan targets relating to non-RPMP biosecurity services and/or initiatives are met	95%	95%	95%	95%	95%
Prepare an annual report on the Operational Plan.	Timeliness completion of annual Operational Plan report to the Environment Committee.	31 October	31 October	31 October	31 October	31 October

Funding Impact Statement for LTP 2018-28											
Biosecurity (Pest Management)	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,218	1,324	1,456	1,596	1,629	1,670	1,715	1,757	1,793	1,840	1,889
Subsidies and grants for operating purposes	483	-	-	-	-	-	-	-	-	-	-
Fees and charges	12	12	12	13	13	13	14	14	14	15	15
Other receipts	112	113	118	117	116	111	104	102	104	99	100
Total operating funding	1,825	1,449	1,586	1,726	1,758	1,794	1,833	1,873	1,911	1,954	2,004
Applications of operating funding											
Payments to staff and suppliers	1,258	1,078	1,209	1,343	1,375	1,406	1,442	1,478	1,515	1,556	1,598
Internal charges and overheads applied	341	325	331	339	342	347	351	355	356	358	366
Other operating funding applications	30	60	60	60	60	60	60	60	60	60	60
Total applications of operating funding	1,629	1,463	1,600	1,742	1,777	1,813	1,853	1,893	1,931	1,974	2,024
Surplus (deficit) of operating funding	196	(14)	(14)	(16)	(19)	(19)	(20)	(20)	(20)	(20)	(20)
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Increase (decrease) in reserves	196	(14)	(14)	(16)	(19)	(19)	(20)	(20)	(20)	(20)	(20)
Total applications of capital funding	196	(14)	(14)	(16)	(19)	(19)	(20)	(20)	(20)	(20)	(20)
Surplus (deficit) of capital funding	(196)	14	14	16	19	19	20	20	20	20	20
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,629	1,463	1,600	1,742	1,777	1,813	1,853	1,893	1,931	1,974	2,024
plus - Depreciation and amortisation	3	3	3	2	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Expenditure as per Statement of Financial Performance	1,632	1,466	1,603	1,744	1,776	1,812	1,852	1,892	1,930	1,973	2,023

Activity: Building Control

How this Activity Contributes to the Vision and Related Community Outcomes

This activity helps to achieve the Vision by ensuring building works support quality lifestyles and community well-being. It also contributes to the Community Outcomes of Economy and Living as outlined below.

Outcome	Actions
Economy	<p>Providing assurance that the buildings people live and work in comply with the Building Code, are structurally sound, weather-tight and meet fire protection requirements.</p> <p>Helping people to understand the requirements and processes of the Building Code when carrying out development.</p>
Living	<p>Enabling events to take place with an effective inspection regime to ensure safety.</p>

What is this Activity About?

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

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

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

This Activity also involves other functions under separate legislation including:

- monitoring swimming pool fencing under the Building (Pools) Amendment Act 2016

- investigating building related complaints under the Local Government Act and the Building Act 2002
- administering the requirements in the Earthquake Prone Buildings Amendment Act 2016.

Land Information Memoranda

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

Activity Levels

The Activity level varies from year to year. The following table lists the numbers of Building Consents handled during the last three years.



Emerging Issues and Expected Changes

IANZ Accreditation

The Group's Building Consent Authority (BCA) accreditation status is audited by IANZ bi-annually.

Electronic and Digital Development

The Building Control Group continues to develop more efficient electronic and digital systems.

Succession Planning

An increasing number of the Building team members are older than 60 years of age. We need to plan ahead to ensure adequate numbers of trained staff are available to meet industry demands and the requirements of the Building (Accreditation of Consent Authorities) Regulations Act 2006. Such succession plans and upskilling of staff has been considered as part of the LTP.

Quality Management

The Building Control Group is continuing to experience increased demands related to both its Building Consent Authority (BCA) and territorial authority (TA) functions. This means the level of quality control management required to ensure the Group meets its International Accreditation New Zealand (IANZ) and International Organization of Standardisation (ISO) requirements must be kept at a very professional level. Historically this management has been maintained within the team by the manager and senior building officers. A change in the BCA Accreditation process was introduced in 2017 and led to a review of the Group's quality control system. This review confirmed the need for additional quality management assistance.

A temporary measure (contracted services) was put in place in late 2017, with a permanent role provided for as part of this LTP. This new quality manager role will be responsible for the full range of Regulatory Department systems from 2019/20.

Training for Building Control Officers

The qualification process has now changed for new Building Control Officers (BCOs) under Regulation 18 of the Building (Accreditation of Building Consent Authorities) Regulations 2006. The previous recognition of prior learning (APL) system has been removed. New officers without a recognised qualification will now be required to complete a 2 year NZQA diploma (Level 6). This process will require the candidate to complete 240 units which will include monthly classroom training events (main centres), self-driven learning and on-site practical training.

The employment process will be similar to a cadetship. It is envisaged that this will negatively affect the number of potential candidates for job vacancies and will impact on the training budget for Building Control. The time away from the core activity attending school room training programmes will also impact on the day to day output of the team. On a positive note, the diploma ensures that the BCA has fully qualified technical staff who have the competency to make appropriate decisions on compliance and therefore protect the Council from future liability.

Levels of Service 2018-28: Building Control

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.3	6.3	6.3	6.3
Provide a service that is responsive to customer needs and minimise risks to public safety.	% of Building Consents applications granted within 20 working days of receipt of the application.	97%	100%	100%	100%	100%
	% of Code Compliance Certificates issued within 20 working days of receipt of application.	96%	100%	100%	100%	100%
	% of swimming pools inspected annually.	33.3%	33.3%	33.3%	33.3%	33.3%
	% of Building Warrants of Fitness audited annually.	20%	20%	20%	20%	20%
Provision of Land Information Memoranda.	Number of liability claims made because of incomplete or inaccurate information supplied.	<3	<3	<3	<3	<3

Funding Impact Statement for LTP 2018-28											
Building Control	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	753	649	529	505	552	545	596	586	636	628	679
Fees and charges	2,460	3,132	3,198	3,265	3,334	3,407	3,485	3,567	3,651	3,739	3,832
Subsidies and grants for operating purposes	-	132	56	-	-	-	-	-	-	-	-
Other receipts	77	65	54	50	52	49	49	47	50	47	50
Total operating funding	3,290	3,978	3,837	3,820	3,938	4,001	4,130	4,200	4,337	4,414	4,561
Applications of operating funding											
Payments to staff and suppliers	2,487	2,765	2,590	2,537	2,620	2,645	2,735	2,766	2,863	2,898	3,001
Internal charges and overheads applied	1,163	1,162	1,195	1,230	1,263	1,298	1,335	1,372	1,409	1,447	1,489
Other operating funding applications	20	20	20	21	21	22	22	23	23	24	24
Total applications of operating funding	3,670	3,947	3,805	3,788	3,904	3,965	4,092	4,161	4,295	4,369	4,514
Surplus (deficit) of operating funding	(380)	32	32	33	35	37	38	40	43	46	48
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Increase (decrease) in reserves	(380)	32	32	33	35	37	38	40	43	46	48
Total applications of capital funding	(380)	32	32	33	35	37	38	40	43	46	48
Surplus (deficit) of capital funding	380	(32)	(32)	(33)	(35)	(37)	(38)	(40)	(43)	(46)	(48)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	3,670	3,947	3,805	3,788	3,904	3,965	4,092	4,161	4,295	4,369	4,514
Expenditure as per Statement of Financial Performance	3,670	3,947	3,805	3,788	3,904	3,965	4,092	4,161	4,295	4,369	4,514
Operating expenditure											
Building Control	3,469	3,748	3,602	3,581	3,693	3,751	3,874	3,939	4,069	4,140	4,279
LIMs	201	199	203	207	211	214	218	222	226	229	235

Activity: Environmental Health

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by promoting quality lifestyles and well-being. It also contributes to the Community Outcomes of Governance, People, Economy, and Living as outlined below.

Outcome	Action
Governance	<p>Ensuring the Council meets its statutory obligations under applicable statutes.</p> <p>Publishing policy consultation documents, and making participation in the consultation process easy and accessible.</p> <p>Enabling public interaction and targeted engagement in Council verification and registration processes through customer surveys.</p> <p>Supporting community and industry forums in our region to communicate challenges and successes.</p>
People	<p>Supporting and enhancing the well-being of people in the region through inspections to ensure public health.</p> <p>Engaging with individuals, community groups and industry to educate them on issues relating to food safety and public health.</p>
Economy	<p>Enhancing and maintaining the confidence of locals and visitors in the region's public health.</p>
Living	<p>Helping people feel more secure by applying CPTED (Crime Prevention Through Environmental Design) principles to alcohol licensing in the region.</p> <p>Providing an effective registration, inspection and enforcement regime of food and alcohol premises to ensure public health is maintained.</p> <p>Regularly inspecting premises to resolve nuisance issues.</p>

What is this Activity About?

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

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

The key objectives for the activity are outlined below.

- Effective licensing, verification, inspection and enforcement of premises to ensure public health is maintained.
- To ensure nuisances are abated within the district.
- To investigate complaints of excessive and unreasonable noise.
- To establish a measurable system of control over the safe and responsible sale, supply and consumption of alcohol with the aim of minimising harm caused by excessive or inappropriate consumption of alcohol.
- To adopt a Class 4 venue policy with regard to the social impact of gambling.
- To process Class 4 gaming machine venue consent applications.

The key methods to achieve these objectives are as follows.

- The licensing, inspection and enforcement of standards with regard to all premises (particularly food, hairdressers, camping grounds and offensive trades) to ensure compliance with the relevant legislative requirements.
- The licensing and monitoring of premises that sell or supply alcohol, to ensure compliance with the relevant legislative requirements and licence conditions, and issuing of managers' certificates.
- The inspection of markets, food stalls and other annual events.
- To investigate statutory nuisances and respond to noise complaints.
- The assessment/granting of Class Four Gaming Consent applications.
- Responding to complaints of a critical nature (food poisoning) within one working day and of a non-critical nature within seven working days.
- To oversee the effective delivery of Council's noise control contract.

Activity Group: Regulatory

- In general, to ensure that the health of the public of Marlborough is not put at risk from environmental influences by investigating conditions that may directly or indirectly have the potential to threaten public health.

Statutory Requirements

Heath Act 1956

- The Council has responsibility pursuant to section 23(b) to regularly inspect properties in the district relating to any nuisance conditions, or conditions which are likely to be injurious to health or offensive.
- The Council has responsibility pursuant to section 23(a) to appoint Environmental Health Officer(s) to enable it to carry out its duties under the Act.
- Section 323(d) requires the Council to enforce the provisions of all regulations under this Act within the District.

Food Act 2014

- Perform function of registration authority.
- Manage verification functions.
- Investigate non-compliance and complaints.
- Ensure adequate resources are provided to carry out the Council’s role, functions and duties under the Act.

Sale and Supply of Alcohol Act 2012

- An inspector must inquire into and file reports with the licensing committee regarding on, off and club licence applications (section 103).
- An inspector must inquire into and report on special licence applications (section 114)
- An Inspector must inquire and report on Manager applications (section 220).

Food Hygiene Regulations 1974

- The Council shall enforce the provisions of these regulations within its district and shall cause regular inspections to be made of registered premises.

Hazardous Substances and New Organisms Act 1996

- The Council must enforce the provisions of this Act other than those premises specified in paragraphs (a) to (g) of section 97.

Resource Management Act 1991

- To take appropriate enforcement action under the RMA, where it is necessary.

Gambling Act 2003

- Report on Class 4 venue applications in accordance with the District’s Class 4 venue policy.

Local Government Act 2002

- Enforcement of bylaws.

Emerging Issues and Expected Changes

Legislative Changes

Recent changes to the Food Act 2014 and Sale and Supply of Alcohol Act 2012 have placed additional pressures on the Environment Health Section. Implementation of the new Food Act and transitional provisions are not yet fully realised. Increased staffing may be required to deliver Council’s statutory duties.

Industry Education

Increased education services are required for industries as a result of legislative changes.

Electronic Systems

The team is working towards making the majority of processes electronic and carrying out geospatial mapping of registrations and licensing. These changes will provide increased functionality and access to information via web-based systems for applicants and the public.

Quality Management System

The section is continuing to experience increased demands from statutory functions. To ensure the section fulfils these functions the Regulatory Department operates under a Quality Management System (QMS). Control and suitability of the QMS is reliant on Regulatory Department managers and staff resourcing. Increasing resource demands limit the department’s ability to maintain and continually improve the QMS.

A dedicated Regulatory QMS position has been provided for in the LTP from 2019/20 to maintain the Department’s QMS and mitigate risk of nonconformity with statutory functions.

Levels of Service 2018-28: Environmental Health

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Ensure the residents of Marlborough and visitors to the District have confidence that they are living and staying in a safe environment.	% of registered premises inspected once a year.	100%	100%	100%	100%	100%
	Number of annual inspections of markets and events with 10 or more food stalls.	14	≥12	≥12	≥12	≥12
	% of complaints of critical nature (eg food poisoning) actioned within one working day.	100%	100%	100%	100%	100%
	% of complaints of a non-critical nature assessed within seven working days.	98%	100%	100%	100%	100%
Administer Food Control Plans under the Food Act 2014.	Register businesses required under the Food Act 2014 to have Food Control Plans and National Programmes.	100%	100%	100%	100%	100%
	Audit registered business as scheduled in the Food Act 2014 and Regulations.	89%	100%	100%	100%	100%
Carryout the functions of Licensing Inspector controlling the sale and supply of alcohol to the public with the aim of contributing to the reduction of alcohol abuse.	% of 'On-Licences' inspected once a year ⁹ .	93%	90%	90%	90%	90%
Provide a service for investigation of noise complaints.	Report on performance of noise control contract.	30-Sep	30 September	30 September	30 September	30 September
	Assess complaints concerning unreasonable noise within one working day.	88%	89%	89%	90%	90%

⁹ An 'On-Licence' allows the sale or supply of liquor to any person present on the premises for the consumption on the premises.

Funding Impact Statement for LTP 2018-28											
Environmental Health	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	161	190	195	203	207	209	214	218	219	221	226
Fees and charges	356	354	363	370	378	386	395	404	414	424	434
Other receipts	14	17	17	16	16	15	14	14	14	13	13
Total operating funding	531	561	575	589	601	610	623	636	647	658	673
Applications of operating funding											
Payments to staff and suppliers	364	406	417	424	435	442	454	465	476	487	499
Internal charges and overheads applied	164	154	157	161	162	164	165	167	167	167	170
Total applications of operating funding	528	560	574	585	597	606	619	632	643	654	669
Surplus (deficit) of operating funding	3	1	1	4	4	4	4	4	4	4	4
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to replace existing assets	3	4	4	4	4	4	4	4	4	4	4
Increase (decrease) in reserves	-	(3)	(3)	-	-	-	-	-	-	-	-
Total applications of capital funding	3	1	1	4	4	4	4	4	4	4	4
Surplus (deficit) of capital funding	(3)	(1)	(1)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	528	560	574	585	597	606	619	632	643	654	669
plus - Depreciation and amortisation	3	-	-	1	1	1	1	1	2	2	2
Expenditure as per Statement of Financial Performance	531	560	574	586	598	607	620	633	645	656	671

Activity: Animal Control

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by promoting quality lifestyles and well-being. It also contributes to the Community Outcomes of Governance, Environment, People, Connectivity and Living as outlined below.

Outcome	Actions
Governance	Ensuring the Council meets its statutory obligations under applicable statutes. Publishing policy consultation documents, and making participation in the consultation process easy and accessible. Enabling public interaction and targeted engagement in Council registration and dog control processes through customer surveys.
Environment	Providing for a range of dog exercise, restricted and prohibited areas in the Council's Dog Control Policy and Bylaw to provide a safe environment for dog owners and the public.
People	Supporting and enhancing the well-being and quality of life of people by specifying dog exercise, restricted access and prohibited areas within our community. Providing information on animal control challenges and successes to individuals, schools, community groups and industries.
Connectivity	Ensuring our public roads and public places are kept safe and accessible by removing wandering dogs and livestock.
Living	Patrolling parks and reserves, and taking appropriate dog control enforcement action to prevent nuisance conditions and to ensure public safety. Supporting the public to safely participate in sports and recreation in areas where there are dog friendly or restricted areas. Protecting public and individual safety by investigating complaints of dog attacks and taking appropriate enforcement action.

What is this Activity About?

The Activity involves the promotion of responsible dog ownership and protection of the community from danger, distress and nuisance caused by dogs. It also provides services in relation to wandering livestock on public land and roads. The Dog Control Act 1996 (DCA) is the primary legislative tool used in this Activity, together with related regulations including the Impounding Act 1955 and Council

Bylaws. Council oversees the effective delivery of this service, which is delivered on a day-to-day basis under contract.

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

The key methods to achieve this objective include:

- providing a dog registration process
- educating the community about dog safety and care
- investigating complaints of dog attacks and taking the appropriate enforcement action.

Statutory Requirements

Dog Control Act 1996

- Promote and encourage responsible dog ownership and welfare of dogs.
- Adopt a dog control policy.
- Register and classify dogs.
- Appoint dog control officer(s).
- Report on implementation of the Dog Control Policy.

Impounding Act 1955

- Establish and operate a district pound.

Council's Dog Control Bylaw

- Enforce the District's Bylaws.

Emerging Issues and Expected Changes

Perceptions of Dogs in the Community and Dog Attacks

There has been regular media interest in dog attacks in the last few years. This can create fear in the community. However, serious dog attacks are rare. When serious incidents do occur, these need to be investigated thoroughly and the likely cause of the attack assessed so that appropriate action can be taken.

Workload Demands

More than 10,000 dogs are registered in the District and the Council receives more than 1,000 dog associated complaints each year. This makes a significant resource demand on the Animal Control contractor and Council's Animal Control Contract Manager.

Education

Education is key to achieving responsible dog ownership and safety for others. Dog experts suggest that 85% percent of attacks are triggered by the victim's behaviour. To minimise this risk there needs to be continued education of the public, particularly children, on how to behave around dogs.

Responsible and knowledgeable owners are less likely to have a dog that creates a nuisance or danger to the community. Animal Control provides information on dog behaviour and encourages owners to seek advice from professional dog trainers.

Cats

Councils have lobbied government to adopt a National Cat Management Strategy. Education and de-sexing is important, as cat numbers and stray cats are becoming a common matter of concern to the public and is receiving increasing media attention. An educational programme for cat owners is likely to benefit cat control outcomes in the region. If cat control legislation is enacted, territorial

authorities will require additional resourcing to implement any new statutory requirements.

Dog Parks

Council has received submissions on the establishment of Council-owned dog parks for the region. Council is investigating proposed sites for dog parks as well as the ongoing management and operation implications, with the intention of funding these parks from the Dog Control budget which currently has a reserve of \$273,000. The currently proposed locations are on closed landfill sites.

Quality Management System

As for other Activities with in this Regulatory Group, the Animal Control team is continuing to experience increased demands from statutory functions. To ensure the section fulfils these functions the Regulatory Department operates under a Quality Management System (QMS). Control and suitability of the QMS is reliant on Regulatory Department managers and staff resourcing. Increasing resource demands limit the department's ability to maintain and continually improve the QMS.

A dedicated Regulatory QMS position has been budgeted for in this LTP from 2019/20 to maintain the Department's QMS and mitigate risk of nonconformity with statutory functions.

Levels of Service 2018-28: Animal Control

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well"	7.4	7.2	7.2	7.2	7.2
Provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).	Level of compliance with the Animal Control contract	No significant deviations from contract specification	No significant deviations from contract specification	No significant deviations from contract specification	No significant deviations from contract specification	No significant deviations from contract specification
	Compliance with DCA requirements by preparing and publishing a report annually.	30 September	30 September	30 September	30 September	30 September

Funding Impact Statement for LTP 2018-28											
Animal Control	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	143	140	144	150	153	157	161	165	169	173	178
Fees and charges	572	572	573	574	575	576	577	579	580	581	583
Other receipts	25	83	85	86	87	88	89	91	93	95	97
Total operating funding	740	795	802	810	815	821	827	835	842	849	858
Applications of operating funding											
Payments to staff and suppliers	660	674	690	716	730	745	762	781	800	819	840
Internal charges and overheads applied	68	64	65	66	67	68	69	69	69	69	71
Other operating funding applications	9	11	11	11	11	12	12	12	12	12	12
Total applications of operating funding	737	749	766	793	808	825	843	862	881	900	923
Surplus (deficit) of operating funding	3	46	36	17	7	(4)	(16)	(27)	(39)	(51)	(65)
Sources of capital funding											
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure to improve the level of service		198	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	3	(152)	36	17	7	(4)	(16)	(27)	(39)	(51)	(65)
Total applications of capital funding	3	46	36	17	7	(4)	(16)	(27)	(39)	(51)	(65)
Surplus (deficit) of capital funding	(3)	(46)	(36)	(17)	(7)	4	16	27	39	51	65
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	737	749	766	793	808	825	843	862	881	900	923
plus - Depreciation and amortisation	2	4	5	5	5	5	5	5	6	6	6
Expenditure as per Statement of Financial Performance	739	753	771	798	813	830	848	867	887	906	929
Operating expenditure											
Dog Control	653	665	682	705	718	733	749	766	783	800	820
Other Animal Control	86	88	89	93	95	97	99	101	104	106	109

Activity: Harbours

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by contributing to quality lifestyles, well-being and a healthy natural environment. It also contributes to the Community Outcomes of Governance, Environment, Economy, People, Connectivity and Living as outlined below.

Outcome	Activity
Governance	Fostering a system of governance that leads and defines best practice for the provision of safe and clean harbour waters.
Environment	Guiding the ongoing evolution of systems, activities and networks designed to protect our waterways from oil pollution and keep harbour environments safe for all.
Economy	Upholding a regulatory regime that supports sustainable economic activity and growth in the Marlborough maritime sector. Mitigating maritime risk in a strategic manner to ensure effective outcomes and value for money.
People	Engaging with the people who live and work in the Marlborough Sounds and providing support and encouragement for communities which are working to ensure a safe and clean harbour.
Connectivity	Upholding freedom of navigation in the Marlborough Harbour so that the waters of the region can be enjoyed without obstruction or exposure to undue risk.
Living	Understanding the significance and value of the Marlborough Harbour to people and providing a safe, clean and navigable harbour for all.

What is this Activity About?

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

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

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

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

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

Activity Levels

The Marlborough Harbour is significant in size and scope, covering approximately 4200km² of water space. Activity in the Harbour is extremely high and encompasses a very broad range of commercial and recreational activity. At certain times of the year specific part of the Marlborough Harbour are among the most congested waterways in New Zealand. Picton Harbour is a prime example.

Port Marlborough (PMNZ) is the main port servicing Cook Strait ferries, bulk carriers, log ships and cruise ships. Port Marlborough's 2017 Annual Report predicts continued growth in the log and cruise ship sectors. Port Marlborough is also New Zealand's second largest provider of marina berths with more than 1000 berths available in the region.

The Marlborough Harbour encompasses a large number of residential homes, holiday accommodation and tourism operations. It is a popular destination for recreational boaters, kayakers, sailors, water-skiers and holidaymakers. Over 4000 registered moorings are in place within the Marlborough Harbour.

The Harbour also contains three distinct designated pilotage areas and offshore anchorages which are frequently sought out by ships not visiting Port Marlborough, such as ships transiting Cook Strait or awaiting berths in Wellington. Vessels anchoring within the Marlborough Harbour Limits include oil tankers, large container ships, oil rigs and offshore support vessels.

Activity Group: Regulatory

The region also produces 62% of New Zealand’s aquaculture production by tonnes.

Major Budgeted Capital Projects

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

Asset	Major Capital Projects	Inflated value (Millions)
Instrumentation and vessel replacement	2018-28 Instrumentation.	\$0.5
	2018-28 boat trailer, truck, engine, vessel replacement etc.	\$1.4
	2018-28 improve access to navigation aids for health and safety reasons	\$1.0

Emerging Issues and Expected Changes

Increased Activity Levels

Growth is expected across all sectors in the maritime industry, increasing the number of vessels and people sharing the Marlborough Harbour. This brings with it the potential for increased conflict between the various user groups.

On the recreational side, the trend toward increased jet ski activity in the Harbour is expected to continue, as is the trend towards larger and faster outboard motor driven vessels. On the commercial side, ships are getting bigger and carrying more people, cargo and fuel which increases the consequence of a shipping incident.

Introduction of Cook Strait ferries which are longer than the current ones has been proposed. However, it is unclear if such vessels can repeatedly transit Tory Channel safely. Improved tidal modelling of Tory Channel Entrance is required to answer this question.

Safety Buoys

The use of 5 knot buoys to mark high risk areas will expand beyond the 25 buoys presently in place, with 75–100 units are expected to be installed in the next five

years. The initiative is proving effective but regular servicing to maintain buoyancy, visibility and correct location creates significant demands on staff resources.

Mooring Management Area

The proposed implementation of a mooring management area in Waikawa Bay will require appointment of a mooring manager. In the first instance, this is likely to be undertaken by the Harbourmaster group. The workload of this mooring management function is as yet unknown.

Ageing Recreational Vessels

An ageing fleet of recreational vessels is creating an increase in the number of wrecks and derelict craft. This is particularly relevant in the case of wooden displacement launches and sailing vessels. Events involving abandoned, derelict and wrecked vessels are expected to increase in coming years.

Use of the Harbours Vessels

Internal demand continues to grow from within Council to use the Harbours vessels for compliance, monitoring and consenting purposes, and this is likely to increase. As local commercial operators have become more streamlined in their operations, flexibility to provide the services required by Council has reduced. The increasing internal demand for access to the Harbourmaster vessels needs to be carefully managed.

Marine Farms

Marine farm audits will expand to include the anchoring systems of fin fish farms. A practical method for achieving a robust audit of these structures is being defined. The workload and demand on Harbour resources from completing these audits is unknown.

Harbour Risk Assessment

Compliance with the Port and Harbour Safety Code will remain paramount though continuous improvement of the Harbour Safety Management System. This requires a complete and comprehensive Harbour Risk Assessment to be undertaken and a ‘living’ risk register to be maintained.

Navigation Safety Bylaws

New navigation safety bylaws are expected to be introduced in 2018 alongside a revised Harbourmaster General Direction. The bylaws and the General Direction will form the regulatory foundation of navigation safety in the Harbour.

Activity Group: Regulatory

Mass Rescue Plan

A regional Mass Rescue Plan has been developed by Police to deal with an event such as the foundering of a cruise ship. In an event of this scale the initial local response will be critical. The Harbourmaster, the CDEM Group and the Police have held preliminary discussions on undertaking local and routine training exercises.

Risk Management

Tracking the changes in the risk profile of the Harbour over time is essential to ensure appropriate risk management strategies are in place. Collecting data to understand this change has traditionally been achieved through public consultation and review of the Harbours incident register. However, new technologies are available to improve data collection processes and enhance the risk control measures in place.

Technology must be properly utilised to ensure that the management of risk in the Marlborough Harbour continues to meet industry best practice standards.

Communication

Implementation of new networks to increase monitoring and communication capabilities with ships will be installed in the Harbour from 2018 onward. This will ensure all ships entering Harbour waters are provided with the messaging and information they need to ensure safe passage. It will also enable the provision of virtual aids to navigation in the Marlborough Harbour for the first time.

The Cruise Guide app is set to be improved in utility, function and performance, taking it from a 'minimum viable product' to a marketable standard. It is intended that the Cruise Guide app will be the primary mechanism for communication by the Harbourmaster and recreational Harbour users. New features include an Automatic Identification System (AIS) ship tracking layer, additional live camera links, incident reporting functionality and access to historical and environmental information about the Marlborough Sounds.

Aids to Navigation (AtoNs) continue to form a critical component of the Harbour Safety Management System and their operation complies with international standards set by the International Light House Authority (IALA). New technologies will be used to reduce the number of vessel visits required to each AtoN site. These technologies will be strategically implemented throughout the Sounds from 2018 onward.

Quality Management System

As for other Activities within this Regulatory Group, the Harbours Activity operates under a Quality Management System (QMS) to better demonstrate compliance with statutory requirements. Increasing resource demands limit the ability of the Harbourmaster to maintain and continually improve the QMS in relation to the Harbours Activity.

Levels of Service 2018-28: Harbours

Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	7.4	7.4	7.4	7.4
Provide a safe environment for all users through effective public education.	Distribute 7000+ Marlborough Safe Navigation and Tides Brochures.	Annually	Annually	Annually	Annually	Annually
	Increase number of Cruise Guide App users by 5% annually based on Google Analytics.	927 users (as of January 2018)	973	1022	1073	1127

Levels of Service 2018-28: Harbours

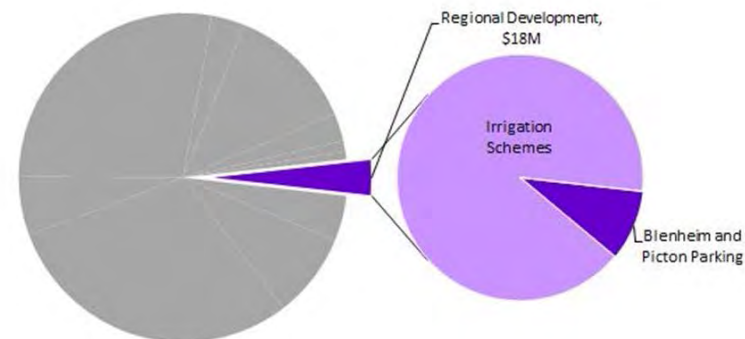
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
	Complete 1000 safe boating surveys through face to face on water interactions.	New Measure	1000	1000	1000	1000
	Undertake 15 targeted 'no excuses' enforcement days per year in high risk areas.	New Measure	15	15	15	15
Comply with the Harbours Maritime Transport Operators Plan (HTOP)	Maintain compliance with the MTOP system as certified by Maritime New Zealand. Carry out annual review.	MTOP certificate remains valid and Annual review completed	Annually	Annually	Annually	Annually
Ensure that Port and Harbour Safety Code requirements are met.	Complete annual self-assessment and annual review of the Safety Management System (SMS), Risk Assessment, General Direction, and Harbourmaster Notices.	Annual review	Annually	Annually	Annually	Annually
	Under take a minimum of two risk review meetings with Port Marlborough Marine Services.	2	2	2	2	2
	Safety Management System verified by external review panel as compliant with the Code.	Confirmed by review panel on instruction of Code Working Group (last confirmation 2013)	Annually	Annually	Annually	Annually
Removal of Wrecks	All wrecks removed in a reasonable timeframe (target 30 days) and navigation warnings provided when necessary.	30 Days	30 Days	30 Days	30 Days	30 Days
Marine Farm Audits	Audit marine farm lighting on minimum of 200 farms annually.	200 farms annually	200	200	200	200
	Audit mooring arrangements on all Fin Fish farms annually.	New Measure	Annually	Annually	Annually	Annually
Pilotage	Review of the Certified Marlborough Pilot Exemption Certificate (PEC) Training Program.	Annually	Annually	Annually	Annually	Annually
	Check of Pilot and PEC Master Currency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Provide navigation aids to International Light House Authority (IALA) standard.	Availability of lights must meet or exceed IALA standards. Each category of light has a set availability target.	Cat 1 ≥ 99.8%	≥ 99.8%	≥ 99.8%	≥ 99.8%	≥ 99.8%
		Cat 2 ≥ 99.0%	≥ 99.0%	≥ 99.0%	≥ 99.0%	≥ 99.0%
		Cat 3 ≥ 97.0%	≥ 97.0%	≥ 97.0%	≥ 97.0%	≥ 97.0%
Oil Spill Response	Meet all annual requirements as specified by the Maritime New Zealand Oil Spill Response Service.	Annually	Annually	Annually	Annually	Annually

Funding Impact Statement for LTP 2018-28											
Harbours	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	983	915	987	1,041	1,072	1,103	1,147	1,233	1,305	1,302	1,364
Fees and charges	432	432	441	450	460	470	481	492	504	516	529
Other receipts	143	163	167	166	168	166	164	168	174	171	175
Total operating funding	1,558	1,510	1,595	1,657	1,700	1,739	1,792	1,893	1,983	1,989	2,068
Applications of operating funding											
Payments to staff and suppliers	982	1,134	1,166	1,191	1,215	1,242	1,272	1,301	1,332	1,366	1,397
Finance Costs	34	9	22	36	35	33	32	59	84	81	78
Internal charges and overheads applied	220	207	211	216	218	220	222	224	224	224	229
Other operating funding applications	1	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	1,237	1,350	1,399	1,443	1,468	1,495	1,526	1,584	1,640	1,671	1,704
Surplus (deficit) of operating funding	321	160	196	214	232	244	266	309	343	318	364
Sources of capital funding											
Increase (decrease) in debt	-	(6)	503	(21)	(22)	(24)	(25)	373	(58)	(61)	544
Total sources of capital funding	-	(6)	503	(21)	(22)	(24)	(25)	373	(58)	(61)	544
Applications of capital funding											
Capital expenditure to improve the level of service	70	-	-	73	-	-	78	-	-	-	551
Capital expenditure to replace existing assets	142	212	523	424	160	285	328	498	177	181	186
Increase (decrease) in reserves	109	(58)	176	(304)	50	(65)	(165)	184	108	76	171
Total applications of capital funding	321	154	699	193	210	220	241	682	285	257	908
Surplus (deficit) of capital funding	(321)	(160)	(196)	(214)	(232)	(244)	(266)	(309)	(343)	(318)	(364)
Funding balance	-	-	-	-	-	-	-	-	-	-	-
Reconciliation											
Total applications of operating funding	1,237	1,350	1,399	1,443	1,468	1,495	1,526	1,584	1,640	1,671	1,704
plus - Depreciation and amortisation	147	157	186	195	212	223	244	270	288	260	301
Expenditure as per Statement of Financial Performance	1,384	1,507	1,585	1,638	1,680	1,718	1,770	1,854	1,928	1,931	2,005



Capital Projects

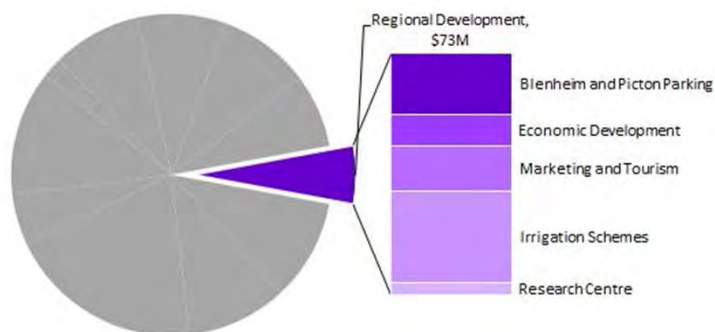
The capital expenditure for the Regional Development Group of Activities represents \$18 million of total Council expenditure over the next 10 years. Information about the major budgeted capital projects are included in this section.



Regional Development

Operating Costs

The operating costs for the Regional Development Group of Activities represents \$73 million of total Council expenditure.



Activity	Major Capital Projects	Inflated value (Millions)
Irrigation Schemes	2018-20 Flaxbourne Irrigation Scheme.	\$15.5
	2018-19 Pump station for the Southern Valleys Irrigation Scheme (SVIS).	\$0.6
Blenheim parking	2018-28 Renewal of parking meters and ticket machines.	\$0.3
	2018-28 existing car parks.	\$0.9

Rationale for the Delivery of the Regional Development Activity Group

Council decisions and actions can significantly assist the development of the regional economy by encouraging local business initiatives and innovation, attracting new investments, and presenting Marlborough as an attractive tourist destination. Council both facilitates and encourages development in the region as a provider of infrastructure (such as roading, water, parking and irrigation) and as a regulator of many business activities.

Changes to the Regional Development Activity Group from the 2017–18 Annual Plan

There are no changes to this Activity Group.

Intended Changes to Levels of Service from the 2017–18 Annual Plan

There are no intended changes to the levels of service within this Group from the levels of service in the 2017–18 Annual Plan.

Significant Negative Effects Associated with this Group of Activities

Unplanned development carries a variety of risks, chiefly associated with the sustainability of resource use. Council takes a sustainable development approach to planning for regional development, and endeavours to balance the current and future needs of the community. The Irrigation Activity has the potential for environmental impact, and the operation of machinery, earthmoving or construction works which may impact on the environment and can result in temporary disruptions to daily life. Where resource consents are required for these activities, appropriate controls are applied.

Activity: Regional Development

How this Activity Contributes to the Vision and Related Community Outcomes

This Activity helps to achieve the Vision by supporting smart, progressive, high value enterprises and economic efficiency. It also contributes to the Community Outcomes of Governance, Environment, People, Economy, Connectivity and Living as outlined below.

Outcome	Actions
Governance	<p>Enabling and encouraging industry groups to develop and implement Smart and Connected strategies and leadership groups.</p> <p>Using a participative approach to discuss the option of a community irrigation scheme with the Flaxbourne community. If the irrigation scheme proceeds it will create employment and increase the capital value of properties in that area.</p>
Environment	<p>Promoting the beauty of the Marlborough District. Destination Marlborough's recognises the role of sustainable tourism in protection of the environment.</p>
People	<p>Supporting people's aspirations for community-driven projects and facilities on public land through the Small Townships Programme.</p>
Economy	<p>Enabling individual industries to have a strong leadership group with broad representation and a strategic plan through the Smart and Connected programme, and to work with other industries and communities.</p> <p>Encouraging connectivity between Marlborough businesses and national and international science and markets through the Marlborough Research Centre (MRC).</p> <p>Providing advice through Business Trust Marlborough to support people starting and growing businesses (including new residents to the area).</p> <p>Providing Smart Business Marlborough services to support business develop through international links, regional identity, resources and up to date information.</p> <p>Developing global links through Sister City and Sister Region initiatives.</p> <p>Growing Marlborough's capacity as a prime region for conferences and events, and as a diverse and attractive visitor destination.</p>

Outcome	Actions
Connectivity	<p>Providing parking in towns for locals and visitors to shop, work and access the many services located in the CBD.</p>
Living	<p>Supporting commercial events via the implementation of the Regional Events Strategy and community events via funding. Organising and participating in events offers opportunities for people to meet and work with others in the community.</p> <p>Enabling our main townships to have a strong community led group with a strategic plan through the Smart and Connected programme.</p>

What is this Activity About?

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

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

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

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

Economic Development

In Marlborough, economic development comprises two activities:

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

Activity Group: Regional Development

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

As at 2018, four industry groups have been established — Wood Sector, Visitor Economy, Blenheim CBD and Aquaculture. Each of the groups has a current strategic plan and broad participation from industry, community and public bodies to implement the strategies. Council has also implemented the Smart and Connected approach within Council by integrating the vision and framework in its key strategic planning documents such as the Long Term Plan and the Proposed Marlborough Environment Plan.

The second economic development activity undertaken by Council is **Smart Business Marlborough** (SBM) which consists of a range of specific economic development initiatives to support local businesses as outlined below.

Development advice — a service to assist development-related business proposals through Council processes — such as resource consents, building consents, liquor licensing, food health and infrastructure requirements.

Marlborough Food and Beverage Innovation Cluster — this cluster is led by the Marlborough Research Centre. Marlborough produces high quality food and beverages and there is an opportunity to develop additional new products of high value for international markets. The aim is to support innovation and collaboration between local food and beverage companies as well as with the 'national grid' of food and beverage research and development. The cluster supports development of new products and ingredients, production and process improvements, and generating value from waste streams.

Business Trust Marlborough — this Trust manages the provision of advice for start-up and growing businesses, and access to mentors from Business Mentors New Zealand.

Information resources — Council provides access to a range of economic and demographic information via its website, including the Infometrics Economic Profile.

International connections — Council has established a Sister Region relationship with the Ningxia Hui Autonomous Region region of China. This wine producing region is working with Marlborough wine technology businesses to develop and improve viticulture and winemaking techniques, and links to NMIT

and schools for education Council is also supporting international education opportunities by promoting studying in the top of the South.

Film office – Council has developed an agreement with Screen Wellington to promote and support film opportunities in Marlborough.

Regional Events Strategy

Council has developed a Regional Events Strategy with the support of the events sector to identify opportunities for growing events in the region and increasing the commercial return to local businesses. A Regional Events Adviser is employed to help deliver the strategy and to support the events sector.

A key focus of the role is to assist communication within the events sector, and to help promote the many events offered in the region to locals and visitors alike. The Follow ME* website is the primary tool alongside targeted promotional documents such as the Summer Events Guide and Marlborough Arts Month. The Regional Events Adviser also manages the Commercial Events Fund to assist with the development of existing and new events to grow the economic and other benefits of hosting events in the region.

Marketing and Tourism

Destination marketing services are undertaken on Council's behalf by the Destination Marlborough Trust Inc. Destination Marlborough exists to grow and support a sustainable visitor economy that contributes to achieving a Smart and Connected economy for Marlborough. It is funded through a combination of Council and private sector investment. The organisation's core marketing priorities are to position Marlborough as a compelling destination to visit, to prioritise effort on attracting more visitors outside of the peak tourism months, and to grow visitor spending in the region.

Only Marlborough — Council is a partner in the development of this regional brand and positioning statement. A range of free resources are available for businesses and individuals to communicate a consistent and positive message about the region. 'Only Marlborough' has been designed to apply across all industries which sell products and services outside the region, to visitors, to locals and to people considering relocating to Marlborough.

Marlborough Research Centre

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

Activity Group: Regional Development

MRC was set up in 1984 to ensure the Marlborough region makes the best use of its natural resources, by assisting innovative research and technical development in agricultural, pastoral, horticultural and viticultural matters.

Small Townships Programme

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

The purpose of this programme is to:

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

Council has allocated 10% (around \$50,000) of the Small Township Programme's annual budget for a Community Projects Fund. This funds small, low cost infrastructure projects related to outdoor public spaces. Project examples include community spaces, recreation areas, landscaping and streetscape upgrades to improve walking and cycling.

Parking

A large number of businesses are located in or close to the main town centres of Blenheim and Picton. The ability for customers, staff and visitors to access these businesses is supported by the provision of convenient and affordable car parks, as well as support for other transport modes such as buses, biking and walking. Council provides, operates and maintains more than 1,900 on and off-street parks in Blenheim and Picton. This service is contracted to Marlborough Roads, which currently sub-contracts parking enforcement to ADT Armourguard and the Cash Collection contract, which is held by Gary Ching Ltd.

This provision of car parking in the Blenheim and Picton town centres is guided by parking strategies for each town, which were updated in 2017. Measurement of parking occupancy levels in Blenheim is carried out by contract, and will possibly extend to Picton. The table below provides a summary of Blenheim and Picton kerbside and off-street parking numbers.

Parking	Length / Quantity
Blenheim Car Parks	339 kerbside metered, 1,238 off-street metered (includes 323 car park building), 412 off-street leased, 169 off-street time restricted.
Picton Car Parks	167 off-street metered, 34 off-street time restricted.

Irrigation

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

A proposed irrigation scheme for the Flaxbourne area, estimated to cost between \$10.5M and \$16M, is under consideration. It would provide similar benefits to the Southern Valley scheme in supporting the development of productive agricultural land and it would be paid for by the beneficiaries through a targeted rate. Council has agreed to support the development of this scheme subject to a number of conditions:

- securing sufficient water
- satisfactory final design, estimates and funding

securing 100% commitment to fund the scheme from landowners and/or the Crown Irrigation Fund

- the actual cost of construction being within the funding secured.

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

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

Emerging Issues and Expected Changes

Review of Services

A review of the delivery of economic development, tourism and events took place in 2018. The review recommended an 'Enhanced Status Quo' which retains the current delivery model with some changes. This was accepted by Council.

Top of the South Initiatives

The Government has agreed to assist the Top of the South regions to establish a Regional Growth Partnership. This is expected to take place during 2018 and 2019. Marlborough has committed to working with the Nelson and Tasman councils and other Top of the South organisations including iwi and the private sector as part of this process.

Marlborough participates in the Top of the South Regional Infrastructure Forum (RIF) which brings together iwi and public sector organisations across the Top of the South. Marlborough's economic development staff participate in the Economic Pou of the RIF. Post Treaty of Waitangi settlement process, iwi authorities are focused on developing economic development activities, alongside cultural and other activities.

Tourism

The Marlborough region is aiming to grow visitor spending annually by at least 4.7% to align with Tourism 2025 national targets.

The global economic balance of power is shifting and this is affecting where New Zealand's visitors come from. Visitors from Asian countries are increasing, and over time this will change the mix of travellers visiting Marlborough. The region's tourism and hospitality businesses will need to consider adapting their service delivery to respond to these changes.

Irrigation

Council support for the Flaxbourne Irrigation Scheme is subject to a number of conditions including Government assistance, resource consents and uptake by landowners. Council will continue to work with the community and the Government on these issues.

Levels of Service 2018-28: Regional Development

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey where 10 = "service delivered extremely well".	Economic Development – 6.4	6.4	6.4	6.4	6.5
		Tourism – 7.2	7	7	7	7.1
		MRC – 6.8	7.1	7.1	7.1	7.2
		Parking – 6.8	6.5	6.5	6.5	6.6
		Irrigation – 6.9	6.6	6.6	6.6	6.7
Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.	a) Establish performance reporting framework, establish baseline. b) Implement performance reporting framework reporting	New Target	30 June	30 June	30 June	30 June
Manage Marlborough Research Centre contract to ensure service quality and value	Reporting to Council % of MDC funded projects achieved	New Target	80%	80%	80%	80%
Effective promotion of Marlborough as a visitor destination	a) Establish performance reporting framework, establish baseline b) Implement performance reporting framework reporting	New Target	30 June	30 June	30 June	30 June
Provision of convenient and affordable car parks to support CBD businesses.	Regularly review the parking strategies for Blenheim and Picton (five yearly).	2014-15	N/A	2019-20	N/A	2024-25
	Occupancy rates of off-street car parks in Blenheim.	Kerbside – 65%	65%	65%	65%	65%
		Off-street – 76% (Queen St and Clubs only)	65%	65%	65%	65%
	Parking building – 30%	45%	45%	45%	45%	

Levels of Service 2018-28: Regional Development						
Performance Targets (for the financial year)						
Level of Service	Indicator	Baseline	2018-19	2019-20	2020-21	2021-28
Support for land based industries through the supply of irrigation water.	Number of events that cause a loss of supply during the season for more than 48 hours due to infrastructure breakdown.	≤ 1 event per annum	≤ 1 event per annum	≤ 1 event per annum	≤ 1 event per annum	≤ 1 event per annum

Funding Impact Statement for LTP 2018-28											
Regional Development											
	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,973	2,150	2,204	2,266	2,276	2,319	2,375	2,426	2,469	2,528	2,582
Targeted rates	1,571	1,606	1,888	1,996	2,109	3,481	3,706	3,734	3,853	3,304	2,850
Fees and charges	1,739	1,463	1,495	1,528	1,563	1,599	1,639	1,680	1,723	1,770	1,819
Other receipts	249	501	498	489	487	480	471	470	475	469	472
Total operating funding	5,532	5,720	6,085	6,279	6,435	7,879	8,191	8,310	8,520	8,071	7,723
Applications of operating funding											
Payments to staff and suppliers	3,006	3,190	3,453	3,569	3,708	3,788	3,885	3,985	4,056	4,374	4,260
Finance costs	1,131	1,222	1,574	1,638	1,552	1,620	1,680	1,576	1,466	1,350	1,267
Internal charges and overheads applied	552	711	727	744	757	771	786	801	814	827	848
Other operating funding applications	437	406	409	413	417	271	276	281	285	291	296
Total applications of operating funding	5,126	5,529	6,163	6,364	6,434	6,450	6,627	6,643	6,621	6,842	6,671
Surplus (deficit) of operating funding	406	191	(78)	(85)	1	1,429	1,564	1,667	1,899	1,229	1,052
Sources of capital funding											
Increase (decrease) in debt	1,082	8,950	3,821	(1,548)	(1,625)	4,021	(1,874)	(1,970)	(2,079)	(1,706)	(1,299)
Total sources of capital funding	1,082	8,950	3,821	(1,548)	(1,625)	4,021	(1,874)	(1,970)	(2,079)	(1,706)	(1,299)
Applications of capital funding											
Capital expenditure to meet additional demand	80	80	82	84	86	87	90	92	94	97	99
Capital expenditure to improve the level of service	2,355	10,632	5,125	-	-	-	-	-	-	-	-
Capital expenditure to replace existing assets	170	412	185	76	67	82	121	124	25	25	26
Increase (decrease) in reserves	(1,117)	(1,983)	(1,649)	(1,793)	(1,777)	5,281	(521)	(519)	(299)	(599)	(372)
Total applications of capital funding	1,488	9,141	3,743	(1,633)	(1,624)	5,450	(310)	(303)	(180)	(477)	(247)
Surplus (deficit) of capital funding	(406)	(191)	78	85	(1)	(1,429)	(1,564)	(1,667)	(1,899)	(1,229)	(1,052)
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement for LTP 2018-28											
Regional Development	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Reconciliation											
Total applications of operating funding	5,126	5,529	6,163	6,364	6,434	6,450	6,627	6,643	6,621	6,842	6,671
plus - Depreciation and amortisation	649	690	694	852	875	880	896	920	835	854	872
Expenditure as per Statement of Financial Performance	5,775	6,219	6,857	7,216	7,309	7,330	7,523	7,563	7,456	7,696	7,543
Operating expenditure											
Economic Development	1,021	979	982	1,011	1,003	872	892	914	935	957	982
Marketing and Tourism	1,005	1,247	1,264	1,280	1,297	1,314	1,333	1,352	1,371	1,392	1,414
Research Centre	286	338	344	349	355	361	367	373	380	387	394
Irrigation	1,469	1,782	2,372	2,753	2,825	2,965	3,102	3,074	2,946	3,134	2,924
Parking	1,994	1,873	1,895	1,823	1,829	1,818	1,829	1,850	1,824	1,826	1,829
Capital expenditure:											
Economic Development	25	-	-	-	-	-	-	-	-	-	-
Irrigation	2,444	10,878	5,266	-	-	-	-	-	-	-	(1)
Parking	136	246	126	160	153	169	211	216	119	122	126



Part 3: Financial and Infrastructure Strategy and Statements

- **Financial Strategy**
- **Infrastructure Strategy**
- **Assumptions, Disclosures and Compliance**
- **Financial Statements**
 - **Forecast Statement of Other Comprehensive Revenue and Expense**
 - **Statement of Changes in Net Assets/Equity**
 - **Statement of Financial Position**
 - **Statement of Cashflows**
 - **Statement of Accounting Policies**
 - **Notes to Financial Statements**

Financial Strategy

Introduction

Council must, under the Local Government Act 2002, manage its revenues, expenses, assets, liabilities and general financial dealings prudently and in a manner that sustainably promotes the current and future interests of the community.

The Financial Strategy is an important component of the Long Term Plan that demonstrates how Council will:

- Ensure that the levels of rates and borrowing are financially sustainable and kept within pre-set limits.
- Maintain levels of service.
- Maintain the assets it owns on behalf of the community.
- Provide for growth and changing demand patterns within the District.
- Fund improvements to infrastructural and other community facilities.
- Manage Council's investments and liabilities.

In preparing this Financial Strategy Council has considered how to balance:

- The levels of service to be provided and the cost of achieving and maintaining them during periods of growth.
- The priorities and timing of expenditure across all activities, especially expenditure of a capital nature and the link to the Infrastructure Strategy.
- The proposed levels of rates and charges across the full 10 year period of the Long Term Plan and their impact on the community.
- The proposed level of borrowing that current and future ratepayers will need to service.

Overall Council considers that it has successfully balanced these four key elements in preparing the Long Term Plan, but welcomes the community's input on how the current result contained in this Long Term Plan can be improved.

Strategic Direction of Council

Council's Mission Statement is set out on page 2 and Community Outcomes are set out on page 22 of this Plan. Each Activity in this Long Term Plan identifies the outcomes that it contributes to.

Outline of Factors that are Expected to have a Significant Impact on the Long Term Plan

1. Environment

Marlborough provides a unique lifestyle opportunity for residents and visitors with the full range of geological features from mountains to fertile plains, rivers and the magnificent Marlborough Sounds, coupled with high sunshine hours and available water. These features support a wide range of business and leisure opportunities. Business opportunities have predominantly centred on "land and sea" based activities i.e. viticulture, forestry, horticulture, pastoral farming, aquaculture, tourism and the servicing sectors. The common thread for almost all these activities is having a quality environment and maintaining it. Availability of quality water is also a key factor.

2. Economy

The major industries identified above rely upon favourable international markets to provide a strong economic foundation for the District.

Infometrics estimate of GDP shows growth of 4.1% in the December 2017 year – the fastest growth since 2006 and well above the NZ average. Indicators of consumer and business spending were particularly strong. Earthquake disruptions constrained visitor spending and traffic flows, but there should be a pick up now that SH1 south to Kaikoura has reopened.

Infometrics also advise that the outlook for the primary sector remains good. Forestry prices enjoyed record highs for much of 2017, while seafood, sheep and beef prices started 2018 on a healthy note. Deloitte's annual wine benchmarking survey shows that winemaker returns over the past two years have been at their highest level since the Global Financial Crisis (GFC) hit in 2008.

While the outlook is very positive, this should be tempered, with the largest economy in the world imposing significant duties on some goods. The extent of retaliatory actions by other countries and the degree to which New Zealand will be impacted upon are as yet unknown.

As it has in the past, the continuing impact of the GFC has the potential to impact upon the cost of borrowing by New Zealand, the four major banks, Local Government Funding Agency (LGFA) and ultimately Council. Council in its interest rate assumption has taken a conservative position when compared with historically low current market rates. However, the Reserve Bank and other economic commentators continue to forecast interest rate increases, it is just the timing that varies. By adopting the approach that it has, Council is optimistic that it can avoid future interest rate driven rates increases.

Financial Strategy

Council will continue to take advantage of the current low interest rate environment as it looks to increase its debt, by locking in longer term rates where possible.

3. Inflation Projections

Council, along with the majority of other Councils in New Zealand, uses inflation projections provided by Business Economic Research Limited (BERL). These projections are used to inflate Council's forecast operating and capital expenditure in years two to 10 of the Long Term Plan.

BERL prepares projections for road, property, water, energy, staff, earth-moving, pipe lines and private sector wages. These are consolidated into an overall Local Government Cost Index (LGCI). To generate its forecasts, BERL estimates relationships based on historic data between price indices and a set of driver economic variables (e.g. GDP, employment, oil prices, construction, investment and CPI).

Currently BERL are forecasting the following combined increases in its LGCI:

Forecast BERL LGCI

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
2.06%	2.12%	2.17%	2.21%	2.35%	2.29%	2.41%	2.53%	2.55%	2.64%

These increases make up a significant portion of the proposed rates increase over 10 years of the Long Term Plan contained on page 162 of this Strategy.

4. Growth

The number of people in the District, (both permanent residents and visitors), where they choose to live and the growth in economic activity directly affects the demand for land for development, infrastructure and other services the Council provides. This growth underpins land use planning, infrastructure developments, where and when new services and facilities are required and their cost.

Marlborough's population in 2016 was estimated to have increased since the 2013 census to approximately 45,500. More than 55% of the Marlborough population lives in Blenheim, with a further 16% in Picton and Renwick. Most population growth since 2006 has occurred in Blenheim and Renwick. Although Picton saw an overall decline in usual resident population, there was strong growth in Waikawa. Prime building land in Waikawa is becoming less readily available and future growth in this area may be limited.

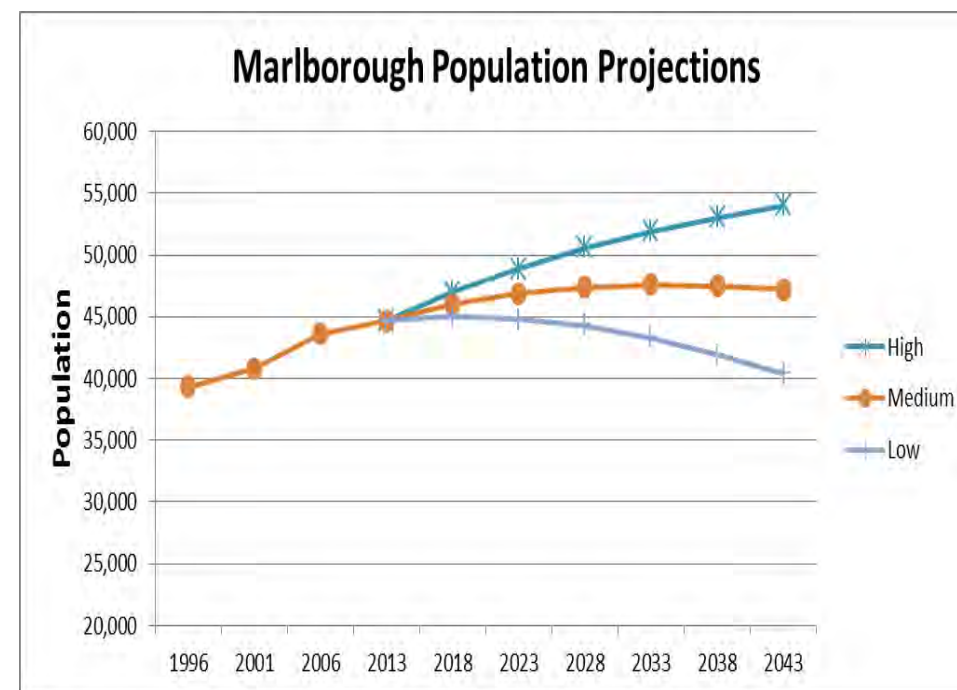
There is clear evidence from the 2013 census that the rate of population growth throughout New Zealand is slowing down. Natural reproductive growth is declining due to the age distribution of the population and continued growth is becoming more

reliant on inward migration.

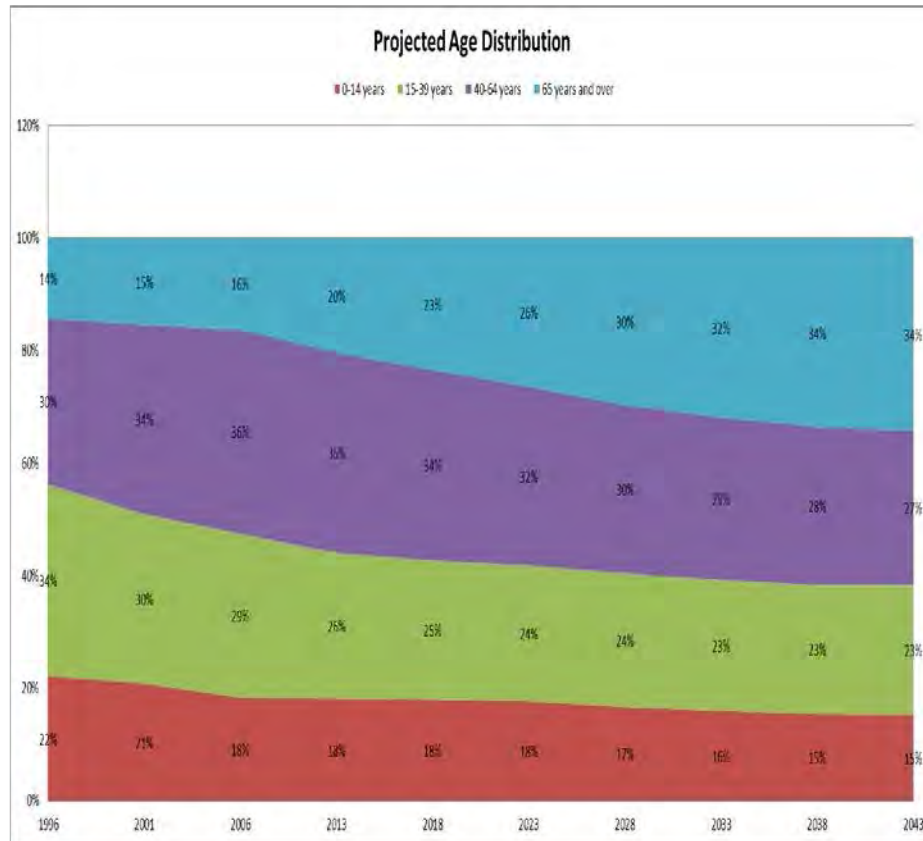
Many migrants are attracted and settle in the larger cities. The elderly also tend to move to urban areas where social and medical services are more readily available. For both these reasons statisticians are predicting a general decline in rural provincial populations and growth in the major urban areas, especially Auckland.

Statistics New Zealand has provided a range of population projections based on the results of the 2013 census. The low, medium and high growth scenarios for the Marlborough region are shown below.

As the sunniest area in New Zealand, our climate, beautiful environments and healthy economy will continue to attract people to our area. This will help to counterbalance the general trend for provincial New Zealand. Partly because of this uncertainty planners use the medium to high projection as a basis for planning future service provision in Marlborough. There are long lead-in times for major projects with public consultation, land purchase negotiations, resource consent approval and construction. Planning conservatively for medium/high growth also provides some future proofing for assets that may have a useful life in excess of 80 years.



Marlborough has the highest proportion of older people in New Zealand, with 20.5% of our population aged 65 or more in 2013. By 2046 about 35% of us will be aged 65 and over. The change in Marlborough’s age distribution between now and 2043 is clearly shown in the graph below.



The increasing elderly population and fewer working people (50% rather than the current 60%) needs to be taken into consideration in financial planning, particularly when setting rates as affordability issues could arise as a large percentage of this group are on relatively fixed incomes.

The trend for growing urban centres and fewer people living in rural areas is expected to continue, as older people generally prefer to live closer to the services provided in larger centres. The provision of infrastructure in smaller settlements and the method of funding may need to be considered in the light of these projections. This may also result in new and or different levels of services being requested.

Older people are also more likely to prefer smaller houses and units, near the urban centres. Providing for this market could lead to urban intensification through regeneration of the existing housing stock.

The current urban settlement pattern consists of an average of 10-11 properties per hectare. The Development Contribution Policy helps to encourage urban infill by offering reduced charges for the subdivision of small residential sections. Urban intensification would help to reduce further urban spread and subsequent extension to the linear infrastructure. Costs per connection would decrease and improve the affordability of these services.

For planning purposes a growth rate at or slightly above the medium growth scenario has been adopted. The reasons for taking this position are twofold:

1. To take account of historic levels of growth which are almost double the current projections; and
2. To allow a contingency in infrastructure construction planning. It is comparatively easy to slow a major infrastructure project if the demand is below forecast levels. However, it is virtually impossible to accelerate a significant capital project because of the consultation, land access, regulatory, design and tendering requirements that must be worked through before construction can start.

Council believes that, as development increases the consumption of its current infrastructure capacity and accelerates the requirement for new infrastructure, developers should bear the cost of this increased demand.

Through the application of its Development Contributions Policies to fund the cost of this additional infrastructure, Council is seeking to achieve an appropriate balance between encouraging growth and reduce the potential for additional burden on the ratepayer.

Undertaking development in a planned, co-ordinated manner can reduce costs as infrastructure development is not responding to “ad hoc requests” for isolated, scattered, piecemeal development. Responding to ad hoc development can mean that parts of the infrastructure networks are replaced earlier in their life than optimum while allowing other parts of the network to remain comparatively underutilised.

Balancing the Budget

The Council is required under the Local Government Act 2002 to ensure that each year’s projected operating revenues are set at a level sufficient to meet that year’s projected operating expenses i.e. Council must demonstrate financial prudence.

Financial Strategy

In assessing financial prudence consideration is to be given to:

- The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the Long Term Plan, including the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life;
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life;
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life;
- The funding and financial policies.

During the development of the 2018-28 Long Term Plan, the Council considered how to maintain its current levels of service, operating expenditure and capital expenditure needed to replace existing assets and provide new infrastructure and facilities to meet the levels of growth that are forecast within the 10 years of the Long Term Plan. The Long Term Plan as presented should, for the majority of activities, enable Council to maintain current levels of service.

The Council is forecasting that its Activity expenditure will increase from \$97 million in the 2017-18 Annual Plan to \$138.3 million (43.3%) for the 2027-28 financial year. The increase is primarily due to investments in infrastructure including Community Facilities, improvements in levels of service, especially in the environmental and Solid Waste Management areas with the balance representing inflation.

Borrowing over the period of the Long Term Plan will increase from \$96 million shown in the 2017-18 Annual Plan to \$270.8 million (gross) in 2023-24, decreasing to \$214.5 million in 2027-28 to help fund the proposed capital expenditure programme. Projected debt includes an allowance for up to \$131.9 million to be loaned to the MDC Holdings Group Ltd (Port Marlborough NZ Ltd and Marlborough Airport Ltd) and \$16 million for the development of an irrigation scheme in Flaxbourne. It is intended that the debt servicing costs for the Flaxbourne Scheme will be met by a targeted rate on the subscribers to the Scheme, with no rating impact on other rate payers.

Development contributions have been reviewed accordingly to fund growth related expenditure. The “Financial Trends and Summaries” section of the report below provides the extent of capital works and the funding sources.

Under section 101 of the Local Government Act 2002, Council considered its financial management responsibilities where it must manage revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The Council also considered

whether it was sustainable to undertake the level of capital expenditure proposed in the Long Term Plan together with increased operating costs associated with the higher debt level. If the Council has too much debt then future ratepayers will subsidise current ratepayers. If population growth, which is expected to fund the growth portion of assets incorporated into the capital expenditure programme, does not occur or occurs at a slower rate this may either increase rates or slow the delivery of capital projects.

The policy of fully funding depreciation except for Community Assets has been continued in the Long Term Plan and is considered an appropriate measure to ensure the concept of intergenerational equity is maintained. That is, current ratepayers will pay for its use and a share of its replacement cost in relation to the assets provided.

In summary, the rate movements have been affected as a result of:

- Price increases – cost adjustors (inflation) that have been applied to the estimates within the Long Term Plan.
- Growth – while development contributions fund much of the growth related capital expenditure, additional developed land and services need to be maintained and add to the Council’s operational expenditure. Generally the additional costs are met by the rates recovered from the extra ratepayers.
- Service levels increases – for some services, such as water supply, sewerage and environmental activities, a greater total rate take will be required.
- Depreciation and interest payments – the increased capital expenditure programme will mean that there will be a corresponding increase in depreciation and debt servicing costs that will be required to be met through fees and charges and rates.

Rates, Rates Increases and Rate Increase Limit

Council is very conscious of the impacts of rates increases in the community, the community’s wish to maintain or enhance current levels of service and the underlying cost drivers that Council has limited ability to control. The underlying cost drivers particularly relate to the materials that go into building and maintaining infrastructural assets i.e. diesel, bitumen, pipes and other construction materials and the remainder of the Capital Expenditure Programme. Council has reviewed the Capital Expenditure Programme and looked to defer projects where possible without significantly affecting levels of service.

Existing Reserves and Development Contributions are the first sources for funding capital expenditure. The balance is generally funded by loans, predominantly on a 20 year table mortgage basis. Loans have a rating impact, but as their repayment is spread, they reduce the burden on current rates and spread the costs over those future ratepayers who will also benefit from the asset being created. Increased operating and

Financial Strategy

in the longer term maintenance costs also result.

Because Council's costs are not the same as the costs faced by households eg: food, housing, transportation etc as measured by the CPI, Council has decided to use the specifically developed LGCI as its benchmark. It has further decided that it will aim to keep increases in total rates below the LGCI movement plus 2%. The following table shows forecast rates increases, LGCI movements and the difference between the two showing where Council has exceeded the LGCI plus 2% stated above.

The table also shows that Council has exceeded its self- determined "rates cap" in the first four years of the Long Term Plan. The main reason for this is the high level of capital expenditure programmed in those years to meet established community expectations established from previous consultation and government standards. This increased level of capital expenditure generates additional depreciation, operating and interest costs. The second main driver is the proposed increases to levels of service contained elsewhere in this document, all of which have been developed to meet requests from the Community and government expectations.

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Proposed Rates Movements	4.15%	5.72%	5.92%	4.81%	5.50%	4.08%	3.48%	3.30%	3.00%	2.26%
Rates Cap (LGCI+2%)	4.06%	4.12%	4.17%	4.21%	4.35%	4.29%	4.41%	4.53%	4.55%	4.64%
Within/Above Rates Cap	0.09%	1.60%	1.75%	0.59%	1.16%	0.21%	0.93%	1.22%	1.54%	2.38%

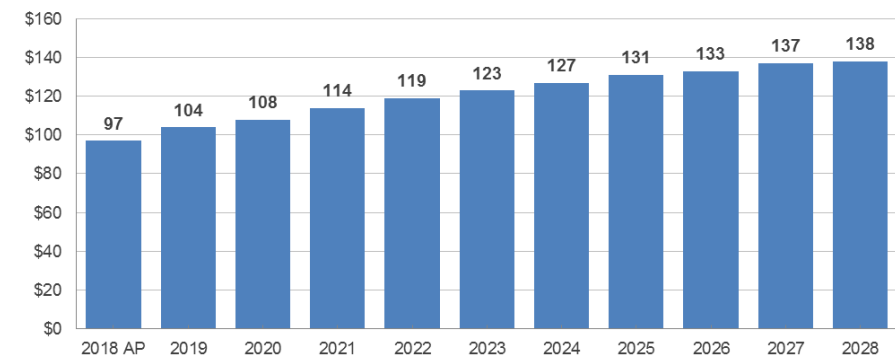
The amounts shown above are the total rates increases throughout the Long Term Plan. There will be properties that will pay less and others that will pay more, depending on the services that they receive. Samples for areas across the District are provided within the Long Term Plan, "Rates Movements" section. The other point to note is that while this document sets out Council's plans for the next 10 years, each year it reviews its priorities and need to undertake capital projects with the objective of reducing rates. As a result, the Council's limit on total rates equates to \$97.6 million, the value of rates budgeted for 2027-28. However, Council has an established track record of having future years' rates increases being less than the amounts signalled in this plan.

Financial Trends and Summaries within the Ten Year Plan

Operating Expenditure

The following graph shows that total Activity related operating expenditure is forecast to rise from \$97 million in 2017-18 to \$138 million in 2027-28 an increase of 43.3%.

Total operating expenditure (in millions)

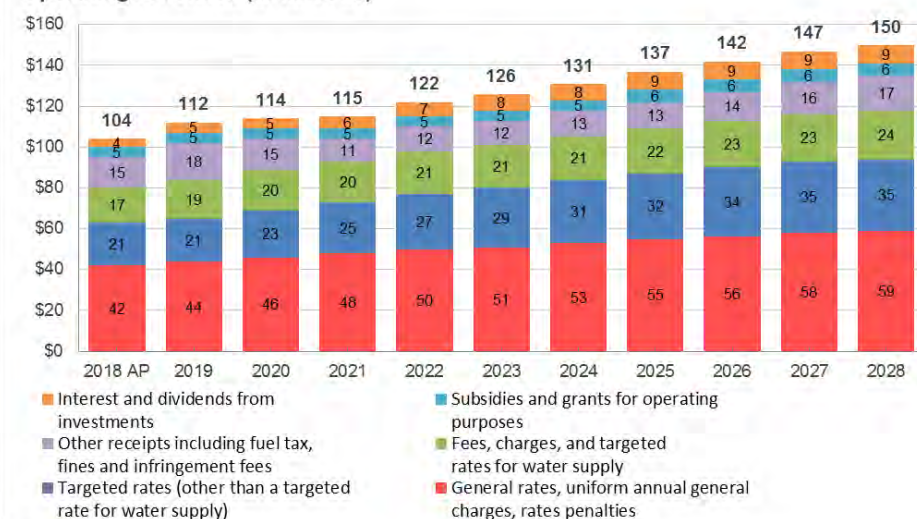


Operating Revenues

Total Operating revenue (from the Funding Impact Statement) is forecast to rise from \$104 million in 2017-18 to \$150 million in 2027-28.

The following graph shows the sources of operating revenue throughout the Long Term Plan.

Operating revenues (in millions)



Financial Strategy

Capital Expenditure

The Council currently has assets worth almost \$1.6 billion. During the next 10 years the Council is planning to undertake capital expenditure of:

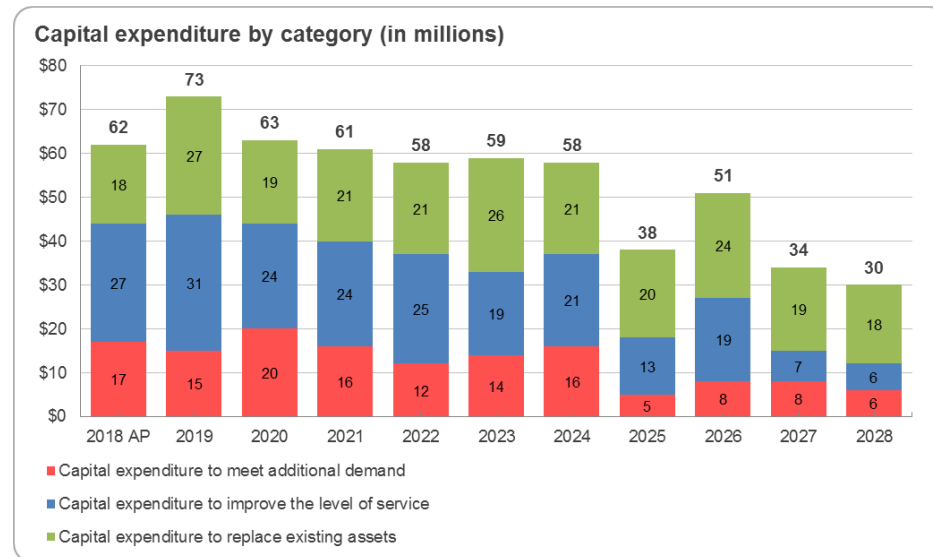
\$120 million to meet additional demand (including vested assets)

\$189 million to improve the levels of service

\$216 million to replace existing asset

\$525 million in total

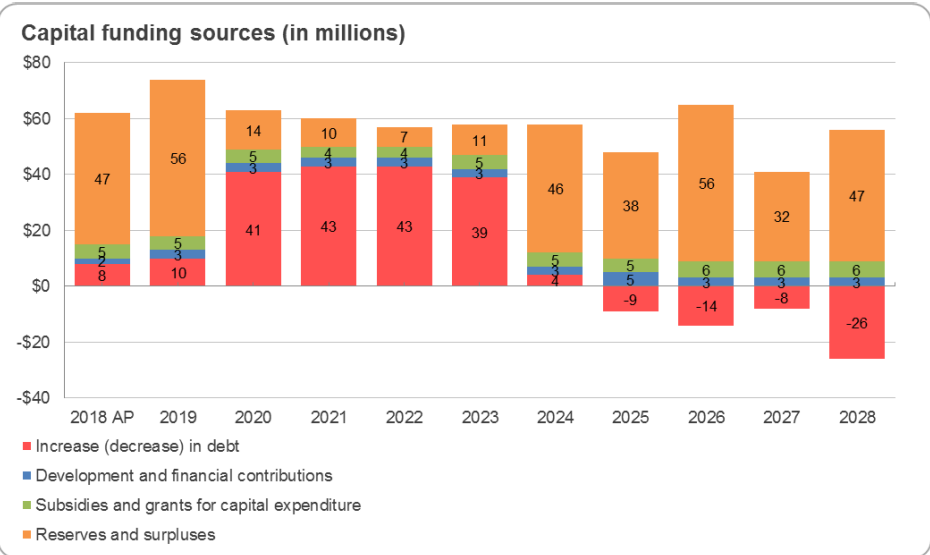
The graph below shows the amounts being spent on each capital expenditure category to meet community expectations (levels of service), replacement of existing assets and growth over the Long Term Plan.



In each Activity section there is a list of major capital projects planned over the 10 years of the Long Term Plan. A number of these projects have been spread out to coincide with growth, need and/or affordability.

Capital Funding Sources

The following graph shows the capital funding sources planned to fund the capital expenditure.

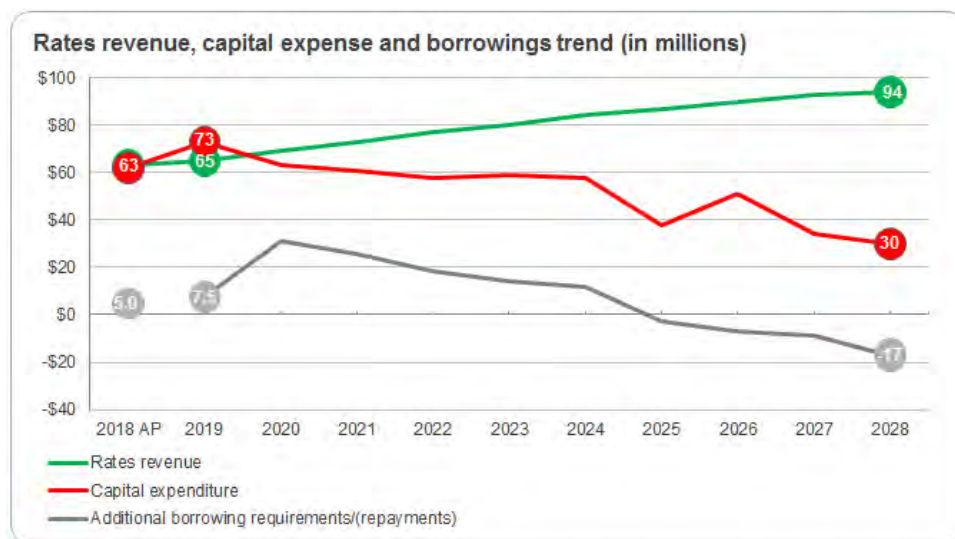


External Debt

External debt is only raised after development contributions, reserves and other funding sources have been used. Despite using external debt as a last resort, gross borrowing is proposed to increase from the \$96 million shown in the 2017-18 Annual Plan to \$270.8 million in the 2023-24 year, before decreasing to \$214.5 million in 2027-28 year, to fund a \$525 million capital program.

Note these values are Gross Debt, as Council plans to continue to hold at least \$12 million of investments as part of its disaster recovery planning and has borrowed on behalf of the 100% owned MDC Holdings Ltd Group, which includes Port Marlborough NZ Ltd and Marlborough Airport Ltd.

The graph below shows the trend over the Long Term Plan for each year's rates, borrowings and capital expenditure. This graph includes an allowance for price movements based on the BERL forecasts. This graph clearly shows the capital expenditure programme is linked to a corresponding movement in loans required to fund this work.



Debt Levels and Interest Costs

The Council Treasury Policy includes the Investment and Liability Management Policies. The Council has established a net debt cap of \$140 million.

Council has adopted the LGFA's borrowing covenants in accordance with advice received from the Council's Treasury Advisor.

The Council is a shareholder and lender of the LGFA. This has enabled Council to achieve a lower cost of funding. The Council comfortably meets all the covenants the LGFA has set for Councils to borrow from it.

The table below identifies each covenant and how Council compares against each one

Policy Parameters and Covenants		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Council and LGFA Covenants	Net Debt < 250% of total revenue	22.96%	51.62%	72.26%	84.55%	90.61%	95.89%	91.41%	83.37%	74.29%	62.01%
	Net interest < 20% of total revenue	1.14%	1.99%	3.03%	3.73%	4.11%	4.44%	4.49%	4.22%	3.75%	3.25%
	Net interest < 30% of rates revenue	2.32%	3.38%	4.89%	5.92%	6.54%	7.05%	7.09%	6.68%	6.04%	5.19%
	Liquidity > 110%	174.1%	131.2%	123.3%	120.0%	117.9%	116.2%	116.5%	117.4%	118.5%	121.5%

Security on Borrowing

The Council generally does not offer assets, other than a charge over rates or rate revenue, as security for general borrowing programmes through its Debenture Trust Deed.

Limit on Borrowing

Borrowing is a means by which those who pay for the cost of providing an asset can be better matched with those who benefit from the use of these assets.

Current ratepayers may form the view that borrowing is the answer to reducing rates increases. However, borrowing is not without cost. The immediate cost is interest. The less obvious costs are:

1. The loss of flexibility Council would face if debt levels rose too high. At the extreme is when Sovereign nations are directed to undertake certain actions by their bankers as happened in the recent GFC. In Council's case it would be by its Debenture Trustee.
2. Council and, as a consequence, ratepayers are impacted upon more severely by increases in interest rates.

Financial Strategy

As a result Council must also look to keep debt within acceptable levels. The best way of doing this is to constrain capital expenditure. Council has done this by managing its investment levels in Capital Projects.

There are a number of benchmarks that exist for evaluating if Council's proposed level of debt is too high. These include obtaining a credit rating and adopting the LGFA's parameters as set out above. Currently Council has AA long term stable credit rating from S&P Global Ratings (formerly Standard and Poors). As can be seen from the above table Council easily meets the covenants outlined above. To ensure Council continues to meet these tests it is proposed that net debt remain below \$140 million for the period of the Long Term Plan.

Interest Rate Risk

The Council enters into hedging arrangements to mitigate against interest rate risk. However, because of Council's comparatively low level of current debt, it is unable to fix the interest rates until the forecast increased level of debt is actually required. In the event that interest rates moved resulting in a 1% movement above that provided for in the 10 Year Plan for Council only debt, this would provide the following result:

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1% interest rate movement (\$000)	450	642	925	1,145	1,184	1,197	1,242	1,211	1,133	1,006
Average cost per rateable property (\$)	450	642	925	1,145	1,184	1,197	1,242	1,211	1,133	1,006

Funding Depreciation

Council intends to continue funding depreciation in accordance with its Revenue and Financing Policy, which requires the funding of depreciation for all assets except for Community Facilities, Roading where depreciation is only half funded because of the NZTA financial assistance rate of 51%; and Southern Valleys Irrigation Scheme.

The revenue collected to fund depreciation will initially be used to repay the debt and then to finance new and replacement assets. Any unused revenue from depreciation will be separately accounted for in the appropriate depreciation reserve.

Operating Surpluses

Council also generates operating surpluses each year. These accounting surpluses shown in the Forecast Statement of Comprehensive Revenue and Expense are driven primarily by:

- The need to meet the principal repayments relating to increasing levels of internal

and external debt that have arisen as a result of Council's significant Capital Expenditure Programme; and

- That Generally Accepted Accounting Practice requires vested assets and capital contributions, including development contributions, and NZTA financial assistance for roading capital works to be treated as operating revenue. In reality these items are used to fund capital as compared to operating expenditure.

Any remaining surpluses will be used to defer the need for increasing debt. As a result of the significant recent expenditure on new assets, Council is currently in a period of low renewals. However, as these assets age, the need for renewals will increase, as shown in Council's Infrastructure Strategy, particularly in the years post this Plan. As a result, it is important for Council to retain a strong balance sheet and continue to fund depreciation.

Equity Investments and Other Interests

For a variety of reasons Council holds investments in:

- MDC Holdings Ltd and its subsidiaries, Port Marlborough NZ Ltd and Marlborough Airport Ltd.
- Marlborough Regional Forestry.
- Investment Bonds and Term Deposits.

MDC Holdings Limited

MDC Holdings Ltd is a Council Controlled Organisation (CCO) which was established to:

- Separate Council's commercial trading activities from the other functions it carries out;
- Bring Council's main trading activities into one structure; and

For the most part MDC Holdings Ltd is charged with operating in a completely commercial manner. As such the only significant target is to generate a tax paid return on shareholder's funds of at least 7.0%. This target is reviewed annually when Council considers the MDC Holdings Ltd's Statement of Intent.

In addition to the commercial returns received, Council through MDC Holdings Ltd's subsidiaries (Port Marlborough NZ Ltd and Marlborough Airport Ltd) promotes Regional Economic Development as it provides means for the arrival and departure of visitors and the import and export of goods.

Marlborough Regional Forestry (MRF)

The Council has an 88.5% ownership interest in MRF, with Kaikoura District Council

Financial Strategy

owning the remaining 11.5%. MRF, a Joint Operating Committee of both Councils, has approximately 5,000 hectares of commercial forest with 4,321 hectares owned and the balance in predominantly leasehold title. This forest is managed on a rotation period of approximately 30 years with minor variations in this period based on market conditions. The forest had a value of \$14.9 million as at 30 June 2017. As a result of this holding Council is entitled to approximately 180,000 NZ Emission Trading Units (NZETUs) almost entirely from pre 1990 forest (current value circa \$3.5 million). The current intention is to replant the forest following harvest. Providing the replanting policy is maintained MRF should not be required to surrender NZETUs to meet the obligations imposed by the Emissions Trading Scheme on harvest. As a result, Council may elect to sell its Units to assist in meeting a future funding need.

Council is expecting to generate average cash proceeds of \$2.5 million per annum from its investment in MRF until the 2020 year. Actual returns will vary depending on an internationally determined market price which Council has little control over. In the 2021 to 2028 financial years no return is expected because if harvesting has gone to plan in earlier years, there will be insufficient mature trees available for harvest to generate a profit.

Council also has significantly smaller holdings of trees in its own right, but these are held predominantly for river protection and not for financial return.

Investment Bonds and Term Deposits

Council holds approximately \$12 million of investment bonds and term deposits as part of its Disaster Recovery Planning. It is expected that the rate of return received should be similar to the cost of Council's external debt.

LGFA

Council is a shareholder/member of the LGFA. The LGFA is a Council Controlled Trading Organisation (CCTO) set up by specific legislation. A key objective of the LGFA is to provide a funding vehicle that would enable local authorities to borrow at lower interest margins than would otherwise be available.

The LGFA is 'AA+' rated from S&P Global Ratings. This is the same as the New Zealand government's domestic rating.

All local authorities (but not CCTOs or Council Controlled Organisations) are able to borrow from the LGFA. As at 30 June 2017 the LGFA had advanced \$7.7 billion to local authorities, generating an estimated saving of approximately 0.2% in interest costs. The amount currently advanced is now in excess of \$7.8 billion.

The LGFA's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA cost of funds plus 2.00% over the medium term. On 31 August 2017, the directors of LGFA declared a dividend for the year to 30 June 2017 of \$0.0556 per share. This is calculated on LGFA's cost of funds for the 2016-17 year of 3.56% plus a 2% margin.

Infrastructure Strategy

MDC Infrastructure Strategy — Executive Summary

Planning for change is an essential business practice — to identify potential risks and to ensure we are well placed to make the most of our opportunities.

The purpose of this strategy is to consider how our infrastructure assets will continue to support our community and our economy over the next 30 years. Changes over this time period are likely to include:

A slow-down in population growth, an increasingly older population and a gravitation to the larger urban areas

Making the most of technology and increasing automation, to be even smarter and more connected, will be important contributions to our success.

We've come through a major earthquake with most of our infrastructure intact. We need to be even better prepared for future earthquakes. We are also actively working on how to build and upgrade our infrastructure to be more resilient to other natural hazards such as droughts, sea level rise and intense rainfall events over the next 30 years, and beyond.

Our overall approach to asset management is to maintain flexibility wherever possible, enabling us to take action when circumstances can change.

The Council's major strategic priority is to improve services as we adapt to future challenges, while maintaining debt at a sustainable level.

Key infrastructure challenges

This strategy identifies critical challenges for our roads, wastewater, water supply, stormwater, flood protection and land drainage assets over the next 30 years, and the options for responding to them.

However, infrastructure is not only about roads and pipes — it is also about providing facilities that make Marlborough a great place to live and enjoy. More details about community assets are provided in chapter 8 of this strategy.

The key infrastructure challenges are:

- to respond to the changes in population growth, distribution and age profile
- meet changes customers' expectations
- meet changes to legislative requirements
- the need to replace infrastructure which has reached the end of its useful life
- the need to build resilience to natural hazards (including climate change and earthquakes).

Implications for our assets

Significant asset management challenges for each asset type are summarised below.

Roads:

- the cost of replacing ageing bridges
- the impacts of increasingly heavy trucks on roading assets particularly timber bridges and unsealed roads
- the susceptibility of the road network to significant disruption from slips and flooding, particularly in the Marlborough Sounds.

Wastewater:

- meet increasing national standards and cultural sensitivities of effluent discharges to the environment
- growth in wastewater flows particularly industrial effluents from the wine industry
- develop a targeted and efficient renewals programme for up to \$40M of reticulation pipes over the next 30 years
- the vulnerability of some older wastewater pipes to ground movement during an earthquake
- increasing likelihood of infiltration of stormwater into the wastewater network as a result of ageing pipe network and climate change.

Water supply:

- investment in new water treatment plants to comply with the NZ Drinking Water Standards and possible legislative changes in response to the recommendations of the Government Inquiry into the Havelock North water contamination incident)
- the need for water demand management (particularly in Renwick, Havelock and Picton) to ensure the water sources can meet future demand

Infrastructure Strategy

- Renewal of around \$35M of the water reticulation network over the next thirty years

Rivers and land drainage:

- the need to respond to higher expectations related to flood protection and environmental outcomes
- the impacts of coastal storm waves and sea level rise on the effectiveness of the existing land drainage system
- potential impacts of climate change on flood flows

Stormwater:

- the effects of urban growth and climate change on stormwater volumes
- the need to improve the quality of stormwater discharges
- ageing infrastructure. Around \$16M of stormwater reticulation is expected to have reached the end of its useful life within the next 30 years

Community Facilities:

- provide facilities that meet the changing needs of the local community and are attractive to visitors to the region
- to anticipate and respond to changing technology and its impact on traditional facility use

Preferred options for responding to these challenges

The Council's preferred options for address the challenges are summarised below.

Legislation

Changes in legislation particularly affect our water-related assets. We intend to complete existing water treatment plant upgrades for Seddon, Renwick and Havelock and install treatment to Wairau Valley and Riverlands and point-of-entry treatment devices for each household in Awatere Rural to meet the Drinking Water Standards.

National guidance on environmental standards will continue to be provided through the National Policy Statements. In particular the National Policy Statement for Freshwater Management, National Coastal Policy Statement and the National Policy Statement on Urban Development Capacity. Local implementation of the policies will be through the

recently updated Marlborough Environment Plan and the conditions of resource consents that support the plan.

Improving the quality and the quantities of water used and discharged back into the natural environment will require ongoing investment in our wastewater and stormwater assets. Actions will include progressive implementation of the Blenheim Stormwater Strategy and its extension to other urban areas in the region.

The upgrade of wastewater treatment plants to meet increasing volumes of wastewater particularly from the wine industry and increasingly stringent standards for effluent discharge. Also meet the cultural requirements to avoid or restrict the volume of waste returned to the aquatic environment

To deploy water demand management tools to promote more efficient water supply, reduce leakage and ensure water resources are sustained for future generations.

Renewals

For all types of assets, the preferred option is to implement a proactive, planned renewals programme and invest in more condition assessment technology, field data collection and data management. This will enable informed decision making on the most cost effective timing of renewals. Enhanced condition assessments will be particularly valuable for our underground assets.

Resilience to climate change and natural hazards

Ongoing investment in our resilience plan will ensure roads are reopened as soon as possible after a major natural event or other disruption.

The Council will soon begin a review the core Wairau River Floodway Management Plan. The review will examine the current level of service, customers' expectations and land use changes. It will also model flood flows under different conditions so that the range of effects that may result from climate change and sea-level rise can be more accurately predicted. Minor upgrades will be sufficient to preserve existing levels of service to about 2050 but after that time other options, including accepting increased flood risk or a managed retreat from some low lying areas, may need to be considered.

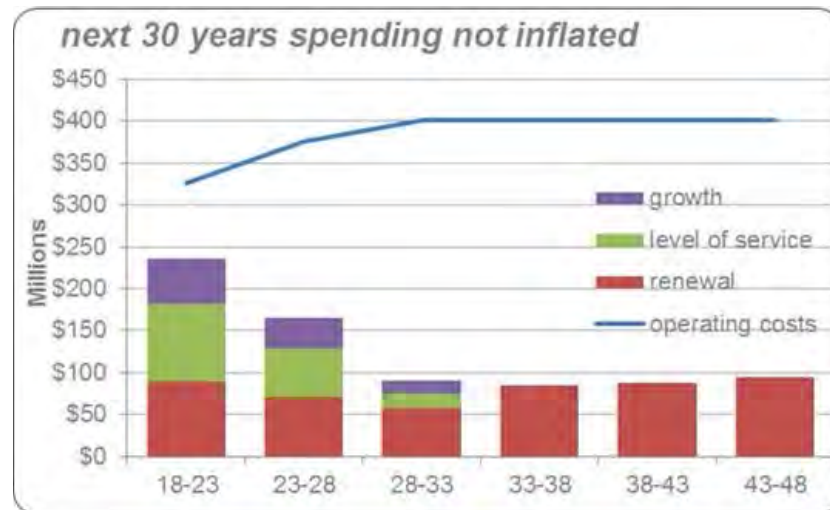
Building infrastructure to the latest standards and with the most suitable materials increases resilience to flood events and earthquakes. We are also prioritising the replacement of pipework and other assets made of older materials that are susceptible to natural hazards or have deteriorated more quickly than anticipated.

Infrastructure Strategy

Our financial planning is another way we will ensure we can recover as quickly as possible from emergency events. Ensuring we have reserves, flexible capital programmes and insurance to meet the expected losses.

Financial implications

This graph provides an overall picture of the proposed capital and operating expenditure for our infrastructure over the next 30 years.



Introduction

Why infrastructure matters

We often take for granted the infrastructure we rely on for the very basics of everyday life — clean water from the tap, a readily available flushing toilet and a safe drive to work or school. We tend not to think about how infrastructure works unless something goes wrong — roads are closed through land slips, homes or businesses are flooded, or there is a public health scare from contaminated water. That’s when we realise how essential infrastructure is to all aspects of our lives.

This strategy covers the infrastructure owned and operated by the Council that delivers the core services — roads, wastewater, water supply, rivers and land drainage, and urban stormwater drainage. Community facilities have also been included as they are important part of the fabric of the community

An infrastructure strategy needs to answer three basic questions:

1. What are the significant infrastructure challenges over the next 30 years?
2. What are the main options for resolving those challenges and which of these is Marlborough District Council’s preferred option?
3. What will it cost, and what does that mean for rates and debt?

In order to fully recognise the challenges faced by the region it is necessary to describe what Marlborough will look like in 30 years’ time; consider the aspirations of the community and what we need to do differently to ensure infrastructure will still be meeting the needs of the people who will live here in 2048 and beyond. For example, we know the size and composition of the New Zealand population will be quite different. Climate change is almost certain to affect our daily lives. The massive advances of computer technology and the Internet will continue to change the way we work and live.

These questions will be answered in the three parts of this strategy outlined below.

Part One – Context, opportunities and key challenges

In this section Marlborough’s unique combination of people, economy and environment are examined. The region is a wonderful place to live and work. The Council aims to enhance and develop the potential of the region to ensure the community is prosperous, healthy and educated; the lifestyle is attractive; the natural environment is protected and enriched and society is resilient to the inevitable challenges of the future. However we must consider recent changes to lifestyle, technology and the environment and identify trends that can be projected forward to try to understand what the region will look like in 30 years’ time.

The economic environment will change as businesses prosper or decline. New employment opportunities will be created and different work patterns will emerge. Workers and their families will move in and out of the region in response to the opportunities. There will be many more elderly people who may, or may not, have retired from the workforce.

Both the ethnic composition and wealth distribution throughout the population will be different

Lifestyles will change as computer based technology matures. Automated vehicles, Artificial Intelligence, 3D printers and robotics manufacture, and remote control through the ‘internet of things’ will almost certainly become commonplace.

Infrastructure Strategy

Climate change will affect weather patterns, which will alter cultivation practices and the associated industries, building design, urban planning and many other aspects of daily life.

The fundamental Council infrastructure required to support the community — road transport, land drainage and water and wastewater services will need to adapt to the new environment. In some cases the infrastructure will evolve and adapt in response to the changes but often it will need to be planned and implemented in advance to keep the community safe and facilitate the new developments.

Over the next 30 years technology will provide new opportunities that have strong potential to positively affect the management of infrastructure.

Part One concludes with an outline of the key challenges facing our region's infrastructure, including:

- the need to replace infrastructure which has reached the end of its useful life
- changes to legislative requirements
- the response to climate change predictions
- preparation for a major earthquake

Part Two — Specific challenges, options and preferred solutions for each of our infrastructure assets

These chapters provide a more comprehensive summary of the significant asset management challenges for each asset type, the main options Council has to address these, and the implications of those options. Where possible, a preferred option is indicated.

The anticipated capital investment and the ongoing costs of operating infrastructure has been estimated. Financial information is provided in detail for each of the first ten years, and then in five year blocks after that. These forecasts also include the expected impact of price changes for projects over time expressed at current prices and adjusted for price inflation.

Part Three — Financial summary

This section takes the financial information from Part Two and combines it to provide an overall picture of how much money needs to be invested over the next 30 years. A timeline for that spending is included.

Infrastructure is the biggest proportion of Council spending (61%) and this strategy informs, and is closely aligned with, Marlborough's Financial Strategy 2018-2028. This infrastructure strategy will also inform our long term plans, asset management plans, and annual plans.

Part One — Context, Opportunities and Strategic Challenges

Context and Opportunities – what sets our region apart

Our vision is that over the next 30 years Marlborough will become a globally-connected district; known for progressive, high-value enterprise and economic efficiency. Residents will enjoy an enviable lifestyle and natural environment. The region will achieve a world-wide reputation as a visitor destination. Marlborough will be 'smart and connected'.

Infrastructure has a key role to play in supporting this vision — including an abundant supply of drinking water direct from the tap; a clean, safe and sanitary environment; and the connectivity to safely link the region's communities together and to the outside world.

Marlborough is regularly recorded as one of the sunniest places in New Zealand. The good weather combined with the beautiful Marlborough Sounds, the Wairau and Awatere Valleys, a gateway to the Nelson Lakes National Park and the welcome awaiting at the numerous winery cellar doors makes the region a very popular destination for both national and international tourists. Tourist numbers have been increasing rapidly since 2000 and cruise ships regularly visit Picton with more than 5000 passengers on-board.

The Marlborough economy has a number of significant industries — wine production, farming, forestry and aquaculture — and a booming tourism sector. The GDP generated by these activities in 2016 is shown below.

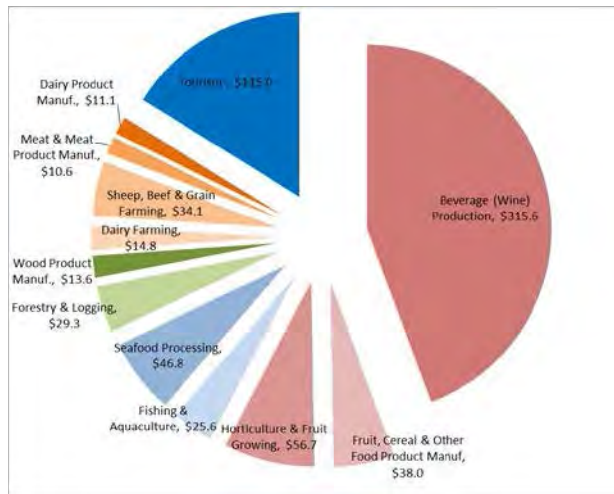
In March 2017 the New Zealand Transport Agency (NZTA) published its Long Term Strategic View Their projections for the South Island was that the current economic drivers will remain consistent, with a continued emphasis on primary production. However regionally wine production and tourism are forecast to be the key growth area.

The Government has set a target of tripling the country's food and beverage exports over the next 15 years. This growth will be partially achieved by more land being converted to productive land, more efficient production and the introduction of high

Infrastructure Strategy

yielding products. The Marlborough wine industry is predicting a 29% increase in land area under grape cultivation by 2019/20.

Longer term, economic growth will be reliant on adding value to the raw primary products through manufacturing processes. In this respect the wine industry is well ahead - turning their raw material into a high value product. Marlborough wine is marketed as a high quality product and has achieved a premium status in international marketplaces.



There are opportunities for aquaculture to increase the value of fish and seafood. The pharmaceutical and nutraceutical industries are also finding new markets for seafood-based products.

The timber industry has the opportunity to manufacture boards, milled timber, joinery and other timber products to lift the value of the logs that are currently exported.

Marlborough has a well-established engineering industry and is a national centre for aircraft maintenance. The wine industry has attracted stainless steel fabrication, irrigation and wastewater processing and other production engineering.

New industries using computers and the internet do not need to be located in close proximity to traditional markets in busy cities. Employees in these fields are choosing to work remotely and some are relocating to Marlborough to take advantage of the enviable lifestyle.

Viticulture

New Zealand's wine exports continue to grow strongly, and appear on track to exceed the \$2 billion mark within the next couple of years. This is significant for Marlborough as the region produces 80% of the New Zealand total output. Vineyards now occupy 24,020 hectares of land in the region and in 2016 produced 323,290 tonnes of grapes.

The statistics for 2016 show 1,368 people are employed in grape growing and another 1,104 in wine making. The industry is forecasting a 25% increase in production over the next five years, which will create jobs for an even larger workforce.



There are a number of related infrastructure implications —

- managing the additional liquid trade waste from the wineries,
- increased stormwater runoff from changing land use to vineyards,
- managing freshwater resources as demand increases for process and drinking water,
- increased demands for flood protection as the value of the crop increases,
- road traffic increases to transport both product and workers related to the industry.

The viticulture industry employs a large and growing number of seasonal workers. Specialist residential accommodation is being provided and much of it is sited on the outskirts of Blenheim. This creates new demand at the edges of the water and wastewater distribution networks, which was not anticipated at the time the services were designed and installed.



Tourism

International and domestic visitors are a vital element of our economy due to the demand they create for local goods and services — accommodation, food and beverages, retail and transport. This sector is currently estimated to be worth \$115 million to the local economy, and it is expanding rapidly as Marlborough's unique climate and wonderful environment attract visitors from around the world.

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Marlborough's reputation as a visitor destination relies on the experience of our visitors. That means roads need to be safe for both business and leisure users, and resilient to natural hazards. Uncongested roads with good ride surfaces and a limitation of dust on the unsealed sections will also enhance visitors' experiences.



Safe drinking water directly from the tap is a common expectation for many visitors.

Aquaculture, seafood and fishing

Aquaculture, seafood and fishing make a major contribution to the local economy. Marlborough salmon and green lipped mussels are a luxury product valued around the world. It is estimated that around 522 people work specifically in seafood processing, and 175 employed in offshore aquaculture activities. Another 1,787 work in aquaculture and fishing support services.

There may be some potential to increase the productivity of aquaculture in the Marlborough Sounds but there is growing concern over the negative environmental consequences of intensive fish farming. Further expansion is likely to meet with some resistance.

There is growing recognition of the health benefits of fish oil and fish-based products. There may be more opportunity to add value and open new markets through developing pharmaceutical and nutraceutical products than on increasing sales of the traditional products. However, seafood processing typically uses large volumes of clean water and produces equivalent volumes of liquid waste. Meeting the additional demand for water supply and waste water treatment may become a challenge.

Sheep and beef farming

Sheep and beef cattle farming continues to be a strong contributor to the regional economy, with an estimated 491 people working directly in stock farming. Many more workers are employed in the farm services sector, supplying everything from animal feed to tractor repairs to fencing services.



Remotely located farms rely on strong roads and bridges for access by heavy vehicles. Dairy farms are particularly reliant on constant road access to take the daily milk for processing

Forestry

Forestry directly contributes 6% to the local economy and harvesting is expected to increase by 30% over the next six years. Maintaining roads and bridges in remote forestry areas which are strong enough to take the weight of larger, heavier vehicles is an infrastructure challenge for Marlborough.



As more tourists travel into the remote areas, maintaining safety for all the road users requires more consideration. Heavy vehicles travelling on unsealed roads also create large dust clouds. These can become both a hazard and a nuisance to other road users, visitors and the growing numbers of residents living on lifestyle blocks.

Population

Since the 2013 census Marlborough's population is estimated to have increased to approximately 45,500. More than 55% of the Marlborough population lives in Blenheim, with a further 16% in Picton and Renwick.

Most population growth since 2006 has occurred in Blenheim and Renwick. There was an overall decline in usual resident population of Picton although there was strong growth in the Waikawa area. Prime building land in Waikawa is becoming less readily available and future growth in this area may be limited.

There is clear evidence from the 2013 census that the rate of population growth throughout New Zealand is slowing down. Natural reproductive growth is declining due to the age distribution of the population and continued growth is becoming more reliant on inward migration.

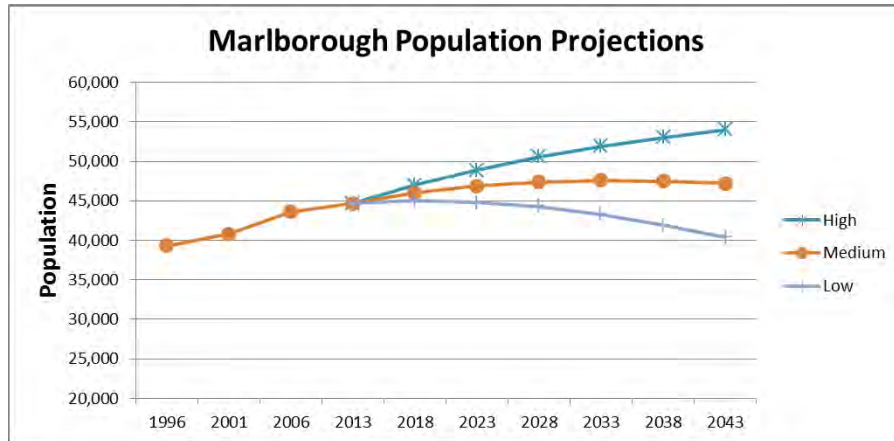
Many migrants are attracted to, and settle in, the larger cities. The elderly also tend to move to urban areas where social and medical services are more readily available. For both these reasons statisticians are predicting a general decline in rural provincial populations and growth in the major urban areas, especially Auckland.

Statistics New Zealand has provided a range of population projections based on the results of the 2013 census. The low, medium and high growth scenarios for the Marlborough region are shown on the following page.

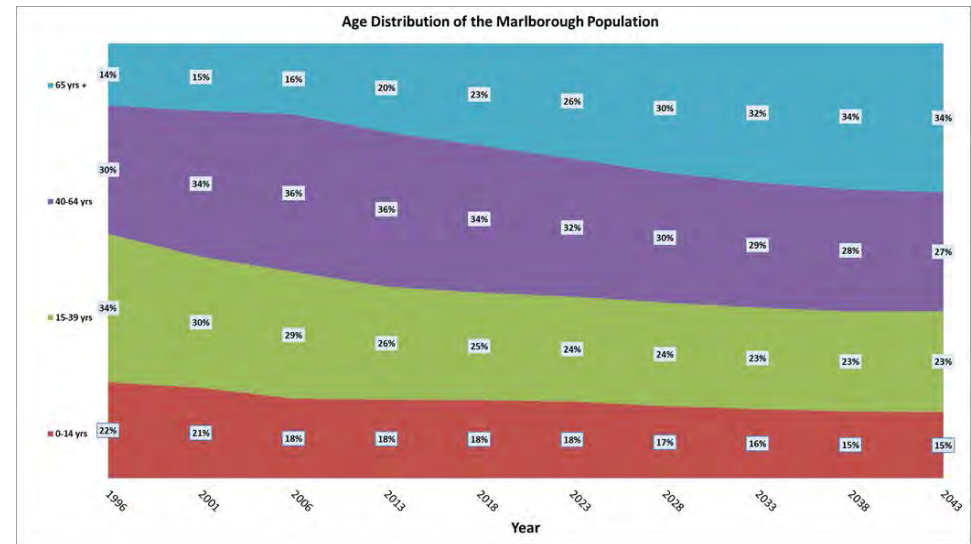
As the sunniest area in New Zealand, our climate, beautiful environments and healthy economy will continue to attract people to our area. This will help to counterbalance the general trend for provincial New Zealand. Partly because of this uncertainty planners use the medium to high projection as a basis for planning future service provision in Marlborough. There are long lead-in times for major projects with public consultation, land purchase negotiations, resource consent approval and construction.

Infrastructure Strategy

Planning conservatively for medium/high growth also provides some future proofing for assets that may have a useful life in excess of 80 years.



Marlborough has the highest proportion of elderly people in New Zealand. In the 2013 census 20.5% of our population was aged 65 or more. This proportion is due to grow significantly. By 2046 about 35% of us will be aged 65 and over. The change in Marlborough’s age distribution between now and 2043 is clearly shown in the graph below.



The increasing elderly population and fewer working people (50% rather than the current 60%) needs to be taken into consideration in financial planning, particularly when setting rates.

The trend for growing urban centres and fewer people living in rural areas is expected to continue, as older people generally prefer to live closer to the services provided in larger centres. The provision of infrastructure in smaller settlements and the method of funding may need to be considered in the light of these projections.

Older people are also more likely to prefer smaller houses and sections near the urban centres. Providing for this market could lead to urban intensification through regeneration of the existing housing stock.

The current urban settlement pattern consists of an average of 10-11 properties per hectare. The Development Contribution Policy helps to encourage urban infill by offering reduced charges for the subdivision of small residential sections. Urban intensification would help to reduce further urban spread and subsequent extension to the linear infrastructure. Costs per connection would decrease and improve the affordability of these services.

Technology

Technological developments have the potential to change many elements of infrastructure over the next 30 years, including:

Infrastructure Strategy

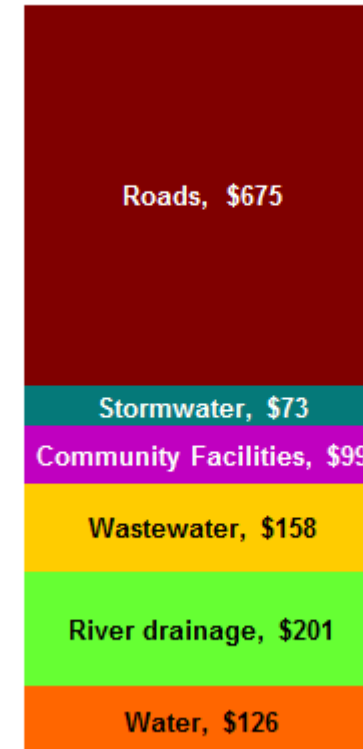
- driverless cars, reducing the need for parking spaces in urban centres and improving road safety. This would help to reduce risks associated with drivers who are unfamiliar with our roads.
- car sharing of driverless electric cars is expected to be the norm in the US in 13 years. Private car ownership may become rare as driverless cars are shared in car pools, houses will not require garages and suburban streets will become single lane roads with passing spaces as computers control navigation and avoid other cars
- micro-treatment and water recycling will become readily available.
- smart metering will enable people to use water and electricity more efficiently and suppliers can incentivise customers to reduce peaks in demand.
- infrastructure providers will have access to real time data to better understand their networks, including traffic flows and water use.
- 3-D printing will become commonplace changing retail and goods distribution industries
- intelligent robotics will be used in underground inspections and works.

Key infrastructure challenges

1. INFRASTRUCTURE RENEWALS

Marlborough District Council’s water, wastewater, stormwater, roads, community facilities and flood protection assets have a combined asset value of around \$1,332 million. The value of each asset type is:

Asset Value (\$m)



Many of these assets have long life expectancies, but ongoing investment is required to maintain and eventually replace them when they reach the end of their useful life.

Each year The Council collects the amount required to cover the full cost of both maintaining these assets and replacing them when they wear out (depreciate to the point of replacement). These costs are a big proportion (21%) of the rates collected each year.

Calculation of infrastructure depreciation is an accounting estimate for inclusion in the annual funding assessment. The rate of deterioration is a critical factor in the calculation but can be difficult to accurately predict. There are many influencing factors

Infrastructure Strategy

which often work in combination including: wear and tear, differential loads, the quality of workmanship during installation and maintenance, third party damage, weather and its effects on the networks, seismic activity, ground movement and technological change.

The buried pipe infrastructure and the sub-structure of roads present another challenge as they are not visible and it is therefore more difficult to assess their condition. Without reliable condition information it is a complex task to accurately estimate how long the asset will remain serviceable.

There is projected to be a large spike in water infrastructure renewal activity just beyond the 30 year planning horizon of this strategy (from 2048 –2057). This reflects the high level investment made around 50 years ago when the region was growing rapidly. It is desirable to spread the cost in order to remove the peaks and create a smoother spending profile. Considerable efforts are being made to determine the accuracy of this projection so the renewal programme can be managed to meet this objective

Similarly there are many small bridges in Marlborough (often constructed of timber in rural areas) that were built as the road network was consolidated after the Second World War. Many were designed for lighter traffic and reaching the end of their useful life. Speed and weight restrictions have been implemented to help extend their lives but a planned renewal programme is required

It should also be noted that as more infrastructure is added to meet the demands of growth and higher levels of service, the cost of funding depreciation in future will increase and be reflected in ongoing rates collection. The costs of operations, maintenance, finance and insurance also increase.

2. LEGISLATIVE REQUIREMENTS

The Council's management of infrastructure needs to comply with national legislation, policies and standards. The following documents set the direction for delivering quality services.

- The Local Government Act 2002 requires the adoption of a 30 year infrastructure strategy every 3 years.
- The Resource Management Act 1991 (RMA), National Policy Statement on Freshwater Management (NPSFM) and the New Zealand Coastal Policy Statement (NZCPS) include requirements to sustainably manage water use and discharges to coastal and freshwater water.

- The Drinking Water Standards (DWSNZ) specify maximum amounts of substances, organisms, contaminants or residues that may be present in drinking water supplies. Early recommendations from the Havelock North water contamination enquiry is that there will be much more emphasis on the enforcement of regulations to improve and protect the quality of the public drinking water supply
- The Government Policy Statement on Land Transport (GPS) includes a hierarchy of roads in order to work towards national consistency for each road type throughout New Zealand.
- The Civil Defence Emergency Management Act 2002 (CDEM Act) requires lifelines utilities (which includes providers of roads, water supplies, stormwater and wastewater services) to ensure these services function to the fullest possible extent during and after an emergency (section 60).
- The Government is currently developing a National Policy Statement on Resilience, which is likely to have implications for future versions of the Council's financial and infrastructure strategies.

Implications for our assets

Water Supply

- Significant investment is required to upgrade the supplies to Renwick, Awatere, Havelock, Riverlands and Wairau Valley to meet the DWSNZ.
- The Government enquiry into the contamination of the Havelock North water supply may lead to new requirements for councils.
- The fluoridation of water supplies continues to be a political issue which may also result in additional costs to Council.
- New water quantity requirements in the NPSFM (and the Marlborough Environment Plan) will be reflected in future water permits for public water supplies. The Council will need to demonstrate efficient use of water when it applies for its next urban water supply resource consent for Blenheim, after the existing one expires in 2030.
- The NPSFM also sets requirements regarding management of the impacts on groundwater. The Riverlands aquifer, which is the source of the Riverlands industrial area water supply, has reached its sustainable limit and a clawback is needed regarding water allocation. The Council holds two different consents for the industrial water supply, which provide for takes of 900 m3 per day and 5,630 m3 per day. These consents expire in 2019 and 2024 respectively.

Infrastructure Strategy

Wastewater

- The NZCPS is likely to influence the outcome of the 2017 consent applications for the Seddon and Havelock sewage treatment plants. The resource consent for the Blenheim sewage treatment plant is due for renewal in 2023. Capital upgrades to the plants are planned to meet the expected consent conditions.

Stormwater

- Consolidation and updating of the stormwater resource consents is a primary objective of the Blenheim Stormwater Strategy. The NPSFM and NZCPS requirements will be reflected in the resource consent conditions. Stormwater quality control measures are being installed on new sub-divisions and expenditure will be required to upgrade some existing discharges to freshwater and the coast.

Roads

- The GPS may influence levels of service for Marlborough roads.

3. CLIMATE CHANGE

The current advice from the Ministry for Environment is outlined below.

Temperature: by 2040 temperatures are likely to be 0.7°C – 1.0°C warmer. The number of days when the temperature exceeds 25°C is increasing and the number of frosts are decreasing. By the end of the 21st century these very hot days could rise from 6 days to 38 days per year and frosts could decrease from 19 to 7 days per year respectively.

Rainfall: The incidence of summer rainfall in Blenheim and extreme rainfall events are both likely to increase. However, there will be some regional variation.

Precipitation in the winter is likely to fall as rain rather than snow. This may increase river flows during the winter with subsequent potential for flooding. Less snow melt could decrease river flows during spring, reducing the water available for abstraction.

Sea level rise: Average sea level rose by 1.7mm per year over the last century. This rate has increased over the last 20 years and is predicted to continue to rise. The effects are exacerbated by changing tide patterns and an increase in storm surges.

Implications for our assets

Wastewater

- Marlborough's wastewater treatment plants can continue to operate with a 300mm increase in sea level rise, as is predicted to occur over the next 30 years.

However, the existing wastewater treatment plants will be seriously impacted by 700mm of sea level rise, which is predicted to occur by 2100.

- Rising water tables will affect the Council's ability to continue irrigating land with treated wastewater from the Blenheim wastewater plant (when the land is too wet and/or the water table is high.)
- More frequent and intense storms will increase the risk of sewer overflows in urban areas via stormwater leaks into the sewer reticulation.

Water Supply

- Increased frequency and duration of droughts will put strain on the water sources particularly where aquifers are shared between public water supply and production water.
- Increased droughts will place additional demands on water treatment and reticulation plant.

Rivers and land drainage

- Council may need to dig larger drainage channels, increase the height of existing and provide added bank protection to cope with increased rainfall intensity.
- As the sea level rises, pumped outfalls are also likely to be required to assist with drainage of flat, low-lying land on the Lower Wairau plain where we can no longer rely on gravity to achieve discharges to the sea.
- More frequent high intensity rainfall events will place greater demands on the stormwater system. Urban drainage reticulation will be tested, detention areas will temporarily fill with storm water and overland flow paths will need to be utilised.

Transport

- Some road drainage will need to be upgraded.
- Bridges and culverts will need to be designed to cope with the increased flows.
- Slips are likely to become more frequent after heavy rain. Additional resources will be needed for road clearance and the securing of unstable hillsides. We will also need to proactively regrade and secure steep roadsides.

Infrastructure Strategy

4. EARTHQUAKES

A significant earthquake in the next 50 years (on the Alpine Fault) has a 50% likelihood of occurring, and an 85% likelihood of occurring over the next 100 years. This event could be 10 times more powerful than the November 2016 event, with shaking lasting up to six minutes (compared to up to two minutes during the Kaikoura earthquake).



To prepare for such a large earthquake, new infrastructure is being built to high standards, and emergency power generation is provided for new plants. The Council has also assessed the impact of a significant earthquake on roads, riverbanks and stopbanks.

Fault lines will need to be avoided when developing land and installing infrastructure. Slumping and liquefaction are also becoming more significant considerations when planning future urban development.

Council has recently reviewed its assumptions and expectations regarding the Maximum Probable Loss to infrastructural assets as a result of a large earthquake. Consultants were employed to undertake a study of probable losses to the three water services (water supply, wastewater and stormwater) and river defence assets due to an earthquake with a 1:500 and a 1:1000 year return period. An estimate of damage to roading, insurance excesses and losses of rates revenue was also considered. An event of this magnitude could result in a \$485 million loss to the Council.

Currently central government meets 60% (above the excess) of infrastructure damage costs incurred from natural disasters. Local government is obliged to show prudent arrangements to meet the remaining 40% of costs. However, central government has indicated it is reluctant to continue this ongoing liability and may wish to pass greater responsibility to local authorities in future. The costs of additional risk mitigation could be considerable. The Council maintains a \$10m Disaster Recovery Reserve, since the November 2016 earthquake analysis is ongoing to ensure the Reserve level is sufficient to meet any potential future events in combination with insurance coverage.

Implications for our assets

Water

- The water treatment plants for Blenheim and Picton have been upgraded in the last ten years and are built to the latest standards for earthquake resistance. Emergency power generation is included. The treatment plants at Renwick and Havelock are less resistant until upgrade works are completed.

- New reservoirs have been built to be earthquake resistant and older reservoirs have been strengthened. Some damage from a very large event must be anticipated
- There is 138kms of asbestos cement pipe with an estimated replacement cost of around \$26M with a life expectancy of less than 40 years

Wastewater

- The wastewater treatment plants at Blenheim and Havelock are located on the coastal plain. Tsunami inundation is a risk. As is ground movement and liquefaction on river/coastal soils.
- Many pump stations have been upgraded to resist the effects of ground shaking but significant damage could be expected from a very large event.
- Modern plastic pipe materials are more resistant to damage from ground shaking. Around 65kms of pipe (valued at approx. \$64M) is over 50 years old.
- Ground movement may affect gravity pipelines laid to shallow gradients on the Wairau Plain



Roading

- Many roads particularly in the Sounds and rural areas are vulnerable to landslips
- Major bridges have been surveyed and strengthened to resist earthquakes but may still be vulnerable to very large events

Rivers and Flood Protection

- Many of the older stop-banks have not been constructed to modern engineering standards
- The 2016 earthquake caused \$2.4M damage to existing stop banks and river edge protection through lateral spread and slumping

Stormwater

- Around 19kms of stormwater reticulation with a combined replacement value of approximately \$10M is of the older 'brittle' materials asbestos cement and earthenware

Infrastructure Strategy

Community Facilities

- Many of the local community halls are not constructed to modern earthquake resistance standards
- Major memorials have been strengthened but some damage can be anticipated from a large event

5. Spending and Funding Balance

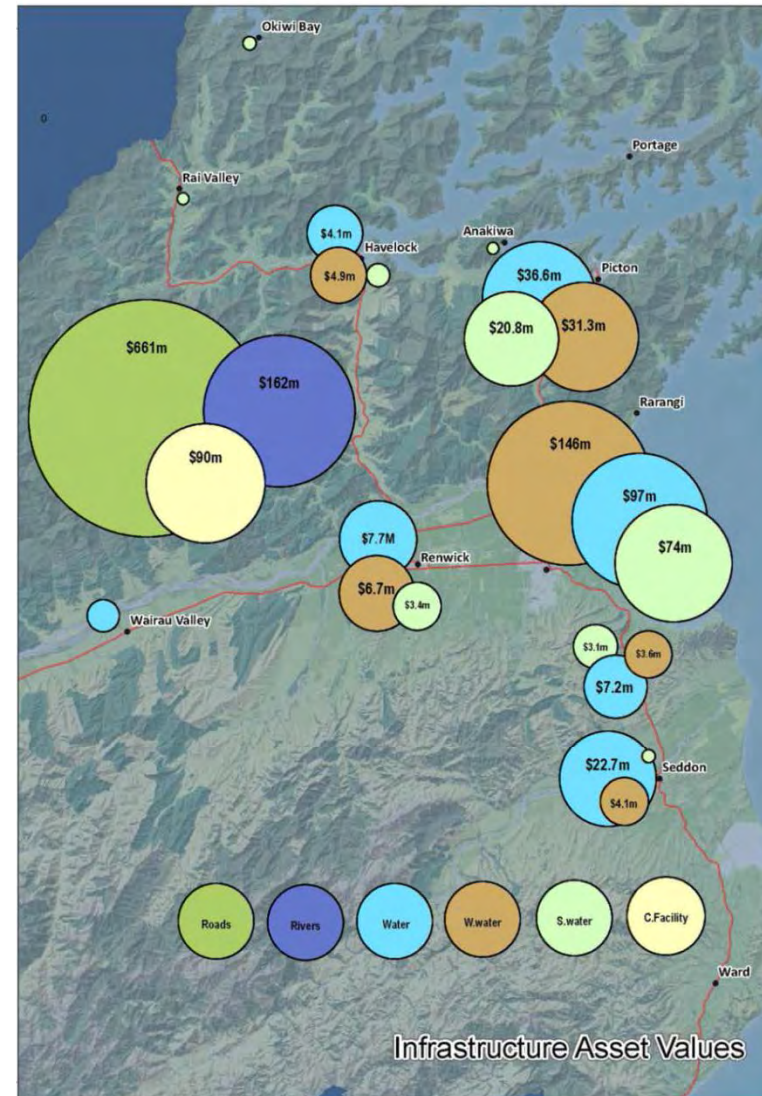
One of the key infrastructure challenges is to address the tensions between spending and funding of core infrastructure

The strategy is based on the following general principles:

- growth driven capital expenditure is funded by Development Contributions
- capital expenditure to increase levels of service, e.g. improve quality of drinking water supply, is funded by borrowing
- renewals capital expenditure is funded from revenue - rates and charges - set to recover depreciation expense, and accumulated until spent. This funding source emphasises the importance to Council of continually fully funding depreciation on infrastructural assets.

The detail of financial management is described in the Financial Strategy. The Infrastructure Strategy and Financial Strategy align with each other.

The timing of expenditure with funding availability is an important outcome of the planning process. It is critical to ensure that adequate funding is available to prevent delays in programmed works but avoid excess cash that will incur unnecessary funding costs. An analysis of Council's capital spending has shown that over the last 5 years around \$34M has been spent per annum. The strategy identifies major capital projects. The delivery of many of these projects will depend on a number of protracted processes – public consultation and agreement, resource consent approval, land-purchase and design & construction resource availability. In consideration of these constraints the Council is planning to provide capital funding of no more than \$60 million per year for the first 3 years of the LTP.



Part Two – Asset-Specific Chapters

Infrastructure Strategy

Roads

For Marlborough to achieve its vision for the future the infrastructure must be sufficient and functioning at the same time as being achievable and sustainable with the resources available

Roading Goals

The roading infrastructure will reliably, efficiently and safely connect communities within Marlborough; connect Marlborough to wider New Zealand and provide safe transit for visitors passing through the region.

The road transport network will support economic growth through better access on key routes

Increase the resilience of the roading infrastructure to natural hazards to provide a safe and reliable transport system

Introduction

The Council is responsible for the management of a transportation network that comprises 1547km of roads (917km sealed and 630km unsealed).

This is Council's largest infrastructure asset. The **affordability of renewals** is particularly an issue for roads, which have the highest replacement value (\$725 million). Approximately \$9.18 million has to be spent each year to address the effects of deterioration of the roads, bridges and associated assets. To achieve this, renewals are phased to ensure all areas are addressed on a cyclical basis based on the level of traffic they receive and technical review by engineering staff.

The Marlborough roads traverse some difficult terrain and this has influenced the design and character of the transport system. Roads tend to be long and narrow, with few alternate options in many cases. Our roads are vulnerable to flooding and slips, as well as tidal inundation in the Sounds. As people and businesses become increasingly reliant on reliable transport links, building resilience against the uncertainties of **climate change** and large **earthquakes** will be a key challenge for this asset.

In future years the rural population and smaller townships are projected to decline. Changing **demographics** mean there will be a larger number of older people within the population which will increase the demand for better access and dedicated routes for mobility scooters and spaces to park them. Nuisance from dust on unsealed rural roads, and waterway contamination at the numerous remaining fords, are emerging challenges, along with the need for continuous improvement in road safety. The **level**

of service for the roads and bridges will be adjusted to meet the new realities of road users.

There is an increasing demand for freight haulage. The success of Marlborough wines, timber production and the region's growing reputation as a tourist destination are all generating **growth** for road services.

While tourists and freight operators share the same network, they travel in different ways. Freight trips are often longer, time critical journeys while tourist journeys can be less time constrained with multiple stops. Both journey types need to be adequately provided for.

1. Specific challenges

1.1 Renewals

Ageing bridges

Marlborough has 64 timber bridges, the highest number in New Zealand. A significant number of these were built in the 1940-1960s era. These bridges have reached or are approaching the end of their useful life and some have had weight or speed restrictions imposed. Renewals are currently keeping pace with deterioration of timber structures. However from 2045 onwards funding of bridge renewals will need to increase to avoid further weight restrictions in the future.

Older structures from the 1910-1930s era are also due for replacement. They were designed for lighter loads, and although many of them were robustly built, they now have age-related condition issues.

Constraints on capital expenditure have led to ongoing maintenance of these bridges (often with speed or load restrictions in place) until such time that cost benefit analysis indicates replacement is the more viable option.

The three main causes of damage to bridges are weather, vehicle damage, and overloading. Due to the potential consequences, including high exposure of Council to liability if a bridge fails, bridge assets are identified as high risk when nearing the end of their useful life.

Industry needs

The growing demand from the dairy, forestry and aquaculture sectors to use larger trucks with heavier loads is an issue for the weight bearing capacity of bridges, particularly for timber bridges. However, the upgrading/renewal of bridges to carry heavier vehicles are a major cost.

Infrastructure Strategy

Access for remote locations

Council has a number of bridges on roads with very low traffic numbers, which means it is difficult to justify the cost of replacing these bridges. In addition, NZTA subsidies for these types of bridges can be limited.

The costs of bridge replacements need to be weighed up against the importance of access for remote properties and land uses, and for ensuring all accessible bridges are safe to use.

There are also 36 fords on the road network. Due to the impacts on water quality of traffic through the fords they now require resource consent if they are to continue to be used. The fords may need to be replaced by bridges or culverts on waterways of high significance. It is estimated that this may affect around 10% of all fords

Council focuses its bridge replacement programme to the areas of greatest need to ensure restrictions do not have a major impact on the primary industries.

1.2 Levels of service

Most of the unsealed roads within Marlborough were formed as original earth bridle paths, which have been progressively upgraded using base course metal. For this reason, the roads are not based on a formal design, and there isn't any reliable data on the age of the roads.

Marlborough's unsealed roads include the ends of the Northbank and Awatere Valley Roads, and all the main feeder roads to French Pass, the Kenepuru and Pelorus Sound region, the Port Underwood routes, the Wairau Plains and the Flaxbourne region.

Heavy vehicles

Heavy vehicle usage and truck sizes have been steadily increasing on the region's unsealed roads as forestry, aquaculture, viticulture and farming industries increase production and are using heavier vehicles to cost-effectively move their produce.

Most of the unsealed roads have an adequate pavement depth and are reasonably durable. However, these roads can rapidly deteriorate in response to any significant increase in heavy vehicle movements, in particular during wet weather.

Residents

Rural residents and road users are increasingly intolerant of dust from unsealed roads, especially where traffic is increasing, or where long periods of dry weather lead to more dust generation. Dust is a general nuisance, but it can also adversely impact on

crop production and be a health and safety issue. Council has increased the unsealed road maintenance budget for dust suppression in areas of particular concern.

1.3 Multiple road users

Overview

The increases in viticulture, forestry and tourism, as well as people choosing to move to sunny Marlborough to retire, is resulting in parts of our road network being used for many different purposes. This creates potential conflicts on the network.

Campervans are a key mode of transport for visiting tourists. In addition, logging trips in our rural areas will increase by 30% over the next six years, and several other primary industries including viticulture are predicted to grow.

Cyclists and pedestrians are another key road user group. The Marlborough Walking and Cycling Strategy has the objective of integrating their stakeholder interests into a cohesive transport strategy for the region. The strategy aims to develop more off-road pathways and incorporate better facilities for pedestrians and cyclists into new road projects and upgrade works. This will contribute to levels of service improvements in road safety, reduction in emissions and urban traffic congestion and some wider social goals.

Safety

Safety is an increasing focus with more tourists contributing to more general activity on the roads. Road safety is likely to improve even more over the next 30 years through improvements in road design, layout and materials, car design and potentially through the use of self-drive cars.

This may be particularly beneficial on some of our narrow, windy roads such as the Sounds, which are being driven on by tourists who are not experienced in driving on such roads or following New Zealand road rules. Improvements to alignments and special attention to higher risk sections of these roads will be an ongoing necessity because injury crashes at bends involving loss of control or head on collision continue to be a feature of rural crashes.

1.4 Natural Hazards

Overview

Marlborough's road network is susceptible to significant disruption from slips and flooding. This is particularly the case in the Marlborough Sounds which has long roads with minimal detour options and unstable geology.

Infrastructure Strategy

Severe weather events have cost the Council an average of \$2.25 million per year over the past five years for emergency reinstatement costs. These types of events are likely to be an ongoing issue.

Slips, especially in Marlborough Sounds

The geology, soils, topography and climate in some parts of Marlborough combine to create the potential for land instability.

The land in the Marlborough Sounds is composed of fractured schist with limited topsoil. This type of land is naturally unstable where it occurs on steep slopes and especially in times of intense rainfall and severe earthquakes.

Since the 2016 earthquake, the Council has assessed the impact of a significant earthquake on roads.

The November 2016 earthquake had a significant impact on the Council roading network. Initial reinstatement costs were around \$6 million. Since the earthquake the frequency of land slips following high rainfall has increased. There is evidence that the earthquake has destabilised embankments and cuttings along some of the road network. Inspections in 2017 have also discovered a number of broken culverts. A programme of culvert replacement has been implemented to be completed in 2018.

Council will continue to monitor the roading assets to see if the earthquake has had an impact on the expected life of the assets. If so, the useful lives of assets may need to be reviewed.

Flooding, especially in the flat areas

We regularly need to close our roads due to flooding. The frequency and size of emergency events appears to be increasing and two significant flood events (repairs costing more than \$4 million) have occurred in the past six years.

Infrastructure Strategy

The increasing intensity and frequency of storm events will provide funding and resilience challenges for the Marlborough region, particularly in the Marlborough Sounds. Elevated funding assistance levels from the NZ Transport Agency for emergency repairs will remain essential for the District to afford reinstatement of local roads.

Land use change is another factor that needs to be taken into account when managing flood risk. For example, runoff characteristics have significantly changed in areas where vineyards have been established. The Council has been advised that a 10 year rain event now produces the equivalent of a 50 year flood event as a discharge, as the water runs off the land more quickly than previously. This means culvert sizes may need to be larger for areas of the road network adjacent to vineyards.

Sea level rise

Sea level rise will be particularly noticeable in the Marlborough Sounds where settlements and associated infrastructure tend to be located in the coastal environment and near the water edge. In some places on the Kenepuru and Crail Bay roads in the Sounds, roads will have to be moved to higher ground to avoid rising sea levels. At this point in time the issue is minor and protection works can be accommodated within existing budgets. Council will continue to monitor research and the latest projections for sea-level rise

Engineering Lifeline role

The roading network becomes particularly critical in a natural disaster because many of the lifeline utilities — water, wastewater, stormwater, electricity, gas and telecommunications networks — are co-located on the road corridor and road structures. The Marlborough Engineering Lifelines Group has mapped the location of their critical infrastructure and noted any 'hot-spots.' Contingency plans are prepared in the event of emergency events. The road network is also critical for repair crews, emergency services and key personnel to access damaged infrastructure and communities.

In addition, various population groups can be completely isolated when an emergency event closes or restricts road access.

2. Options and implications

2.1 Bridges

Options	Implications
<p>Status quo (maintain the assets to their current condition and service levels).</p>	<p>Benefits</p> <p>The current level of bridge renewal is keeping the 'posting list' (bridges that have had a weight or speed restriction posted) to around 25. Renewals are prioritised based on importance and frequency particularly with regard to movement of primary produce.</p> <p>The cost of bridge replacements can be lower if the bridge failure occurs during an extreme storm event, at a time when other road failures may also occur (which is the most likely scenario). Reinstatement is then likely to occur at higher financial assistance rates than might otherwise apply.</p> <p>However most bridge replacements are programmed for when the bridge reaches the end of its life and is uneconomic to maintain further.</p> <p>Costs</p> <p>The current bridge stock valuation is \$109M. In order to maintain the status-quo option, funding is currently set at \$1M pa. Approximately 1% of asset value.</p> <p>In the event that replacement is not economically justified the bridge will be either posted with speed and weight restrictions or low cost strengthening works implemented.</p>
<p>PREFERRED OPTION</p> <p>A proposed funding of \$1M per annum to 2048 increasing to \$2.5M pa from 2049 (2.3% of value)</p>	<p>Benefits</p> <p>This approach would enable a modernisation programme primarily targeting the older timber bridges as they approach end of life.</p> <p>Costs</p> <p>This option would require increasing bridge renewal funding to \$2.5M pa from 2049 (2.3% of value)</p> <p>The desired level of renewal funding is around 50% more than the average amount spent over the last five years on renewals.</p>

Options	Implications
Accept a reduction in the current level of service to reduce expenditure.	<p>Benefits</p> <p>This approach delays expenditure. It could be expected that levels of service for bridge assets would be decline significantly as a result of deferred renewals, although this result has not occurred so far.</p> <p>Costs</p> <p>The quantity of bridges waiting for end-of-life intervention would continue to increase, and a decrease in levels of service would be inevitable in the near future if renewal budgets were not increased.</p> <p>The outcome would be likely to include accelerated deterioration of older structures and more bridges having loading restrictions and/or being closed, especially in remote areas.</p> <p>The risk of a catastrophic failure of a bridge would increase with a diminished maintenance and monitoring regime.</p>

2.2 Levels of service – Unsealed Roads

Option	Implications
Status quo	<p>Benefits</p> <p>No additional expenditure.</p> <p>Costs</p> <p>Ongoing complaints from motorists and rural residents about the condition of unsealed roads and the impacts of dust.</p>
PREFERRED OPTION Invest in better management of dust and increased Level of Service on unsealed road	<p>Benefits [of a dust mitigation strategy]</p> <p>Reduced level of complaints from motorists and rural residents about the condition of unsealed roads and the impacts of dust.</p> <p>Costs [of a dust mitigation strategy]</p> <p>Council has approved a \$200K (33%) increased in annual budgets as part of the LTP process. \$40k of this amount will be allocated to applying dust suppressant to areas that meet the requirements of the Low Volume Roads Dust Mitigation Chart.</p> <p>Notes</p> <p>Trial dust reduction systems, eg; Otta Seal, Dust Palliatives and</p>

Option	Implications
	<p>stabilisation have been trialled with varying success over recent years. With NZTA now agreeing to subsidise justified dust treatment Council is taking advantage.</p> <p>In November 2004 the Transfund New Zealand Technical Review of Local Roding in the Marlborough District recommended that the Council would get significantly better unsealed road conditions if investment was made into a programme of unsealed road pavement rehabilitation based around applying a proper bound pavement dressed with an unsealed running course. This should reduce maintenance costs and public complaints. A reduction in dust was also noted to be an outcome from better unsealed pavements.</p>

3. Most likely scenario

3.1 Renewals

It is essential that Marlborough has a network of bridges that is capable of supporting the Primary Industries, tourists and residents so that they are able to access the district. There are a large number of bridges on the Marlborough network that will need to be replaced over the next 50 years.

This current investment of approximately \$1m per annum (1% of asset value) is delivering a Level of Service that the Community accepts. However from around 2045 investment will need to be increased to approximately \$2m per annum (2% of asset value) to cope with bridge renewals which are expected to fall due.

We will use weight and speed restrictions on bridges where immediate upgrade is not essential or affordable.

3.2 Levels of service

The unsealed network reduces in length by approximately 0.7% per year due to the effect of seal extension works. No new unsealed roads are added to the network, so the total length of unsealed roads reduces by around 4 km per year.

The likely high cost of moving freight from remote areas in Marlborough will ensure that heavier vehicles are the preferred transport method, and the unsealed road network will continue to come under significant pressure well into the future. Maintaining the condition of the pavement will be a critical element in the asset life.

Infrastructure Strategy

The Council needs to carefully monitor the potential for increased usage of the unsealed network as a result of development and commercial pressures. Where possible, Council requires developers to pay for any upgrade to a road which is required to accommodate significant additional traffic.

Unsealed pavements are relatively cheap to maintain provided the input of the repair or maintenance effort is targeted and timely.

The current seal extension programme makes use of special rating levies to fund seal extension on selected roads.

3.3 Multiple road users

Changes to heavy vehicle standards will mean geometric improvements will be required on some remote roads, especially in the Sounds.

Crash numbers and crash severity are relatively static with a slow upward trend in the last two years. Safety is still the top priority on Marlborough District roads. Incident hot-spots where numerous traffic collisions have occurred must be identified and the cause of these collisions removed or isolated. Investigation into the cause of such incidents needs to be carried out to determine solutions that will prevent further such incidents. Funding will continue to be allocated for this work.

The Council will also consider network upgrade options including options for road-widening, side road closures and the establishment of slow vehicle facilities to meet the standards of the One Network Road Classification hierarchy.

3.4 Earthquake and flood risks

The resilience plan consists of three stages, as outlined below:

- Stage 1 – reduce risk through maintenance, and taking account of possible future conditions in all design of roading renewals and upgrades
- Stage 2 – implement emergency management plans when events occur
- Stage 3 – recovery after an event, following set processes, to return the network to its existing level of service.

Stage 1

As part of the risk management planning process, areas prone to slippage from heavy rain events, management of stormwater flooding, and potential sea flooding of low

lying infrastructure need to be identified. These are listed in the hazard registers of road maintenance contracts.

To provide route security from natural hazards the Council will continue to upgrade the land transport network particularly at points of constraint and areas susceptible to closure.

Preventative maintenance includes proactively identifying sites with the risk of failure, and analysing the cost of reducing that risk (eg; a section of road threatened by river erosion, or potential slip sites).

We will also ensure high risk and fragile sections of the network are known and can be proactively managed during events, eg; checking drainage on Port Underwood.

Another component of risk reduction is to future proof design — ensuring all design of roading renewals and upgrades take account of possible future conditions, for example culvert capacities should factor in increased rainfall intensity as a result of climate change.

Stage 2

Council needs to have provision for managing road closure events, in procedures for contracted service providers to follow, and the ability to fund such work. During widespread weather-related damage the first response is to address public safety and then to get the roads open to a basic level.

Council's roading maintenance contracts have in place an Emergency Procedures and Preparedness Plan (EPPP) which it follows during emergency events. Council has budgeted over the next few years to install permanent fold out sign on roads that frequently flood, eg; Omaka Ford on Old Renwick Road. This will make road closures more efficient.

Stage 3

Ensuring that existing infrastructure can withstand the impacts arising from severe natural hazard events can be managed to some degree, but it is not possible to completely protect the asset from being damaged and becoming unusable. The long ribbon nature of access roads in the district means the potential of communities being isolated will continue to be an issue.

4. Major projects for this activity

Project Title	Approximate Date Required	Estimated Cost \$m	Project Driver (% weighting) Growth	Project Driver (% weighting) Level of Service	Project Driver (% weighting) Renewal
High Street Bridge Replacement	2025/26	\$3.5M	-	-	100%

All of the key themes identified in Part One of this strategy are reflected in the water supply activity. **Growth** in demand for water, both for residential uses and for production (irrigation & processing water), has been steadily increasing. In particular, a predicted 25% increase in wine production will increase demand for water.

There is a need to manage future growth in demand, particularly in relation to uncertainty about future **demographics** and **climate change**, to ensure the water sources remain at sustainable levels for all users. **Levels of service** have been set to ensure tap water from all Council supplies is safe for drinking. Building and running the treatment plants present **affordability** issues for small communities.

Much of the water reticulation infrastructure was installed during the ‘baby boom’ growth periods in the middle of the 20th century. These pipes will reach the end of their useful life over the next 30 years. The pipe materials used at that time are less resistant to ground shaking during earthquakes than the materials we have been using more recently. Managing an efficient and effective **renewals** programme that improves the **resilience** of the networks will be a key challenge

Water Supply

For Marlborough to achieve its vision for the future the infrastructure must be sufficient and functioning; achievable and sustainable with the resources available

Water Supply Goals

- The seven water supply schemes will comply with the quality standards of the Drinking Water Standards New Zealand.
- Flow and pressure of water supplied will meet the reasonable expectations of the community and be sufficient for fire-fighting purposes (except Awatere and Wairau Valley.)
- As far as possible economic development will not be constrained from inadequate or unsuitable drinking water supply.
- The water supply will meet the statutory obligation under the Civil Defence Emergency Management Act to function as fully possible after an emergency event.

Introduction

The Council owns and operates seven water supply schemes — in Blenheim, Picton, Havelock, Renwick, Riverlands, Wairau Valley and Awatere (Awatere is further divided into the Seddon and Awatere Rural supplies.) Around 82% of Marlborough residents have access to water through these schemes.

The following table provides a summary of Council’s water supply systems.

Number of Assets per Location	Blenheim	Picton	Renwick	Havelock	Awatere	Riverlands	Wairau Valley
Asset Description							
Impounding Dam	0	1	0	0	0	0	0
Treatment Works	2	2	1	1	1	2	1
Storage Tanks	18	20	10	2	29	8	0
Pumps	13	8	2	0	4	2	2
Mains (kms)	189.6	61.4	17.1	9.5	157.1	10.9	3.5
Properties	11,705	1,983	934	245	819	137	56
Meters	632	163	40	33	810	125	55

Infrastructure Strategy

1. Specific challenges for this asset

1.1 Drinking water standards

Upgrades

The upgrade of two water treatment plants in Blenheim in 2011 means the supply to the town now meets the requirements of the Drinking Water Standards New Zealand (DWSNZ.) The Picton water supply was upgraded to meet the standards in 2017 with the completion of the Speeds Road Water Treatment Plant (WTP). Construction has commenced on a new treatment plant at Seddon¹⁰ and designs are progressing for Renwick and Havelock. The treatment of water supplies to rural Awatere Riverlands and Wairau Valley will follow.

The Seddon water treatment plant was greatly assisted by a \$1 million subsidy from central government.

Funding the completion of the treatment plant upgrades for all areas will continue to be a challenge for the smaller communities of Renwick, Havelock, Wairau Valley and Awatere Rural. In 2016 the Council consulted Marlborough residents on their willingness to share the capital costs for the construction of treatment plants at Renwick and Havelock across all Marlborough ratepayers, and received strong support for this approach. The ongoing operational costs will be met by a district wide funding formula that will make a clean water supply more affordable for smaller communities by spreading the costs across all ratepayers. The Combined Drinking Water Funding was adopted in 2016.

The Awatere Rural system has a long piped reticulation network serving a relatively small number of, mainly rural, lifestyle blocks. Much of the water is used for livestock drinking water or irrigation. A small disinfection plant installed at the point of entry into every home has been proposed as an alternative to centralised treatment for this area.

Government Enquiry

The outcome of the Government enquiry into the Havelock North water contamination incident is likely to have significant implications for all water suppliers. The enquiry

¹⁰ For treatment purposes, the large Awatere scheme has been split into two parts — the urban area of Seddon and the rural area of Awatere. A single treatment plant for Seddon (with the assistance of a Government subsidy) and point-of-entry treatment for each property in Awatere.

published a wide range of recommendations in December 2017 the response from the Government is not yet certain. The changes are likely to include additional monitoring and improved operating procedures. It may also include additional water disinfection plant to be installed to ensure chlorine levels are sufficient to prevent bacterial infection. The status of a 'secure bore' supply is likely to be revoked which would require treatment for the Riverlands supply.

Private water schemes

Note: The remaining 18% of the population access water individually or through privately managed schemes. The DWSNZ applies to water supply schemes which serve at least 1500 person days a year (eg; 25 people for at least 60 days of the year). There are 70 private schemes in Marlborough in this category, and at this stage the Council does not have any responsibility for ensuring these private water supplies meet the drinking water standards.

1.2 Water availability and consumption

Partly due to the beautiful Marlborough weather, our region has some of the highest per capita water usage in the country. The current demand for water in Renwick and Havelock, and projected demand in Picton, is putting considerable strain on the groundwater aquifers from which the water is taken. The National Policy Statement on Freshwater Management (NPSFM) requires allocation limits to be set to protect the sustainability of natural water sources, and it is unlikely that the Council will be able to significantly increase its current water allocations in future consent applications and may even have further limitations imposed.

Groundwater

The water levels in the Renwick bores regularly drop during the summer peak demand period, as water is pumped out faster than it is replaced. Saltwater intrusion detected in the Havelock bores is also an indication that more water is being abstracted from these than can be immediately recharged from the aquifer.

The water aquifer on the Wairau Plain is, in theory, over-allocated. In practice not all users are using their permitted allocations. Considerable effort is being made to devise a system of re-allocation to allow consented volumes to be distributed equitably to meet the demands of current users, including the Council's public water supply requirements.

Infrastructure Strategy

Three new wells have been drilled at Conders Bend to support the Renwick water supply, and test pumping was undertaken during the winter of 2017. The results of these tests will provide important information to be considered during the resource consent process. Conditions will be imposed on the permit to prevent any adverse impact on other water takes and ensure long term sustainability of the resource.

Alternative water sources

Investigations have been undertaken to find alternative sources of water for Havelock. Abstraction from the Pelorus River Valley appears to have the most potential. For Picton, the nearest viable source is the Tuamarina aquifer. The costs of developing and piping water from these new sources to the settlements is high. Water demand management strategies will delay, and possibly avoid, the need for this investment. Universal metering is a proven method to reduce demand. Other techniques such as leakage control, pressure management, public education and new technologies are less certain but can also result in more efficient use of water.

Increasing wine production

The success of Marlborough wines around the world is hugely beneficial to the region. However, increasing production through additional vineyard hectares, or enhanced processing to add value to the primary product, will increase demand for water resources. Additional processing at Riverlands and the Cloudy Bay Business Park will have to be accommodated within the current consent conditions as its unlikely there will be additional water available from the over-allocated aquifer.

Climate change

The eastern areas of Marlborough are predicted to experience longer periods of dry weather as a result of climate change. Water demand peaks during the dry spells as gardens are irrigated and swimming pools are topped up. Longer droughts will increase the frequency and duration of periods of high demand, with potential implications for both water sources and the water supply infrastructure.

Continuous sea level rise over the next 100 years is generally regarded as inevitable. This will affect the freshwater–saline balance in groundwater systems and may further restrict the capacity of the Havelock water bores to continue to supply freshwater to the community.

Water storage

We can't store enough water for use over a long hot summer but investing in new reservoirs (listed in the capital programme) will help to balance the daily peaks, smoothing out the takes required from water sources.

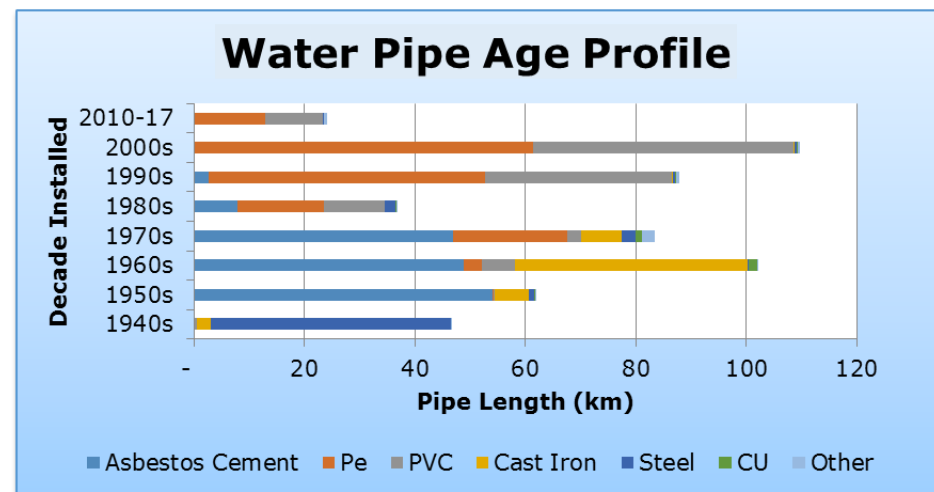
Demand management

Renwick and Havelock are leading the way with meters to be fitted to household supplies, and volume-based charging for water use. This will help to reduce volumes of water used for urban irrigation and other high use activities. In future, smart metering combined with advanced telecommunications and remote control of household appliances (the 'internet of things') will allow customers to take advantage of lower tariffs for water and electricity during periods of low demand. Levelling out the times of high and low demand for water will help reduce the capacity requirements of future infrastructure and assist with more efficient designs.

The introduction of rules through a local amendment to the Code of Practice for Subdivision could be used to encourage developers to install low water use plumbing apparatus and 'grey-water recycling' systems to new housing. This is a useful tool to manage demand for both water supply and wastewater services. However, it is difficult to implement retrospectively and it will take considerable time to yield results.

1.3 Ageing infrastructure

The average of the water reticulation is getting older (as shown in the graph). Yet the reticulation pipework continues to perform well with little evidence of the increased maintenance or burst frequency that might be expected from ageing assets. However, in order to avoid a deterioration of the level of service and unacceptable leakage a proactive renewals programme will be required.



Underground assets

Infrastructure Strategy

It is difficult to accurately estimate how long underground assets (including pipes) will remain serviceable. Good information on pipe bursts, levels of leakage and pipe condition assessments assist in developing an effective, targeted renewal programme. Significant progress is being made in data collection and analysis.

New technology

New technologies will be able to assist with pipe condition assessment. Ultrasound scanning and laser measurements from remote sensors inserted into the water mains can take very accurate measurements of the pipe wall thickness and the depth of any corrosion present. The measurements can be used to predict the life expectancy of the pipes. These assessments can be undertaken relatively easily, without interrupting the water supply and without costly excavations. In addition, pipe rehabilitation and renewal using 'low-dig' techniques can significantly reduce the costs and disruption involved in replacing worn out pipes.

Installation of smart meters will make it much easier to identify where leaks are occurring in the water pipes carrying water between the mains and individual households.

Currently the specialist skills and equipment required to undertake these works are not readily available locally but are becoming more widespread in New Zealand. They and will become more competitively priced as the market develops. The costs of deploying national/international specialist companies to the region to undertake contract works can be reduced by larger contracts, for example shared services contracts with other councils, or comprehensive contracts for one supplier.

1.4 Earthquake risk

We know from Christchurch's experience that some of the older pipe materials (particularly asbestos cement and cast iron) do not perform well following earthquake ground shaking and liquefaction.

New pipe materials such as PVC, and particularly polyethylene, are more resistant to ground shaking and ground deformation than the older, more brittle, materials. There is a considerable legacy of asbestos cement and cast iron pipes that may be regarded as less resistant. This is particularly the case for the Awatere water supply as the scheme was first installed in 1947 when asbestos cement was a popular pipe material.

All the new water infrastructure — treatment plants, reservoirs, pump stations and pipelines are being built to the latest design standards. These performed well in the November 2016 earthquake and other previous events.

Older reservoirs at the Cloudy Bay Business Park and Wither Hills have been strengthened to increase their resilience. The main reservoirs have been fitted with

automatic valves which close when they detect significant ground movement and prevent water from leaking away through ruptured pipes.

Impacts of earthquakes

The new standards and materials will reduce the impacts of an earthquake. However, scientists are predicting the occurrence of a large event which will cause significant damage — partly because there is a legacy of older assets and partly because structures can be built to be earthquake resistant but cannot be made earthquake proof.

Insurance

The Council constantly reviews its insurance strategy in the light of new scientific research, a changing infrastructure base and an ever-changing insurance market. The Council prefers to avoid damage to the infrastructure through good engineering but there will always be a residual risk, and insurance can help to meet this financial liability.

2. Options to respond to each of these identified challenges, and implications of these options

2.1 Drinking water standards

Option	Implications
<p>PREFERRED OPTION</p> <p>Complete existing water treatment plant upgrades for Seddon, Renwick, and Havelock, and install treatment to Riverlands & Wairau Valley and point-of-entry treatment for each property in Awatere Rural.</p>	<p>Benefits</p> <p>All of the Council owned water supplies will meet the high standards for clean and safe drinking water.</p> <p>This approach extends a funding option which currently has community acceptance (the principle of capital costs being met by the region and operational costs by the target community is included in the LTP 2015-2025).</p> <p>Costs</p> <p>The combined capital costs of the water treatment plants for Seddon, Renwick, Havelock, Riverlands, Rural Awatere and Wairau Valley is in excess of \$24.6 million. (This figure excludes the cost of ancillary plant such as reservoirs, new bores and pumps.)</p> <p>Direct operational costs are approximately \$600k per annum and a further \$1M per annum of depreciation costs (excluding finance costs and insurances).</p>

Option	Implications
	To ensure the point-of-entry systems for Awatere Rural are regularly serviced, the Council will need to implement an annual service programme. Sending a service engineer to individual properties will be an ongoing operational cost.
Consider alternatives to full compliance with DWSNZ on the grounds of affordability	<p>Benefits</p> <p>Reduces the financial burden on small rural communities.</p> <p>Costs</p> <p>Public health risks.</p> <p>Reputational risk particularly amongst tourists and foreign visitors.</p> <p>The option to not meet the DWSNZ on the grounds of affordability may be removed following the Government Inquiry into the Havelock North Drinking-Water incident.</p>

2.2 Water availability and consumption

Options	Implications
Do nothing. Respond to water shortage issues as they arise, by introducing water restrictions during peak demand periods.	<p>Benefits</p> <p>This option defers capital investment and allows for future flexibility to respond to changes in population growth and to wait until we have more information about the impacts of climate change on the length and severity of droughts in Marlborough.</p> <p>Costs</p> <p>Additional operational costs in implementing and enforcing water restrictions.</p> <p>Potential for adverse impacts on public health, the economy, levels of service and reputation.</p> <p>This approach does not promote efficient water usage, which is an objective of the NPSFM, and may become mandatory in future.</p>
PREFERRED OPTION Universal metering	<p>Benefits</p> <p>Water metering is a proven technique to reduce average water demand by approximately 25% and peak demand by around</p>

Options	Implications
and other demand management techniques.	<p>30%. Other techniques (leakage control, pressure management, public education and use of new technologies) are less effective but can contribute to overall reduction in water use.</p> <p>Costs</p> <p>The capital cost of installing meters in both Renwick and Havelock is \$0.73 million; and is \$2.0 million for Picton.</p> <p>The increased operational costs of meter reading and administration are approximately \$165k per annum.</p>
Amend the Code of Practice for Subdivision to include water saving techniques such as grey water recycling in all new homes.	<p>Benefits</p> <p>New homes will be built with low use apparatus, grey water recycling and water conservation will become normal practice.</p> <p>Costs</p> <p>Small additional costs to new house build costs but it will be a long time before sufficient houses are at the new standard to have a significant effect on communities' levels of water use.</p> <p>Retrofitting devices can be costly and difficult to implement.</p>
Access alternative sources of water for Picton and Havelock.	<p>Benefits</p> <p>Increases certainty of water supply for Picton and Havelock residents.</p> <p>This option would ensure water supply is not a limiting factor for future growth.</p> <p>Costs</p> <p>Development of the Pelorus River abstraction piping and additional treatment is estimated to cost \$3.1 million.</p> <p>Development of the Tuamarina source and piping to Picton is estimated to cost \$12 million.</p> <p>Note: These estimates exclude consent application costs as well as annual operation and maintenance costs.</p>

2.3 Ageing infrastructure

Option	Implications
Renew non-critical mains when failure rates become intolerable.	<p>Benefits</p> <p>Ensures that only pipes that have reached the end of their useful life are replaced.</p> <p>Costs</p> <p>Downstream customers will experience a deterioration in service as supply interruptions increase. Operation and maintenance costs will increase.</p> <p>Unpredictable renewals make budget and resource planning difficult. Unplanned work is more disruptive and expensive than a planned programme of renewals.</p>
<p>PREFERRED OPTION</p> <p>Implement a proactive, planned pipe renewals programme and invest more in condition assessment technology, field data collection and data management.</p>	<p>Benefits</p> <p>Avoids unacceptable deterioration of the level of service and allows efficient, targeted investment in planned renewals works.</p> <p>Costs</p> <p>Additional costs of pipe sampling, analysis and data collection to improve pipe and asset condition assessments and ensure well targeted renewals and efficient investment.</p>

2.4 Earthquake risk

Option	Implications
<p>PREFERRED OPTION</p> <p>Prioritise replacement of asbestos cement and cast iron pipes in areas where they have deteriorated more quickly than anticipated.</p>	<p>Benefits</p> <p>Will increase resilience to pipeline damage and assist with more rapid recovery following a large earthquake.</p> <p>Costs</p> <p>The total value of the asbestos cement and cast iron water mains is around \$50 million. To replace all pipes of these materials in the next 30 years it will be necessary to bring forward the replacement of 94kms of pipe at an approximate cost of \$28 million.</p>

Option	Implications
Provide financial contingency to replace these pipes urgently if a significant earthquake occurs.	<p>Benefits</p> <p>Recognises damage from any particular earthquake is difficult to predict and saves money to use in response to damage following actual events.</p> <p>Costs</p> <p>Disrupted water supplies and longer restoration times will increase public health risks and reduce levels of service following an earthquake. Materials and resources will be in short supply, which means premium costs would apply to undertake restoration works. Emergency repairs followed by renewals will duplicate costs in some instances.</p>

3. Most likely scenario

3.1 Drinking water standards

The most likely scenario is that the Council will complete the upgrade of water treatment plants to meet the requirements of the DWSNZ for all water supply areas. The design and build of a treatment plant to serve the Seddon township is well advanced at an estimated \$4.45 million. Renwick and Havelock treatment plants are planned for completion in 2020 and 2021 at a cost of \$6.0 million and \$4.9 million respectively.

As an alternative to building a large treatment plant for the Awatere Rural supply to disinfect the water before it is distributed, it is more practical to install small treatment units to each dwelling at the point of entry of the supply pipe.

This approach will consist of around 540 small disinfection units. The installation cost of this has been estimated to be around \$1.5 million. However each unit will need to be regularly serviced and the costs of ongoing maintenance will increase.

Cost estimates have not been completed for treatment to Wairau Valley but are likely to be less than \$559k.

It is likely that all supplies will need to be chlorinated as a result of the Government Inquiry into the Havelock North drinking-water contamination incident. If this change occurs, some additional plant would be required at the Blenheim treatment plants and there would be ongoing operational costs.

A recommendation of the enquiry is to remove the status of 'secure bore supply' from the drinking water standards. If this recommendation is adopted treatment of the

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Riverlands supply will become mandatory. Plans to build a treatment plant to remove manganese and iron will have to be upgraded for full treatment of bacteria and protozoa at an estimated cost of \$7.25M.

Increased monitoring of the water quality supplied is also likely to be required. This might include installing chlorine monitoring points on the distribution system and taking additional tap samples for laboratory analysis. These additional costs are included in the operational cost projections in the following section.

The Council will wait for direction from central government through the local District Health Board on whether water fluoridation is required. In order to be prepared for that situation, the Council will investigate the costs for installation of fluoridation dosing plant and the ongoing maintenance at all treatment plants. The overall costs are not likely to be very high.

3.2 Water availability and consumption

Universal metering and demand management techniques will be required at Havelock and Renwick to prolong the current sources. The most recent census has shown that growth in Picton has slowed significantly and a decision on metering can be delayed.

More active leakage detection, repairs and renewals are likely to be employed in all areas to reduce wastage and demonstrate efficient use of the resource. It is probable that within the span of this strategy that metering will be adopted for all of the Council's water supply schemes.

The introduction of advanced 'smart meters' and remote control of household appliances will allow customers to have more choices about how they manage their water consumption patterns. They will be able to use the 'internet of things' to reduce peak demands and this will allow the Council (and the community) to benefit from more efficient sizing of the supply infrastructure.

3.3 Ageing infrastructure

There will be a relatively small but growing water pipe renewals programme over the next 10 years which will increase significantly over the following 20 years as the ageing pipe network begins to struggle to meet customers' expectations. Critical pipes and materials that are expected to perform less well in an earthquake will be prioritised for replacement.

The asbestos cement water mains in Renwick have been analysed and found to have deteriorated more quickly than anticipated. Money has been allocated for their replacement and a renewal programme is being developed.

Data collection on asset condition and performance is improving and is building into a more accurate picture of where renewals works can be most effectively targeted. More resources will be allocated to pipe condition assessments to inform the renewals programme.

3.4 Earthquake risk

Major new assets will be built to the current high standards of earthquake resistance. Networks will be designed with increased inter-connections to allow flexibility of supply in the event of earthquake damage. Additional strengthening will be retrofitted for critical assets and less resistant pipe materials will be replaced as part of the renewals programme. The residual risk will be mitigated with financial contingencies to meet the realistic costs of repair. The insurance sector has helped the council to calculate the 'maximum probable loss' from the most recent experience around the country and is assisting the Council with its risk management plans.

4. Table of major projects for this activity

A brief summary of upcoming projects for this asset is shown below, and includes an indication of the main reasons for the projects. Many of these have multiple drivers that span the challenges identified in the earlier sections of this chapter. For example, the Seddon and Renwick reservoirs provide a contact time for the disinfectant but also provide some security of supply and help to balance peak demand periods.

The key 'drivers' of investment are:

- Growth — investment to provide additional capacity to cope with increased demand for the service due to population growth or increased usage
- Levels of service — investment to improve the service customers receive
- Renewals — investment to replace worn out or inefficient assets.

Project Title	Approximate Date Required	Estimated Cost \$m	Project Driver (% weighting) Growth	Project Driver (% weighting) Level of Service	Project Driver (% weighting) Renewal
Blenheim Taylor High Res.	2017	2.2	90	10	0
Picton Speeds	2017	2.3	10	70	20

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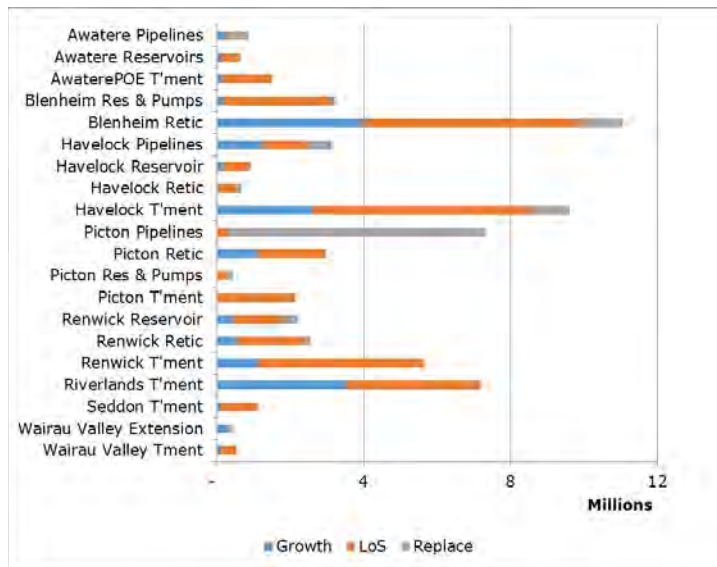
Project Title	Approximate Date Required	Estimated Cost \$m	Project Driver (% weighting) Growth	Project Driver (% weighting) Level of Service	Project Driver (% weighting) Renewal
WTP					
Picton Speeds Rd Res	2017	1.2	20	80	0
Seddon Treatment	2018	4.5	10	90	0
Blenheim Wither Res. Upgrade	2018	1.9	0	100	0
Picton Speeds Rd Trunk Main	2018	1.1	0	0	100
Renwick Reservoir	2019	2.5	20	60	20
Renwick Universal Metering	2019/20	0.5	30	70	0
Havelock Universal Metering	2018/19	0.2	20	80	0
Havelock Reservoir	2020/21	0.9	23	77	0
Renwick Wells/Pumps	2019	0.4	20	60	20
Renwick Pipelines	2018/19	1.6	20	75	5
Awatere Treatment POE	2020/21	1.5	10	90	0
Havelock Treatment	2020	4.9	15	85	0
Picton Universal Metering	2021/22	2.4	29	71	0
Renwick Treatment	2019	6.0	20	80	0

Project Title	Approximate Date Required	Estimated Cost \$m	Project Driver (% weighting) Growth	Project Driver (% weighting) Level of Service	Project Driver (% weighting) Renewal
Riverlands Treatment	2020/21	7.3	0	100	0
Awatere Reservoir	2021/22	0.6	20	80	0
Picton Essons/Bar nes Raw	2028/29	3.1	0	10	90
Blenheim Wither Booster	2027/28	1.2	10	79	11
Blenheim Reticulation	Up to 2031	4.6	42	24	34
Awatere Pipelines	Up to 2034	1.1	34	6	60
Blenheim Universal Metering	2029/30	7.4	30	70	0
Havelock New Source & Treatment	2028/29	7.8	40	40	20
Picton Speeds Rd Trunk Main	2022/23	4.2	0	0	100

*Costs exclude overheads, financing and inflation

Infrastructure Strategy

The graphs below shows the expenditure and drivers of water supply capital projects



For Marlborough to achieve its vision for the future the infrastructure must be sufficient and functioning; achievable and sustainable with the resources available.

Wastewater

For Marlborough to achieve its vision for the future the infrastructure must be sufficient and functioning at the same time as being achievable and sustainable with the resources available

Wastewater Goals

Wastewater Treatment Plants will fully comply with current and anticipated discharge standards.

Wet weather sewer overflows will not occur from storm events with a frequency of less 10 year ARI.

Future treatment plant upgrades will be designed to avoid cultural offence by removing or reducing effluent discharges to the aquatic environment.

Introduction

With an asset value of \$226 million, wastewater is the second largest asset group owned by the Council.

The huge success of the Marlborough wine industry has created challenges for the Council. During vintage there is a ten-fold increase in the discharge of trade effluent from the wineries. The total load on the Blenheim wastewater treatment plant is five times as much as normal. For a few weeks between March and May each year the wastewater treatment plant is required to process a load equivalent to the wastewater produced by 120,000 people. In terms of wastewater Blenheim becomes the fifth largest city in New Zealand.

To meet this demand the treatment plant has undergone a number of upgrades. Capacity was significantly increased in 2009 with the addition of an advanced dissolved air flotation (DAF) treatment plant. Tertiary treatment wetland ponds (established in 2013/14) improve the quality of the final discharge and allows a portion of the final effluent to be returned to irrigate the land. The Council will continue to collaborate closely with the wine industry to ensure additional wastewater processing capacity is available as production grows.

Wastewater processing capacity may also need to increase at other treatment plants to manage **growth**. For example, the relatively small treatment plant at Havelock cannot accommodate high loads of organic trade waste (from seafood processing) and may need to be upgraded if further seafood processing plants establish in the area.

The discharge of human waste to the aquatic environment is a cause of cultural offence to the indigenous iwi. Council is working with the local iwi to remove or minimise the discharges from the treatment plants

The following table provides a summary of the Council's wastewater systems

Area	Treatment Plants	Pump Stations	Grinder Pumps	Mains (kms)	Connections
Blenheim	1	37	86	187.7	9,714
Renwick		1		14.9	826
Spring Ck/ Grovetown	Decomm.	2	291	20.8	457
St Andrews			18	incl.	6
Riverlands		5		21.4	86
Picton	1	9		50.1	1,297

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Area	Treatment Plants	Pump Stations	Grinder Pumps	Mains (kms)	Connections
Havelock	1	6		9.8	296
Seddon	1	2		7.9	177

The wastewater system collects and treats the sewage from both domestic and industrial properties. The treatment plants at Blenheim and Havelock are on low lying coastal plain that is vulnerable to liquefaction associated with earthquake shaking and tsunamis. The design of treatment plants need to be **resilient** to sea level rise and storm surges that may result from **climate change**.

As the wastewater reticulation ages, stormwater is able to seep into leaky joints. The **levels of service** are challenged when the ingress of stormwater into the sewerage system causes sewage overflows during severe storms, with subsequent insanitary conditions and pollution of waterways. Reduction of stormwater infiltration and improved resilience of the pipe network to earthquake damage are two major benefits from a well targeted **renewals** programme.

1 Specific challenges

1.1 Growth in demand related to trade waste and urban development

There are a number of growth-related challenges for wastewater treatment.

Certain industries create large volumes of liquid waste with high organic content. These require far more treatment than normal domestic sewage and can quickly overwhelm the treatment capacity of a plant designed for an urban population. Blenheim wastewater treatment plant has undergone several major upgrades in recent years to cope with the demand from the wine industry. The upgrades have been planned and funded by the wineries. As growth continues, further upgrades are likely.

The Council is committed to ongoing communications with industry representatives and individual businesses to ensure infrastructure is provided to meet demand and to overcome uncertainties about the required timing of upgrades, given that the popularity of Marlborough wines in the world market has led to very rapid growth in volumes. The funding methodology will be agreed at this time.

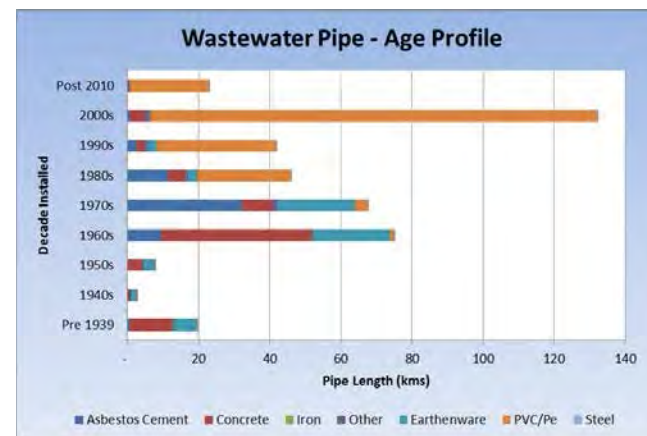
The smaller treatment plants at Havelock and Picton have limited capacity to deal with additional trade waste growth. This can be an issue for industries such as seafood and meat processing. Processing can add value to exports and create jobs, but early consideration needs to be given to the treatment of the associated liquid wastes.

The Marlborough Urban Growth Strategy has identified land for future growth pockets in each settlement. The land is often on the periphery of the existing settlements and requires new pipework and upgrades to the existing reticulation to accommodate the additional flows. For example, development to the west and north of Blenheim and further development in Waikawa will require careful design as these areas are a considerable distance from the treatment plants. Sequencing the order of development will assist in construction and ensure the system is installed in an efficient manner. The Council's Development Contributions Policy has been updated to reflect these costs.

1.2 Renewals

The age profile of the wastewater network indicates that \$9 million worth of pipes will reach the end of their useful life within the next ten years followed by a further \$25 million worth of pipes in the following 20 years. Work is being undertaken to assess the condition of pipes and verify the assumptions on life expectancy, as identified in the *Earthquakes* discussion below.

The chart below shows the age profile and pipe materials of the wastewater reticulation. The large spike in PVC/Polyethylene during the 2000s coincides with new sewers installed in Renwick, Spring Creek and Grovetown. Pipe replacement assumes most buried mains will be will serviceable for 80 to 100 years. However this can vary considerably for a variety of reasons and the assumption needs to be verified through pipe condition assessment.



Infrastructure Strategy

The Council will implement a proactive, planned renewals programme and invest more in condition assessment technology, field data collection and data management to address the renewal challenges, which are described in more detail below. New installation and pipe rehabilitation techniques are becoming more commonplace, reducing the costs and disruption of renewal upgrades.

Earthquakes

The Blenheim and Havelock treatment plants are built on coastal plains. The areas are flat and low-lying and vulnerable to tsunami inundation. The land is also prone to liquefaction and ground deformation which could have important consequences, as the flows through the plant rely on gravity flows along a shallow gradient.

Earthenware pipes are particularly vulnerable to ground movement. Asbestos cement and the older concrete pipes also perform less well. PVC plastic mains perform better. Polyethylene mains perform best of all, but these pipes do attract grease and fat which sticks to them, so they need to be cleaned more regularly.

Climate change

Stormwater infiltration into the wastewater network becomes a more significant problem during storms and when groundwater levels are high. Climate change is likely to make this problem worse as storms are predicted to become more intense and frequent.

Hotter drier summers will have an impact on the bacteria and algae used in the wastewater treatment process, because they require dissolved oxygen in the wastewater to effectively process the waste into treated effluent. Dissolved oxygen decreases as the temperature of the ponds increases. Additional aeration plant may be required to increase the oxygen in the treatment ponds.

The Seddon treatment plant discharges to the Starborough Creek which can have very low natural flows. The impact of the discharge may be affected by a change in the volume and temperature of the receiving water.

The Blenheim wastewater treatment plant includes a facility to recycle a portion of the treated effluent to irrigate land. This is only permitted when the soil requires additional moisture and when the groundwater levels are low enough to prevent surface ponding. Longer, drier summers may prolong the irrigation season but rising sea levels may raise the groundwater levels, preventing irrigation.

The likely effects of climate change will be taken into consideration when Council applies to renew the treatment plant resource consents. The next resource consents will include conditions to prevent environmental deterioration.

Cultural values

Iwi have a strong cultural relationship with the environment, and the disposal of human waste into the aquatic environment is of concern to them. The Council is working with Iwi on an Iwi engagement plan, and will continue to work with Iwi on mutually acceptable solutions to wastewater management. A pipeline has been installed alongside the Picton Trunk Main upgrade. It will facilitate the recycling of treated effluent for irrigation at a later date. Further improved practices can be expected over time.

Infiltration & Inflow

The capacity of the wastewater system can be put under strain from the additional flow due to the ingress of stormwater through inflow or infiltration. Leaky joints in pipes and manholes, and accidental connections between stormwater and wastewater pipes, all contribute to the problem.

Finding the source of ingress can be time consuming and expensive. Progress is often frustrated as fixing one leak is quickly replaced by inflow from another leak. It can also be difficult to identify if the leak is on the public pipework or within private property. Pipe renewal can be a more sustained solution than repairing individual leaks.

New technologies

Similar to water supply assets, the adoption of new 'smart' technologies by residents will give them more choices about how they use water, and this is likely to smooth the peaks and troughs of sewage flows, allowing for more economic designs. Grey water recycling and water-efficient appliances will counterbalance the increase in growth

New treatment processes are being developed and high quality treated effluent discharges are becoming easier to achieve consistently. Many new treatment technologies are becoming 'scalable'. It may become efficient for small businesses, and even domestic properties, to treat their wastewater. This will reduce both the strength and the volume discharged to sewer and enable recycling of a portion of the 'grey water' for use as irrigation or other low quality uses.

2 Options and implication

2.1 Increased demand related to trade waste

Options to address it	Implications of the options (financial and non-financial)
<p>PREFERRED OPTION</p> <p>Ongoing communications with industry representatives and individual businesses to ensure infrastructure is provided to meet demand.</p>	<p>Benefits</p> <p>Local economy allowed to grow to meet the market and support local jobs and prosperity.</p> <p>Costs</p> <p>Approximately \$23M upgrade to Blenheim STP by 2026</p> <p>Ensure equitable funding mechanism is agreed with industries in advance, and ensure land availability, resource consent and cultural sensitivities are addressed at an early stage.</p>
<p>Do nothing. Cap effluent discharges once existing treatment capacity is reached.</p>	<p>Benefits</p> <p>No further investment in infrastructure required and certainty that levels of service can be maintained for existing customers.</p> <p>Costs</p> <p>Economic development restricted, requiring industries to relocate.</p>
<p>Assist industries to develop on-site alternatives to disposal to the wastewater system.</p>	<p>Benefits</p> <p>Industrial development is not restricted by wastewater reticulation and treatment capacity.</p> <p>The costs of wastewater are borne by those responsible.</p> <p>Costs</p> <p>Efficiencies of scale are lost and businesses could become less viable or relocate.</p>

2.2 Increased demand related to urban growth

Options to address it	Implications of the options (financial and non-financial)
<p>Install conventional sewerage system on new sub-divisions and upgrade downstream infrastructure as necessary</p>	<p>Benefits</p> <p>Wastewater disposal was considered at the outset of the Urban Growth Strategy and selection of growth pockets. Relatively minor downstream upgrades required.</p> <p>Downstream upgrades will help to resolve some levels of service issues with inflow & infiltration</p> <p>Costs</p> <p>Some upgrades will lead to premature replacement of functioning assets</p>
<p>Install non-conventional vacuum or grinder pump system</p>	<p>Benefits</p> <p>Lower flow volumes as less susceptible to inflow & infiltration consequently smaller diameter reticulation and reduced installation costs. Lower impact on downstream infrastructure</p> <p>Costs</p> <p>Increased mechanical infrastructure with subsequent on-going maintenance costs.</p> <p>Unproven modern technology.</p>

2.3 Renewals

Asset renewals will assist the Council to address the challenges associated with infiltration/inflow, climate change, earthquake risk and cultural values and the opportunities of new technologies

Options to address it	Implications of the options (financial and non-financial)
<p>Do nothing. Renew pipes as and when they fail.</p>	<p>Benefits</p> <p>Certainty of targeting pipes at the end of their useful life.</p> <p>Investment delayed as long as possible.</p>

Options to address it	Implications of the options (financial and non-financial)
	<p>Costs</p> <p>Increased overflows and insanitary conditions.</p> <p>Older pipes remain vulnerable to earthquake damage.</p> <p>Costs of increased maintenance and unplanned works.</p> <p>Increased pumping and treatment of infiltration and inflow.</p>
<p>PREFERRED OPTION</p> <p>Implement a proactive, planned renewals programme and invest more in condition assessment technology, field data collection and data management.</p>	<p>Benefits</p> <p>Avoids unacceptable deterioration of the level of service.</p> <p>Prevents damage to the environment and public health risks from sewage overflows.</p> <p>Allows efficient, targeted investment in planned renewals works.</p> <p>Comprehensive condition grading will allow targeted renewals and an opportunity to ‘smooth’ the renewal expenditure</p> <p>Costs</p> <p>Additional costs of CCTV surveying, pipe sampling, analysis and data collection to improve pipe and asset condition assessments and ensure well targeted renewals and efficient investment.</p>
<p>Implement a pipe rehabilitation programme using a variety of rehabilitation techniques – patching, relining & renewals</p>	<p>Benefits</p> <p><i>Rehabilitation can be targeted at specific pipes or sections of pipe avoiding wholesale renewal costs</i></p> <p>Costs</p> <p><i>Very high quality condition data required. Specialist techniques and skills may not be available locally and incur additional establishment costs.</i></p> <p><i>Many rehabilitation techniques are relatively recent and have not been tested over a prolonged time and have unproven durability</i></p>

3 Most likely scenario

This section provides an overview of the preferred options, and what this means for levels of service, and for costs.

3.1 Growth related to urban growth

The provision of wastewater services were considered during the development of the urban growth strategy. Servicing the identified growth pockets was achievable with some downstream upgrades.

On-site sewerage will be installed by the developer to an agreed services plan. Council will collect and distribute development levies to fairly allocate the costs of over-sized infrastructure that a developer may incur for the benefit of subsequent development.

The costs of downstream upgrades has been estimated and added included in a revised Developer Contributions model.

Conventional gravity sewerage with pump stations is preferred. Modern materials and installation quality will minimise inflow and infiltration problems.

Growth related to trade waste

The continued success of Marlborough wines in national and international markets will drive-up demand for increased grape processing capacity. The wine industry is rapidly becoming the dominant industry in the region and facilitating growth by the provision of wastewater treatment will contribute to the continued development and prosperity.

Close monitoring of effluent volumes and strengths is undertaken each year during the vintage. Liaison with representatives of the industry will assist with anticipating the timing of future upgrades agree a funding mechanism from each of the contributory wineries in advance.

Feasibility studies have been undertaken to upgrade the processing capacity of the Blenheim Wastewater Treatment Plant to meet the projected peak demand periods between March to May each year. An outline of treatment plant upgrades has been prepared. Detailed design and construction will be planned to meet the growth in demand.

3.2 Renewals

Additional resources will be allocated for pipe condition surveys through CCTV and pipe sampling. Data will be gathered to develop a targeted renewals programme. It is likely that a small but growing pipe renewals programme will be instigated over the next three years, with accelerated growth in the following years as more information is gained on pipe condition and life expectancy. Plans will be developed to manage the predicted peak in renewals from 2048 to smooth the peak once a prioritised assessment has been completed.

Modern ‘low-dig’ renewal and rehabilitation techniques will be assessed if they can be efficiently deployed and have a proven track record.

4 Major projects for this activity

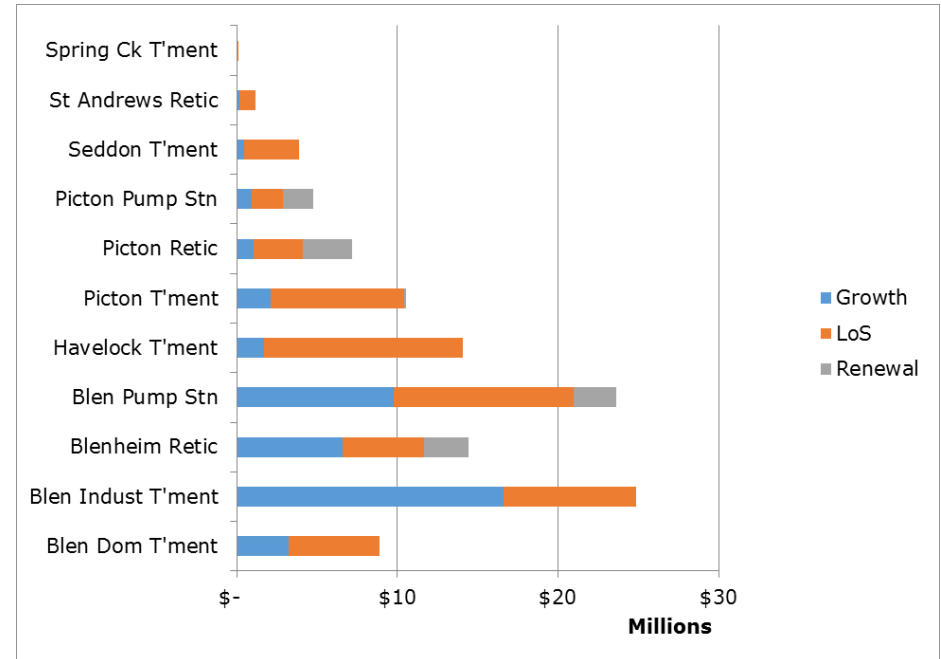
A brief summary of upcoming projects for this asset and to explain the reasons for these choices, which expand on the categories of growth, renewal and levels of service in the table.

Project Title	Approximate Date Required	Estimated Cost \$m	Project Driver (% weighting) Growth	Project Driver (% weighting) Level of Service	Project Driver (% weighting) Renewal
Picton Sewage Pumps Increased capacity to meet growth & avoid overflows.	2018/20	4.77	20%	40%	40%
Picton Trunk Sewer Pipe Increased capacity to meet growth & avoid overflows.	2018/20	3.5	20%	40%	40%
Picton Sewer Pipe Renewal/Rehabilitation	2020/25	3.64	10%	45%	45%
Picton Sewage Treatment Improved treatment to meet environmental &	2023/26	10.25	20%	80%	0%

Project Title	Approximate Date Required	Estimated Cost \$m	Project Driver (% weighting) Growth	Project Driver (% weighting) Level of Service	Project Driver (% weighting) Renewal
cultural standards					
Blenheim Treatment Industrial Capacity Upgrade.	2018 2022/24	2.80 17.3	80%	20%	0%
Increased capacity to meet growth in winery effluent	2025/26	2.7	20%	80%	0%
Blenheim Treatment Domestic Upgrade Improved effluent quality to meet environmental/cultural standards	2026	6.00	20%	80%	0%
Blenheim Treatment Stormwater Overflow pond and pipework	2026 2028/29	6.00 5.8	20%	80%	0%
Springlands Green & Battys Rd Increased capacity for urban growth/renewal	2025	4.20	80%	20%	0%
Nelson St Pump Station & Retic Upgrades Increased capacity for urban growth/renewal	2018/20	14.1	32%	33%	34%
Burleigh P/S & Reticulation Extend sewerage services to peripheral community	2021	2.46	20%	80%	0%

Project Title	Approximate Date Required	Estimated Cost \$m	Project Driver (% weighting) Growth	Project Driver (% weighting) Level of Service	Project Driver (% weighting) Renewal
Main Pump Station (MOPS) Improved resilience to natural hazards	2021/23	8.0	30%	70%	0%
Havelock Treatment Improved effluent quality to meet environmental & cultural standards for discharge	2018/23 2029/31	7.98 6.0	10% 15%	90% 85%	0%
Renwick Pump Station Increased capacity to meet urban growth projection	2027	1.2	100%	0%	0%
Seddon Sewage Treatment Improved effluent quality to meet environmental/cultural standards	2018/23	3.8	10%	90%	
St Andrews Reticulation Extend sewerage services to peripheral community	2020/21	1.0	0%	100%	0%

The graphs below shows the expenditure and drivers of wastewater capital projects



Stormwater

For Marlborough to achieve its vision for the future the infrastructure must be sufficient and functioning; achievable and sustainable with the resources available

Stormwater Goals

The habitable floors of all properties within urban stormwater areas will not experience flooding from storms that, on average, will occur once in 50 years or less

All properties within urban stormwater areas will not experience from flood water from storms that, on average, will occur once in 10 years or less.

Discharges of urban stormwater will not cause a deterioration in the quality of the receiving water beyond the standards of the time.

Infrastructure Strategy

Introduction

The stormwater infrastructure is a reticulated network of pipes, channels, pump stations and associated apparatus required to drain rainwater from residential, commercial and industrial properties and surrounding land. The service is predominantly focused on the urban areas where buildings and other structures disrupt the natural flow paths of surface water drainage and hard surfaces, such as roofs and roads, prevent rainwater from being absorbed into the ground.

Stormwater drainage relies on discharging rainwater to rivers and streams as well as man-made channels. As a unitary authority (with both regional and district council responsibilities) the Council manages both the man-made stormwater pipes, drains and natural water courses. Close, coordinated management between the stormwater management staff and rivers and land drainage staff is essential to achieve an effective and efficient drainage of surface waters. This arrangement was incorporated in the Blenheim Stormwater Strategy, which was adopted in 2012. The strategy provides an integrated and holistic approach to stormwater management with clearly defined objectives to manage the quantity and quality of stormwater across Blenheim.

The urban **growth** pockets identified to the north-west of Blenheim are in the headwaters of many local creeks. Development of these areas, coupled with increased rainfall from climate change, needs to be managed carefully to prevent negative consequences downstream.

Many of the spring-fed creeks passing through Blenheim, and upland streams passing through the smaller settlements, have high quality water and pristine aquatic habitats. Increased public concern over the quality of New Zealand waterways has been recognised through the National Policy Statement for Freshwater Management (NPSFM). New developments include low impact design techniques for on-site treatment of stormwater. Infrastructure may need to be retrofitted to ensure existing stormwater discharges meet the new **level of service** standards.

The expectation of more intense storms as a result of **climate change** must be accommodated through a combination of larger pipes, channels and pump stations, overland secondary flow paths and specially designed detention areas that will hold back the peak flows, preventing downstream flooding.

Similar to water and wastewater assets, much of the underground stormwater reticulation is reaching the end of its useful life and will need to be **renewed**. A very significant peak of around a third of the total asset value (of \$115m) is anticipated from around 2048 – just beyond the planning horizon of this strategy.

A collaborative working relationship between the Council's Rivers & Land Drainage, Stormwater and Operations departments is proving to be an effective mechanism for

implementing the stormwater strategy. The strategy is a detailed analysis of the stormwater issues for the town and is a fundamental element of infrastructure planning. The strategy groups many small drainage catchments throughout Blenheim into 11 Stormwater Management Areas (SMAs.) Detailed, integrated action plans are being developed for each SMA which will meet the future requirements for growth in stormwater flows and quality standards.

The following table provides a summary of the Council's stormwater systems

Area	Length(m)	Pump Stations
ANAKIWA	849	
BLENHEIM	125,199	2
GROVETOWN	293	
HAVELOCK	1,310	
OKIWI	822	
PICTON	28,547	1
RENWICK	5,167	
RIVERLANDS	4,784	
SEDDON	257	
SOUNDS	332	
SPRING CREEK	3,385	
ST.ANDREWS	323	
GRAND TOTAL	166,134	

1. Specific challenges for this asset

1.1 Stormwater quantity

Urban Growth

The Marlborough Urban Growth Strategy has identified pockets of land to accommodate the expected demand for housing over the next 25 years. For Blenheim a land area of around 160ha was identified to the north and west of the existing town. The natural drainage for these areas is from west to east meaning that the stormwater

Infrastructure Strategy

will feed into streams that pass through the existing urban area and to some extent are part of the urban drainage infrastructure. Development in the headwaters of these catchments requires careful design to ensure there are no adverse effects downstream.

This became very apparent with the development of a large retail park and proposed residential development in an area that drains to Murphy's Creek. The downstream residents were very concerned over the increased input of stormwater and the potential for both flooding and deterioration of water quality. An independent arbitrator worked with the Council and the residents to resolve these concerns using a structured decision making process. Over the course of 18 months a mutually acceptable solution was reached.

The solution included many features that may be expected to be included in future stormwater designs. Land within the new development has been assigned for stormwater detention. This will detain part of the run-off and help reduce the peak flow. Dished, grass swales will provide a flow path for stormwater whilst at the same time increasing infiltration into groundwater. This natural process will provide primary treatment by removing some of the suspended solids and other contaminants from the run-off. A regulated portion of the flow will be directed into the existing Murphy's Creek and the remainder directed to the Taylor River through a new stormwater pipe.

Climate change

Strategies are being developed to manage the effects of more intense storms. Building bigger infrastructure and ensuring renewed pipes are sized to meet the new standards will be important. Advanced mathematical models are used to project future stormwater flow patterns and ensure infrastructure is designed with sufficient contingency to accommodate the current uncertainties. A good understanding of historic rainfall patterns and the powerful hydraulic models allow different combinations of factors to be simulated. Non-infrastructure alternatives can be modelled and the engineering solutions adjusted.

The use of overland flow paths along roads can avoid the expense of installing additional stormwater infrastructure, but roads and adjacent properties need to be designed appropriately to provide this function. Stormwater detention areas can make an important contribution to stormwater management by removing the peak flows and allowing stormwater to drain away once the peak flood waters have receded. Maximising the potential for soakage into the ground is useful, as are roof water collection tanks. The code of practice for subdivision could be amended to encourage greater stormwater management for new developments.

1.2 Stormwater quality

Rainfall landing on urban areas will mobilise a wide range of contaminants — oils and greases from roads and parking areas, litter and urban waste, tiny but significant amounts of metals from roofs and spouting, and an assortment of chemicals and organic matter that wash off hard, impervious surfaces. If the stormwater cannot soak into the ground within a property, it is piped and channelled to the nearest waterway. This could lead to significant deterioration in the quality of the natural waterway. Stormwater from industrial areas can be a particular hazard, but accidental and sometimes deliberate spillages from residential areas can also cause acute pollution problems.

Stormwater and wastewater pipes are often laid underground in close proximity to each other. The potential for both systems to leak, and for stormwater to become contaminated with sewage, is high. This is particularly the case following an earthquake, as both systems can be damaged by ground movement. Regular monitoring of stormwater outfalls provides useful information on the integrity of both systems

In 2017 a government supported project was initiated by the Council's Environmental Science and Monitoring Department to monitor the water quality of the Taylor River as it passes through Blenheim. The Assets & Services Department opted to undertake a complementary sampling programme of the stormwater outfalls to the river. The outcome of the project will help to guide future decisions on pipe rehabilitation and stormwater treatment.

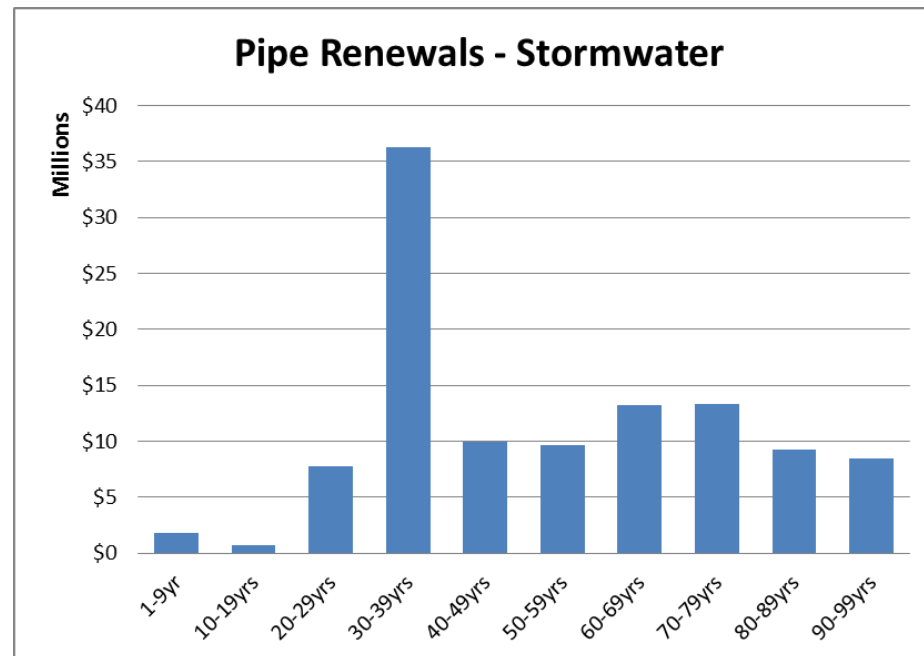
Many of the existing stormwater outfalls are managed under a range of different resource consents. The Blenheim Stormwater Strategy includes a proposal to consolidate the legacy of consents into a new consent structure that meets both the current and foreseeable standards and reflects the land use plans for the town.

The most recent sub-divisions on the periphery of Blenheim have included especially designed swales (shallow dished drainage channels), porous water courses and, in one instance, a wetland to provide treatment of urban run-off through filtration and entrapment of particulate matter. The cost of installation resides with the developer as a condition of Resource Consent, however maintenance, renewal and monitoring will become an on-going operational cost to the Council and included in future budgets.

There are numerous patented treatment systems that can be installed on the reticulation system to intercept contaminants in the urban stormwater. Due to their compact nature they can be an effective treatment for particulate matter to retrofit to existing outfalls.

1.3 Ageing infrastructure

The age profile of the stormwater pipes shows a relatively modest rate of replacement is required over the next 30 years. However, around 48 kilometres of predominantly concrete mains were laid in the 1960s and 70s and these will be reaching the end of their useful life just beyond the horizon of this strategy (around 2050/60). These predictions are based mainly on the current knowledge of pipe condition and the expected rate of deterioration. As discussed previously, many factors influence the life expectancy of pipes. It will be important to gain more knowledge of the pipe condition over the life of this strategy, so the projections can be refined and plans developed for the replacement in a manageable renewals programme. A programme to CCTV survey wastewater and stormwater pipes was instigated following the 2016 earthquake. The survey has been targeted the pipes considered to be most affected (mainly earthenware and vitreous clay) in the areas where most damage is expected (Blenheim) and the pipes that will have the most severe consequence of failure (generally wastewater.) Some money has been budgeted for further assessment once the earthquake damage has been evaluated.



2. Options to respond to each of these identified challenges, and implications of these options

2.1 Increased stormwater volumes from subdivision development and climate change

Option	Implications
Upsize infrastructure at the developers' cost to accept maximum anticipated flows.	<p>Benefits</p> <ul style="list-style-type: none"> Certainty of outcome. Follows the principle of 'user pays'. <p>Costs</p> <ul style="list-style-type: none"> Disruption during the installation and escalating costs of development. Downstream consequences as the receiving waters reach capacity and also require infrastructure upgrades.
Upsize infrastructure to accept maximum anticipated flows and devise funding formula to spread costs.	<p>Benefits</p> <ul style="list-style-type: none"> Certainty of outcome. Development costs are shared to assist with affordable housing. <p>Costs</p> <ul style="list-style-type: none"> Disruption during the installation. Inequity as ratepayers fund private developments. Downstream consequences as the receiving waters reach capacity and also require infrastructure upgrades.
PREFERRED OPTION Implement a combination of engineering interventions as part of an integrated Stormwater Management Area Plan.	<p>Benefits</p> <ul style="list-style-type: none"> Total and peak discharge volumes are optimised. Minimises infrastructure upgrades and impacts on downstream drainage. Good coordination between urban stormwater and the receiving waters. Forms part of a coordinated river catchment strategy <p>Costs</p> <ul style="list-style-type: none"> Potentially requires set-aside land for stormwater

Option	Implications
	detention. Significant planning, modelling and engineering design require in advance of development.

Option	Implications
	operational & maintenance costs of treatment apparatus. Costs of sampling, laboratory analysis and data interpretation of stormwater outfalls.

2.2 Stormwater quality

Option	Implications
REQUIRED Meet the requirements of the National Policy Statement for Freshwater Management.	Council will continue to identify best practice from around NZ and implement these practices to ensure new developments are 'future-proofed' to meet current and anticipated standards. This work will include monitoring current discharge quality and catchment risks and preparing plans for preventative and remedial works.
Status quo. Pro-actively manage potential pollution sources within catchments and respond to pollution incidents as they occur	Benefits <i>No additional costs</i> Costs <i>Derogation of responsibilities under the NPSFW.</i> <i>Fails to address long term low-level contamination from urban run-off.</i> <i>Unable to adequately monitor stormwater impact on the receiving waters</i>
PREFERRED OPTION Implement a comprehensive Stormwater Management Area Plan including comprehensive stormwater monitoring regime. Install water quality treatment on new developments and retro-fit treatment to existing stormwater reticulation	Benefits Provides good information on the catchment and infrastructure integrity and allows planned remedial works. Proactively protects the receiving water from chronic contamination. Fits with the aims of the Blenheim Stormwater Strategy. Costs Additional costs to new developments Capital investment in retro-fit treatment. Additional

2.3 Ageing infrastructure

Option	Implications
Renew non-critical mains when failure rates become intolerable.	Benefits Ensures that only pipes that have reached the end of their useful life are replaced. Costs Pipe failure will become apparent during storm events and during likely increases of property flooding. Operation and maintenance costs will increase. Unpredictable renewals make budget and resource planning difficult. Unplanned work is more disruptive and expensive than a planned programme of renewals.
PREFERRED OPTION Implement a proactive, planned pipe renewals programme and invest more in both condition assessment technology, field data collection and data management.	Benefits Targeted investment in planned renewals works. Smooths the renewals investment profile Avoids unacceptable deterioration of the level of service, Costs Additional costs of pipe surveying, analysis and data collection to improve pipe and asset condition assessments, to ensure well targeted renewals and efficient investment. Smoothing the renewals profile may accelerate the investment programme if works cannot be deferred.

Infrastructure Strategy

3. Most likely scenario

The most likely scenario is that the Blenheim Stormwater Strategy will be implemented through the progressive implementation of Stormwater Management Action Plans for the 11 management areas. The solutions implemented will be multi-dimensional to the benefit of the urban drainage and receiving waters. The strategic approach will be extended to the other urban settlements (Picton, Havelock, Renwick, Seddon, Spring Creek and other smaller settlements.)

The action points that were devised from the Blenheim Stormwater Strategy will be reviewed in the light of the NPSFM. Also the outcome of the structured decision making process for Murphy’s Creek and the evidence of earthquake damage to the infrastructure will strongly influence the future work programme. However the aims and objectives of the strategy, and the holistic approach to catchment management, remains a strong framework for future stormwater management.

3.1 and 3.2 Stormwater quantity and quality

It is likely there will be an increasing focus on urban stormwater quality and the impact on the natural receiving waters. As a result there will be a regular stormwater monitoring programme and a programme of remedial works. It is likely that the remedial works will include:

- increased management of potential contamination sources such as factories, businesses and commercial sites;
- retrofitting treatment devices into stormwater pipelines;
- stormwater treatment to be built into all new development and
- increased efforts to raise public awareness and education.

3.3 Ageing infrastructure

Additional resources will be allocated for pipe condition surveys through CCTV and pipe sampling. Data will be gathered to develop a targeted renewals programme. It is likely that a small but growing pipe renewals programme will be instigated over the next three years, with accelerated growth in the following years, as more information is gained on pipe condition and life expectancy. Plans will be developed to manage the predicted peak in renewals from 2048

4. Table of major projects for this activity

A brief summary of upcoming projects for this asset is shown below, and includes an indication of the main reasons for the projects. Many of these have multiple drivers that span the challenges identified in the earlier sections of this chapter.

The key ‘drivers’ of investment are:

- Growth — investment to provide additional capacity to cope with increased demand for the service due to population growth or increased usage
- Levels of service — investment to improve the service customers receive
- Renewals — investment to replace worn out or inefficient assets.

Project Title	Approximate Date Required	Estimated Cost \$1m	Project Driver (% weighting) Growth	Project Driver (% weighting) Level of Service	Project Driver (% weighting) Renewal
Springlands SMAP Murphys Creek Catchment	2021-24	\$4M	35	65	0
Town Branch & Wither SMAP Redwood St Catchment	To 2028	\$5.65M	10	30	60
Eight further SMAPs in the Blenheim Strategy	Not evaluated				
Grovetown Approved Services Plan	2018/19	Developer funded	100		
Extend the stormwater strategy to all Marlborough urban areas	Not evaluated				

Infrastructure Strategy

Rivers — Flood Protection

For Marlborough to achieve its vision for the future the infrastructure must be sufficient and functioning at the same time as being achievable and sustainable with the resources available.

Flood Protection Goals

To maintain and upgrade the Lower Wairau River flood protection works to the 100 year ARI flood protection

Complete a technical review of the Wairau River Floodway Management Plan taking account of climate change and levels of service commencing in 2021. New standards for flood protection will be agreed & adopted in response to the review

Introduction

This chapter covers three activities:

- controlling flood waters from major rivers
- management of drains and small streams which receive the stormwater flowing from the urban stormwater network in Blenheim, Picton and other settlements
- land drainage, which is the steady, longer term removal of water from low-lying rural land.

Since 2010 significant flood events have occurred in most of the region's rivers and streams including the Rai/Pelorus/Wakamarina catchments, outer Sounds catchments, in the wider Picton/Waikawa/Koromiko area, Wither Hills and Southern valleys and the main Wairau River and lower Wairau floodplain. The existing flood systems have generally coped well with these events.

The Wairau floodplain's major rivers and stop-banked floodways cover 20,000 hectares of fertile land around Blenheim, and is the Council's major river control and drainage activity. A review of the Wairau flood protection and drainage works is scheduled for 2019 and this will take into account land use changes over the past 25 years as well as the predicted impacts of climate change.

Expectations of higher standards for flood protection and environmental values

There is a trend for ratepayers to expect that Council will provide a high standard of flood control and drainage throughout Marlborough. The Building Act 2004 and the

Resource Management Act 1991 (RMA) also oblige councils to take a more active role in managing flood risks than was required under earlier legislation.

New river control assets may be required for several reasons:

- areas that would like to benefit from flood protection and are prepared to meet the costs can request this service from the Council
- land development increases the flood runoff from the land
- increased awareness of flood risks as a result of climate change and/or better hydrological flood records

The long history of flood control and drainage on the lower Wairau floodplain initially had an emphasis on risk management and affordability. However, over recent years the issues involved in river control and drainage have become more complex. Much more regard must now be given to maintaining and enhancing ecological values to meet the requirements of the Resource Management Act (RMA), the National Policy Statement on Freshwater Management (NPSFM) and the New Zealand Coastal Policy Statement (NZCPS).

The Council is committed to maintaining high environmental standards for its flood protection activities, particularly as there are many valuable and sensitive ecological sites in the region. Maintaining and enhancing riparian ecological habitats, including whitebait spawning areas and bird nesting habitat, is also necessary.

1 Specific challenges

1.1 Levels of service and increasing demand for flood protection

1:100 flood protection for the Wairau flood plain

A thorough review was carried out through the Wairau Rivers Floodway Management Plan in 1994. These floodways include the Wairau below Waihopai, Opawa River, Taylor River and Omaka River below Hawkesbury Bridge, Opawa, Riverlands Co-op and others. With the benefit of 30 years of good flood flow records it was decided that a 1 in 100 year return period flood would be appropriate as the standard for all the main rivers of the Wairau floodplain.

As part of the 1994 review, it was accepted that Blenheim residents could not expect works to be carried out to protect them at the expense of those diverted flood waters affecting other areas. It was also accepted that the protection of the surrounding areas should be carried out concurrently with, or even ahead of, the work to protect Blenheim.

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This sets the standard for all of the Wairau floodplain. Flood protection and drainage costs are met by the benefiting ratepayers through a progressive targeted rate (between 10% and 100%) dependent on the level of service provided to the area. All but two of the floodways are up to the desired level of service. Works are underway to upgrade the lower Wairau and Riverlands Co-op floodways to complete the capacity upgrades. Methods for increasing flood capacity include constructing stopbanks and deepening the river channel through gravel extraction.

Stormwater flows in Blenheim and Picton and the effects of new urban development

The Building Act 2004 requires the floors of new buildings to be protected in a 1 in 50 year return period flood event. The main challenge related to urban areas is to ensure that the system of drains, natural watercourses, pumping stations, and floodgates can adequately cope with the stormwater runoff that occurs in a 1 in 50 year return period flood.

This level of protection from stormwater flows is being achieved for many, but not all of the dozen watercourses in Blenheim and Picton.

Residential, industrial and commercial development is resulting in more impermeable (hard) surfaces, which reduces absorption of rain by land and increases the amount of rainfall runoff into the small rivers, streams and drains via stormwater pipes. This is occurring in all urban areas, especially Blenheim, Picton, and Renwick. The Riverlands industrial area is also expanding rapidly, and includes the rezoning of rural land to industrial zoning.

The proposed rezoning of the lower terrace (south of Gibson's Creek) of Renwick from rural to large-lot residential was delayed until the flood risks were better understood. The proposed outcome is to allow some additional development but with some upgrade works combined with building restrictions in high hazard areas. The Council recognised that Caseys Creek required a major outfall channel upgrade to enable development of the rezoned Blenheim North areas provided for by Plan Change areas 64, 65 and 67. For this reason, hydrologic and hydraulic reviews of the Caseys Creek catchment and Opawa River outfall were carried out in 2015.

The additional stormwater discharge in the upper Murphy's Creek catchment due to urban growth has been resolved through a collaborative decision making process. The decision reflects residents' concerns that additional stormwater would degrade the quality of a spring-fed creek. The consultative process resulted in a satisfactory outcome for all the major stakeholders and will set a standard for future developments. Similar planning processes are likely to be required for remaining catchments.

Lower levels of flood protection

Significant rivers flow through the urban areas of Picton and Waikawa. While most areas are protected from a 1:50 year flood event, this is not yet in place for the Kent Street tributary of the Waitohi River. The culverts where the river flows under Kiwi Rail and the Interisland Ferry parking area are not able to meet the 50 year ARI for Waitohi floodwaters and has resulted in flooding of upstream property. However, further upgrading of the culverts under the KiwiRail shunting yard and the final stage under the Interislander car parking yard would be prohibitively expensive due to the disruption to the port activities and the reinstatement of rail and road infrastructure. Port Marlborough and Kiwi Rail have some medium term plans for a major overhaul of the shunting yard and port facilities. The upgrade of the culverts has been deferred.

The Council also provides emergency assistance to a large number of small river catchments that have not initiated flood protection schemes. These including the Rai Valley, Wakamarina River, Pelorus River, minor streams in Havelock, Momorangi and Ngakuta Bays, Okiwi Bay and a number of other sites in the outer sounds. Flood hazard maps have been prepared for many of the catchments in rural areas. They are provided to guide building and land use decisions for residents in areas where there are no flood protection works.

Wairau land drainage areas and land use changes

The Wairau drainage area covers 8,000 hectares of low lying floodplain, which is drained by 200 km of minor watercourses and 18 pumping stations. This land is to the east of Blenheim and O'Dwyers Road. The Council is committed to avoiding more than 2-3 days of ponding occurring in paddocks in these drainage areas.

The drainage system consists of a mix of deliberately excavated drains and natural watercourses with floodgated culverts into the major rivers, and a series of pumping stations.

The current drainage network was last formally reviewed in 2015. This review recognised there has been significant intensification of land use and subdivision, a trend towards viticulture and an expectation of a generally high level of service since the Wairau Scheme was established in 1960.

An extra 15.3km was included in the managed network of drains following the 2015 review. This provides a drainage outfall to all rural land parcels greater than 1 hectare within the Lower Wairau Drainage Scheme area.

60% of the land within the Lower Wairau designated floodway is owned by the Council while 40% remains private ownership. Private land owners are required to use the land in ways that are compatible with floodway management As viticulture land becomes

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more scarce there are likely to be further requests to plant private land within key Wairau floodways (especially the Opawa, Wairau and Taylor River floodways), and requests for inclusion of these areas within the 1 in 100 year standard of the Wairau floodplain. Where 'compatibility' cannot be agreed there is a land purchase budget each year for acquisition of private land. The budget has not increased.

Viticulture is progressing westwards up the Wairau Valley. Land above the Waihopai confluence has a lower standard of flood protection. A rate review within the term of the Infrastructure Strategy may see further requests for an increased level of service in the upper Wairau Valley. The strategy assumes that the current level of service remains materially unchanged and the rate review will align the funding and service levels.

Most adjacent vineyard owners above the Waihopai confluence have now recognised that it is in their interest to leave an adequate fairway to provide for flood capacity and to undertake edge protection works, which are typically some combination of rock and willow planting to provide a good buffer between the active channel and productive vineyards. Accordingly, since the floods of 2011 and 2012 Council has assisted some property owners with the design and construction of new works, with the works to be owned by the landowner.

Vineyard developments also appear to be causing increased runoff on the gently sloping, moderately impermeable land of the southern valleys to the south of New Renwick road and State Highway 63 to the west of Renwick. This will need to be managed with larger culvert sizes and increased maintenance of the drainage channels.

1.2 Environmental expectations

Weed control

The blocking of drainage and stormwater channels by thick aquatic and terrestrial weeds is a major maintenance issue. Weed growth can reduce the hydraulic performance of the channels by a factor of 10 reducing the drainage efficiency and increasing the flood risk to nearby properties. Regular annual removal using herbicide or by excavation is essential.

The spread and extent of weed is increasing and new weeds regularly arrive in Marlborough. Conversely there is an increasing expectation from the public of more weed removal and there is generally increasing environmental (resource consent) constraints on the manner in which aquatic weed removal is carried out.

The use of the herbicides is a key tool for maintaining both the drainage network and a number of key streams infested with aquatic weed. The current resource consent to

use herbicide in and near waterways expires in February 2019. In preparation for the new resource consent application, significant monitoring work has been carried out between 2015 and 2018 to both meet existing consent monitoring requirements and assist with the renewal application. The draft Marlborough Environment Plan includes for the restricted use of herbicides for aquatic weed control as a 'permitted activity.'

Council expects some opposition from the community to the use of herbicides in and near waterways. These considerations need to be weighed up alongside the impact of impaired drainage levels. If the Council were to move away from the use of herbicides this would result in a significant increase in operational costs. The strategy assumes the proposal will be adopted.

Impacts of flood gates on fish migration

A total of 249 gravity outlets have been installed under river stopbanks. Simple floodgates (or flap valves) are constructed on the outlet of these culverts to prevent water flowing back from the river. These floodgates, while essential for preventing the backflow of floodwater, adversely affect movement of whitebait and other fish into the drainage network.

1.3 Climate change

Managing the impact of coastal storm waves and sea level rise on drainage

The lower Wairau Floodplain includes several thousand hectares which are less than 2 metres above sea level.

Sea level rise will impact on coastal erosion and drainage of this low-lying farm land. Average sea levels are predicted to rise by 0.3 m by 2050, which will impact on drainage gravity outfalls and require more pumping, alter general water table levels and may increase saline intrusion in the very low-lying areas. Sea level rise is also likely to lead to an increase in wave lap type erosion in the lower reaches of the Wairau and Opawa Rivers.

The marine storm wave forces are a very important factor. In the past they have formed a sand bar, typically extending a kilometre to the north. The bar is formed by a combination of marine forces, tidal flows into the Vernon Lagoons and river flows from the lower Wairau and to a lesser extent the lower Opawa. A training groyne at the mouth of the Wairau River has helped to maintain an open channel to the sea and scour any sand accumulation. There is some evidence of increased accretion at the mouth of the Lower Opawa. The situation continues to be monitored and may require additional dredging. If required, dredging will be a significant maintenance cost.

Potential impacts of climate change on flood flows

Climate change will also alter the frequency and severity of flood events. Current advice to Council is that by 2050 a given 100 year or 1% AEP flood will increase in size by 10 – 15%. That means the current 5500 cubic metres per second (cumecs) Wairau flood could increase to over 6000 cumecs. However, flood flows are likely to be variable — in some catchments they may actually decrease, while increasing in other areas.

The various scenarios will be investigated through a detailed technical review to commence in 2019. The potential effects on levels of service and options will be presented to the Council for consideration (see options below)

2 Options and implication

2.1 Levels of service and increasing demand for flood protection

Level of flood protection for the Wairau floodplains

Option to address it	Implications of the options (financial and non-financial)
PREFERRED OPTION	
Maintain and upgrade the floodways passing across the main Wairau floodplain to provide a capacity for flood sizes of up to a 1 in 100 year return period for the Wairau river and other major floodplain rivers of the Lower Wairau, Wairau Diversion, Opawa, Taylor, Omaka, Riverlands Co-op and others.	<p>Benefits</p> <p>Recognises agreements reached through the Wairau Rivers Floodway Management Plan in 1994.</p> <p>Certainty that building and land use planning can proceed to an agreed standard.</p> <p>Costs</p> <p>Financial costs of ongoing upgrades outline budget to 2028 of \$10.5M.</p> <p>Environmental impacts of river control works.</p>
Maintain the existing level of protection, but do not increase the level of protection to meet a 1 in 100 year return period if the magnitude of floods increases as a result of	<p>Benefits</p> <p>Avoids the need for flood protection upgrade works.</p> <p>Costs</p> <p>Community consultation and consent required.</p>

Option to address it	Implications of the options (financial and non-financial)
climate change.	<p>Uncertainty as to level of flood protection and risks.</p> <p>Damage to property and crops.</p> <p>Possible reputational damage.</p>

Lower levels of flood protection – Kent Street tributary, Picton

Option to address it	Implications of the options (financial and non-financial)
<p>Preferred Option</p> <p>Status Quo</p> <p>Undertake minor improvements to culverts to improve flow but accept additional flood hazard as culverts can achieve only around 60%-70% of 100 year flood flow.</p> <p>Defer the culvert upgrade until works can be coordinated with Kiwi Rail/Port Marlborough upgrades to port</p>	<p>Benefits</p> <p><i>No significant upgrade work</i></p> <p>Cost savings if culvert construction and reinstatement can be coordinated with port refurbishment.</p> <p>Helps manage rate increases.</p> <p>Costs</p> <p>Properties exposed to increased flood risk.</p> <p>Additional cost to new development of increased floor levels due to lower level of flood protection</p>
Upgrade culverts at earliest convenience	<p>Benefits</p> <p>Improved flood protection for properties in Waitohi Stream catchment.</p> <p>Costs</p> <p>Cost to undertake works and restore port facilities estimated to be in excess of \$10M.</p>

Wairau land drainage areas and land use changes

Options to address it	Implications of the options (financial and non-financial)
Further extend the land drainage areas on an adhoc basis when requested to do so by landowners.	<p>Benefits</p> <p>Responds to land use changes in a timely way.</p> <p>Costs</p> <p>Doesn't provide for integrated solutions within a catchment.</p> <p>Difficult to implement a fair cost recovery plan</p>
Preferred Option Scheduled land drainage reviews, to consider extensions of the land drainage area integrated with rate review.	<p>Benefits</p> <p>Managed and cost-effective approach for Council.</p> <p>Increased land productivity and subsequent indirect benefits to the region from greater flood protection</p> <p>Costs</p> <p>All costs to borne by benefitting properties through the classified rate.</p>

2.2 Environmental expectations

Weed control

Options to address it	Implications of the options (financial and non-financial)
Use of herbicide	<p>Benefits</p> <p>Cost-effective. Manual clearance is between 6 and 10 times more expensive than herbicide. Costs are likely to increase as landowners demand improved disposal of cleared weeds.</p> <p>Gradual die-back of targeted weeds has less impact on native flora and fauna.</p> <p>Costs</p> <p>Additional cost of environmental impact monitoring of herbicides on aquatic life. Ensure safe working practices</p>

Options to address it	Implications of the options (financial and non-financial)
	<p>are employed</p> <p>Possible but unknown environmental effects of chemical residues.</p>
Manual clearance	<p>Benefits</p> <p>A conventional mechanical removal system with known environmental impacts</p> <p>Costs</p> <p>Disturbance of river and stream beds, and impacts from sedimentation</p> <p>More expensive.</p> <p>Damage to stream profile leading to increased 'canalisation.'</p>

2.3 Climate change

Managing the impact of coastal storm waves and sea level rise on drainage

Options to address it	Implications of the options (financial and non-financial)
Pro-actively upgrade wave-lap erosion control measures and prepare plans for up to three additional drainage pump stations.	<p>Benefits</p> <p>Retain the current level of service for flood protection and land drainage.</p> <p>Reduced storm damage remedial costs.</p> <p>Planning preparation for sea-level rise but physical works deferred until greater clarity on the extent of climate change effects.</p> <p>Costs</p> <p>Capital costs to be determined following the review.</p>
React to storm wave	<p>Benefits</p>

Options to address it	Implications of the options (financial and non-financial)
damage only	<p>Avoids capital costs of upgrades.</p> <p>Costs</p> <p>Additional damage to wave band protection and adjacent land. Additional remedial costs and maintenance.</p> <p>Loss of some existing land uses over time.</p>

Potential impacts of climate change on flood flows

Options to address it	Implications of the options (financial and non-financial)
PREFERRED OPTION	<p>Benefits</p> <p>Community involvement in decision-making.</p> <p>Retains ability to adapt to changes over time.</p> <p>Include the most recent climate change projections and high quality hydraulic modelling.</p> <p>Decision making using high quality information.</p> <p>Costs</p> <p>Consultancy costs to perform analysis and modelling.</p> <p>Potential delay in decision making.</p> <p>Financial and practical resources will be required for monitoring and for adaptation to changing flood flows and frequencies of flood events.</p>
Accept lower levels of flood protection over time in areas where climate change increases the magnitude and frequency of flood events.	<p>Benefits</p> <p>Recognises ongoing and increasing nature of climate change.</p> <p>Costs</p> <p>Flood damage to private property and public infrastructure.</p> <p>Loss of some existing land uses over time.</p>

Options to address it	Implications of the options (financial and non-financial)
	<p>Costs of managed retreat.</p> <p>Possible reputational damage from flood damage.</p>

3 Most likely scenario

In 2019 the Council will start the review the core Wairau River Floodway Management Plan, and take climate change into account as well as the 25 years of additional flow data records collected since the plan was originally prepared. Once the flood risk data has been updated the Council will undertake a major public consultation exercise with the key stakeholders on an updated plan for the key Wairau works through to 2050. The objective is to gain more understanding of the desired level of service and willingness to pay for future flood protection works.

The current thinking is that relatively minor upgrades will be required to preserve existing levels of service to about 2050 but after that time other options, including accepting increased flood risk or retreat from some very low lying areas, may need to be considered.

This plan is likely to be implemented through a range of activities including building and maintaining stopbanks, river diversions, detention dams, stopbank erosion protection (rock and trees), river channel clearing, channel excavation, channel training, and use of flow control gates.

A climate change allowance is already built into all current Blenheim stormwater design and planning. The flood risk associated with the Picton rivers was recently reviewed, following the very large Waitohi and Waikawa River floods in 2004.

In Picton, further upgrade of the Waitohi triple culverts will be required to meet the desired 50 year flood standard. This work can only be cost effectively completed if it can be fitted in with upgrade plans within the KiwiRail shunting yard and Interislander parking area.

In the interim, the flood hazard risks in the Dublin Street area and adjacent to the Kent Street drain (Buller Street branch), will be identified in the Council's hazard register, with some building restrictions applying to this area (mainly minimum floor levels).

Over the longer term, further investigation of upgrading costs and also of possible funding sources for these upgrades is required as a part of the planned review of the Wairau River Floodway Management Plan followed by discussion with the affected community.

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The continued use of herbicide to control weeds is expected as a permitted activity under the new Marlborough Environment Plan. It is likely that strict conditions will be imposed to prevent environmental damage. For example it is likely 60 of the 162 watercourses will have specific times of year for weed control activities due to possible conflict with fish breeding cycles. This is likely to incur some additional costs but will still be cost and environmentally effective option compared to manual clearance.

4 Major projects for this activity

A brief summary of upcoming projects for this asset and to explain the reasons for these choices, which expand on the categories of growth, renewal and levels of service in the table).

Project Title	Approximate Date Required	Estimated Cost \$m	Reason for Project (% Weighting) Growth	Reason for Project (% Weighting) Level of Service	Reason for Project (% Weighting) Renewal
Murphys Creek Catchment	2019	\$3M	100%	0	0
Town Branch Drain Improvements – Option 9	2019-18	\$23M			
Casey’s Ck upgrade for NW Blenheim urban development	2018/19	\$2M	100%	0	0
Lower Wairau Floodway – Combined Minor Upgrades	To 2028	\$8.4M	10%	80%	10%
Picton Waitohi Culvert	Deferred	\$10M+			

Project Title	Approximate Date Required	Estimated Cost \$m	Reason for Project (% Weighting) Growth	Reason for Project (% Weighting) Level of Service	Reason for Project (% Weighting) Renewal
Blenheim Drainage Sea-Level Rise New Pump Station	2030?	\$3M	0	100%	0

Community Facilities

For Marlborough to achieve its vision for the future the infrastructure must be sufficient and functioning at the same time as being achievable and sustainable with the resources available.

Community Facility Goals

The community facilities will permit the residents of Marlborough to enjoy an active and vibrant lifestyle.

Sports and leisure facilities will be provided to promote the health and wellbeing of the community and facilitate sporting achievement at all levels.

Libraries, museums, galleries and cultural facilities will be provided for the community and visitors

Halls, meeting rooms or similar will be provided to facilitate social interaction and local governance of the community.

Introduction

Council has included Community Facilities within the infrastructure strategy. There is no statutory requirement to do so in the Local Government Amendment Act of 2014. However the infrastructure that contributes to community facilities has been included that has a reasonably significant value both in terms of their financial value and their contribution to community wellbeing. There are also many smaller assets that individually are less valuable but when grouped together are significant. The asset

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groups included are sports stadia, community halls, libraries, cemeteries and memorials.

The assets included in Community Facilities are quite diverse in the nature of the service they provide and spatial location around the region. Whilst they are subject to many of the key themes of the strategy the services provided are of a more discretionary nature. Changes to the assets can be introduced incrementally. The major capital investment projects associated with the core infrastructure such as upgraded treatment plants, new pipelines and bridge replacement programmes can be replaced with smaller, phased upgrade projects.

The current **demographic** projections may suggest the growth in demand for sports facilities will peak relatively soon within the time frame of the thirty year strategy as population growth slows down and the age of the population increases. Although the population is ageing people are remaining active for longer, the supply of sport and recreational facilities will need adapt to meet the changes in demand. A further consequence of the demographic projection is that as the proportion of elderly in the community increase and a potential for growth in demand for cemetery services.

The **affordability of renewals** may also be a challenge for some groups of assets, particularly if there is a demand for an improved **level of service** from the replacement. For example, the recent renewal of sports fields, swimming pools and sports halls has witnessed a significant upgrade on the assets they replaced. The new Picton Library and the one planned for Blenheim include a degree of upgrade to meet an increased level of service demanded by customers.

Demand for public services can also decline. It is possible that by the time the new generation of libraries require replacement, public reading rooms may have become a thing of the past. Similarly it has been assumed that the various community halls will not be replaced when they reach the end of their useful life. Money has not been collected to fund their depreciation and renewal affordability could be a challenge.

Climate change and **resilience** to natural hazards may also impact on some of the groups of community facilities. For example coastal tracks and beach-side reserves may be subject to increased storms, rising sea-level and the effects tsunami. There will need to be some modifications to sports facilities to maintain them through more severe weather events – drought resistant turf, irrigation and improved drainage. Though these are likely to be resolved through incremental changes that can be incorporated into operational management plans with lower financial impact.

Recreational Facilities

The underlying story for sports and recreational facilities, parks and reserves is that the major influences of change over the next thirty years are not likely to have a shock impact that will require major capital investment. Change is likely to be gradual and at least partially compensated by other contemporary changes. The other prevailing trend is that while levels of service may alter with changing community demands and operating environment but the overall standards are unlikely to decline. If this projection is correct the operational and maintenance costs will be at least comparable with current expenditure.

The major sports stadia in Marlborough - Stadium 2000 and Blenheim swimming pool, the Renwick sports centre; Endeavour Pavilion, Picton and the Lansdowne Park sports hub have a combined insurance value of \$48.4M. There are a further 23 sports and leisure facilities with total value of \$23.4M. The major stadia are relatively new and have a long life expectancy. The Outdoor Sports Facilities Plan aims to group similar sports codes into sports hubs. The sharing of common facilities and synergies between codes will help to promote sports, save costs and future-proof the facilities to changes in community demand. A new pavilion at Blenheim's A&P Park is being planned to meet these criteria.

Stadium 2000 is currently undergoing strengthening works to improve its resilience to earthquake. It is important to note that the main aim of building strengthening is prevent catastrophic failure and to allow people to escape. It does not mean the building will be serviceable after a large earthquake. The council has insurance to help manage the risk but the insurance excess can still be considerable.

Community Halls

There are around 21 community halls located in many of the small regional settlements from D'Urville Island to Ward. Many of them are old and may become less significant as the focus for the community. Many are in rural locations that are predicted to have declining populations in the future.

However, many of the halls have an important role to play as the only public facility available to isolated communities. They may have limited use but they have strong cultural and nostalgic linkages to the community. They are more valued for their heritage and future potential as much as their current practical utility. Six have been identified as Civil Defence Community Response Centres.

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Council policy is not to fund depreciation of the community halls and an assortment of management practices have evolved by individual communities. Not all structures have been assessed for earthquake resilience. Strengthening works would need to be incorporated into a cohesive management plan.

Parks and Reserves

The Council has three premier parks (Pollard Park, Seymour Square and Picton Foreshore) and around 91 neighbourhood parks. The premier parks not only provide a service for the local community but, increasingly, an attraction for visitors.

Neighbourhood parks provide playground areas which are likely to become more frequented as property section sizes decrease. For these reasons the level of service for these assets is likely to be maintained into the foreseeable future.

Other Facilities

Similarly walkways, cycleways, public toilets and freedom camping facilities are increasingly used by visitors to the area. Tourism is an important and growing part of the economy. There will be continuing demand to expand and upgrade the facilities provided and maintain a high level of service for the benefit of local community and visitors

Libraries

A new library has recently been constructed in Picton and plans have advanced for a new library for Blenheim.

The libraries will be in new, modern buildings designed to the latest standards with updated fittings and facilities. The main infrastructure is designed and built to last beyond the 30 year strategy but advances in technology may make some of the facilities obsolete or require significant re-investment. It is difficult to predict the implications of new technology but the strategy ensures the new structures are as flexible as possible to adapt to changing service requirements in a way that will allow the long term durability of the assets.

Museums and Cultural Facilities

The main Marlborough museum located at Brayshaw Park and several smaller museums and art galleries at Havelock, Renwick, Picton, etc. There is unlikely to be a major shift in the strategic management of these facilities. However, a change in level of service may be anticipated to embrace modern technology. Museum visitors now expect inter-active displays and high quality presentation materials. Conversion of archive material to digital formats and other operational costs can be expected. The smaller facilities may face premature technical obsolescence or expensive upgrade.

The cultural significance of the Wairau Bar settlement in New Zealand history is becoming more apparent as more archaeological evidence is discovered. There may be increasing pressure for investment in a permanent facility to recognise and display the artefacts for the site.

Cemeteries and Memorials

The council administers eight cemeteries with a combined area of around 37 hectares. Population projections show the proportion of the population over 65 is likely to increase from its current level of around 20% to 35%. Increased demand for burial space may require additional land purchases and development investment and operational costs. However there is evidence of a trend towards greater cremation. The introduction of the Cemeteries Bylaw in 2017 has provided the option to pre-purchase up to two cemetery plots per application. Management plans have been developed for many of the regions cemeteries to assist future planning. Changes are expected to be accommodated without significant investment.

The community expect cemeteries and memorials to be maintained to a high standard. Deterioration to this level of service is unlikely to be acceptable

Landfill

The council has a single active landfill site at Bluegums to south of Blenheim. The site has functioned since 1996 and receives around 40,000 tonnes of refuse per annum.

Based on the current rates of waste production the site has a life expectancy to 2063. It is filled in managed stages currently working on Stage 7 of 13. Growth in waste production is related to population, industrial activity and, to a lesser extent, the diversion of refuse to be reuse or recycled.

The site is tightly managed to meet the regulatory requirements for land use, leachate and gas emissions. There is continuous pressure to improve environmental standards and solid waste is conspicuous evidence of human impact on the environment. Increasing regulation and monitoring is expected and plans have been prepared accordingly.

The above factors are managed through the continued update of the activity management plans and are unlikely to cause major shocks within the current planning horizon.

Current operational plans may be disrupted by major natural hazards. A large earthquake would generate additional waste stream and may damage the structural integrity of the Bluegums Landfill site. Fire within the landfill is another risk that could adversely affect the longevity of the site. Awareness of these risks assists the design, construction and operation of the site to manage the risk to an acceptable level.

Options and Implications

An options and implications table has not been included for Community Facilities.

As noted previously the community facilities will adapt incrementally. Major investment in new library buildings for Blenheim & Picton, a swimming pool complex and a number of combined sports hubs has upgraded the regional facilities.

Relatively small changes will be gradually deployed to implement further upgrades and meet changes in demand. The new infrastructure that has recently been completed or approved by the Council - libraries and sports hubs - has been deliberately designed to be as flexible as possible. Changing demand patterns, demographics of the community and new technologies can be accommodated in the structures that are planned or been completed.

Project Title	Approximate Date Required	Estimated Cost \$M	Reason for Project (% Weighting) Growth	Reason for Project (% Weighting) Level of Service	Reason for Project (% Weighting) Renewal
Blenheim Library Renewal	2021-22	\$14.5M	0%	20%	80%
Lansdowne Park Hub Upgrade	2018-20	\$5.2M	20%	80%	0
Awatere Community Hall	2018-19	\$2.8M	0	0	100%
Blenheim A&P Park Pavilion	2019/20	\$1.5M	0	10%	90%
Early discussions have been initiated on Top Of The South centres of excellence that may result in major infrastructure being developed between Marlborough, Nelson & Tasman. There is insufficient progress on this initiative to include details at his stage.					

General Assumptions and Risks

Assumption: Marlborough's medium/high population and economic growth continues.

Risk: Generally there is a trend towards rural de-population in provincial New Zealand. The trend is not uniform across all regions or settlements within regions. Local economic and social factors can be influential. The current success of Marlborough wines in world markets has helped to suppress this trend in many of the settlements. Havelock, Seddon/Awatere and parts of Picton saw a significant slow-down in population growth in the 2013 census. The slow-down in growth was less notable in Blenheim, Renwick and Waikawa.

A change in the international trading markets, climate-change or weather events, a major bio-hazard (such as a pest incursion on grape vines) or change in public demand could have a significant and rapid impact on the local economy and consequences for growth projections.

If the population declines, meeting the fixed costs (including operation and maintenance, depreciation, financing and insurance) of the infrastructure could place a significant burden on the remaining residents and businesses.

Level of Uncertainty: Low

Impact: high.

Data confidence

The Council has generally good records of the number, length, age and material of the infrastructure assets it owns. The condition of the underground pipe network is less well known as there are many influencing factors on pipe condition. It is time consuming and costly to undertake systematic pipe condition analysis with current technology, although the Council's stable and experienced operational staff have a reasonable knowledge of pipe condition. Considerable effort is being made to improve data collection to support a targeted renewals programme.

Risk- The condition of underground assets is significantly different than current evidence suggests

Level of uncertainty – underground – medium
 above ground – low

Infrastructure Strategy

Impact – Medium – increased asset failure will increase repair & maintenance costs and decrease the level of service provided. The asset renewal programme will need to be accelerated.

Natural Hazards

Risk: the frequency and size of natural hazard events will be within the range anticipated

Level of uncertainty – Low. Contingency plans have been made for very severe events

Impact – high. Significant disruption of service, high costs of emergency response, significant long term damage to the fabric of the infrastructure.

Climate Change

Assumption: Climate change will progress in line with the current projections from Ministry for Environment

Risk: More extreme weather conditions or rising sea level will impact the infrastructure as described above

Level of Uncertainty: Low

Impact: Remedial programmes may need to be accelerated and lower levels of service tolerated until works can be completed

Legislation

Assumption: Major legislation such as the Health Act, Building Act, Local Government Act, CDEM Act, etc and guidance through the National Policy Statements will continue as anticipated

Risk: Significant changes in national standards or time deadlines for compliance with statutory requirements

Level of Uncertainty: Medium

Impact: Investment projects may need to be accelerated or re-designed and funding programme adjusted accordingly.

Labour & Materials Market

Assumption; Labour and materials will continue to be available within the constraints and prices experienced to date

Risk: Civil engineering labour, plant and materials have been in very high demand firstly through the Christchurch re-build and recently through the North Canterbury Infrastructure Re-build of State Highway 1.

Level of Uncertainty: Low

Impact: Current procurement costs have been high additional pressures are not expected.

In addition to the general assumptions that may affect all Council services there are also asset specific assumptions

Water Supply Assumptions and Risks

Assumption: No further Government subsidy will be available for water treatment projects.

Risk/opportunity: The subsidies previously offered by the Ministry of Health to assist low decile communities with the costs of upgrading their water supplies have now ceased. There is no indication that further subsidy schemes will become available.

Level of Uncertainty: medium

Impact: medium.

Assumption: The Government Enquiry into the Havelock North Drinking-Water incident does not require significant treatment beyond that currently budgeted.

Risk: The *E.coli* contamination of the water supply at Havelock North and the subsequent outbreak of enteric illness has been one of New Zealand's most significant public health events of recent times.

The recommendations of the enquiry were published in December 2017 the Government's response to the recommendations is not certain. It is possible the Government will make significant and wide ranging changes to the quality and governance of public drinking water supplies to reassure the public. These recommendations may result in requirements to upgrade the Blenheim treatment plants to introduce chlorine in the water supply and may require some modification to the other, recently completed treatment plants. The capital costs are likely to be relatively low but will impose an ongoing operational cost. The planned upgrades of

Infrastructure Strategy

water treatment plants Renwick, Havelock, Awatere Rural and Wairau Valley may need to be accelerated. Treatment of the Riverlands supply is also a likely outcome.

The programme of works outlined in this strategy has not been amended as a result of the inquiry's findings. Sufficient detail of the recommendations were available to include discussion of the possible consequences in this strategy but were delivered too late and too uncertain to change the existing programme.

Of greater significance, but less likely to occur, is the Council being required to oversee or take over small privately run community supplies within the Marlborough region.

Level of Uncertainty: Medium

Impact: Medium or high.

Water supply assumption: The Government may require councils to add fluoride to the drinking water to promote better dental development in children.

Risk: If it is concluded that fluoride should be added there will be costs of installing and maintaining fluoride dosing equipment. The cost of initial installation at all treatment plants is likely to be relatively modest but will have an ongoing operational cost.

Level of Uncertainty: High

Impact: Low.

Flood protection assumption

The current consent to use herbicide as the key tool to control aquatic weeds expires in February 2019. Our assumption is that this resource consent will be renewed with similar conditions to the current consent.

Risk Medium

Level of Uncertainty Medium

Impact Medium impact on drainage capacity, if the Council is unable to use herbicide as one of the methods to control weeds.

Assumption

Climate change will result in sea level rise of 0.3m by 2050, and a 1% AEP flood will increase in size by 10-15%.

Risk Medium

Level of Uncertainty Medium

Impact High impact on flood risk, if the rate of change is much faster than currently predicted.

Roading Assumptions

Assumption: Oil prices remain in-line with general inflation over the course of the strategy

Risk: Increased cost of bitumen based materials

Level of Uncertainty - Medium

Impact – Bitumen prices are linked to oil prices. In the past prices have been volatile but have been more stable recently. Large cost increases would mean a reduction in the renewals programme which in turn would increase maintenance costs

Assumption: the proportion of sealed and unsealed roads remains constant

Risk: Low. The proportion of unsealed roads that are sealed is around 0.3% per annum

Assumption: The composition of the road vehicle fleet remains constant

Risk: Increased number or axel weight of heavy vehicles

Level of Uncertainty : Low. A lot of road infrastructure throughout New Zealand would not cope with increase in axel weight

Impact: Medium - accelerated deterioration of the road network

Assumption: The funding criteria and policy used by NZTA will remain relatively unchanged, including NZTA's approach to funding of emergency events.

Risk: Increased costs for ratepayers.

Level of uncertainty: Low

Infrastructure Strategy

Impact: High. The frequency and costs of high impact natural events could have an effect on NZTA's ability to fund emergency remedial work at current Financial Assistance Rates.

Roads assumption: The rate of deterioration of road pavements will remain relatively unchanged over that currently being experienced.

Risk: Increased financial and non-financial impacts on roads due to climate change, heavy motor vehicles and/or earthquakes

Level of uncertainty: High, for natural hazard events. Medium for increase in heavy vehicular traffic.

Impact: High. Severe damage could be incurred from a large natural event.

Assumption: Due to the fact the population is spread over a large area and attracts a high number of independently travelling tourists, the community is likely to remain dependent on private vehicular transport in future.

Opportunity: Use of self-drive vehicles and car sharing trends may further reduce safety risks.

Level of uncertainty: Medium

Impact: Low.

Stormwater Assumption

Assumption: Urban growth will develop sequentially in the zoned areas

Risk: Land may be developed out of sequence and infrastructure will need to be installed in a less efficient manner to accommodate the growth

Level of Uncertainty: Medium

Impact: Low. Costs will be recovered from the developer but the return profile may need to be adjusted to meet the inefficiencies of construction

Wastewater Assumptions

Assumption: Urban growth will develop sequentially in the zoned areas

Risk: Land may be developed out of sequence and infrastructure will need to be installed in a less efficient manner to accommodate the growth

Level of Uncertainty: Medium

Impact: Low. Costs will be recovered from the developer but the return profile may need to be adjusted to meet the inefficiencies of construction

Assumption: Inflow & Infiltration will continue at current rates

Risk: Increases rates of infiltration will increase flows in sewers and possible surcharging.

Level of Uncertainty: Medium

Impact: I&I beyond current expectations may cause increased overflows, maintenance and pumping costs.

Assumption: Winery waste will continue to be discharged at rates anticipated

Risk: Changes in global markets, health concerns or disease may cause significant change in demand for Marlborough wines

Level of Uncertainty: Low

Impact: A significant increase in demand may restrict economic development. A downturn in demand may result in reduced funding stream.

Community Facility Assumptions

Assumption: Demand for community facilities will continue as anticipated

Risk: Changes in visitor numbers, freedom campers or community involvement in sport and recreation may have significant and unforeseen change in demand

Level of Uncertainty: Low

Impact: Low: Community facilities planning has been deliberately designed to be flexible and embrace changes in demand

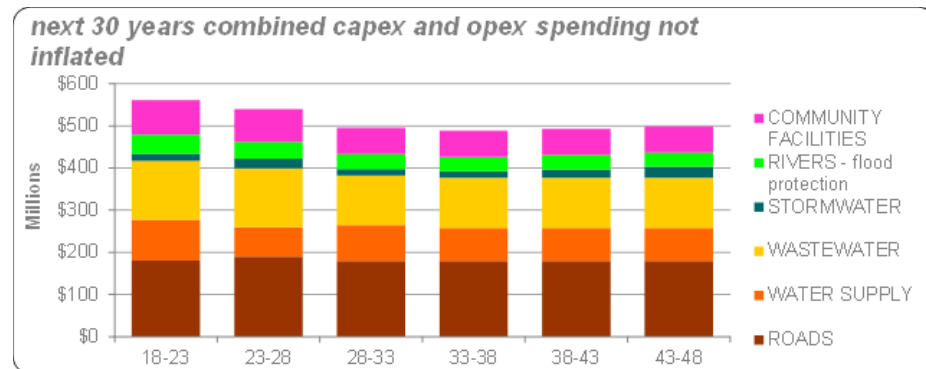
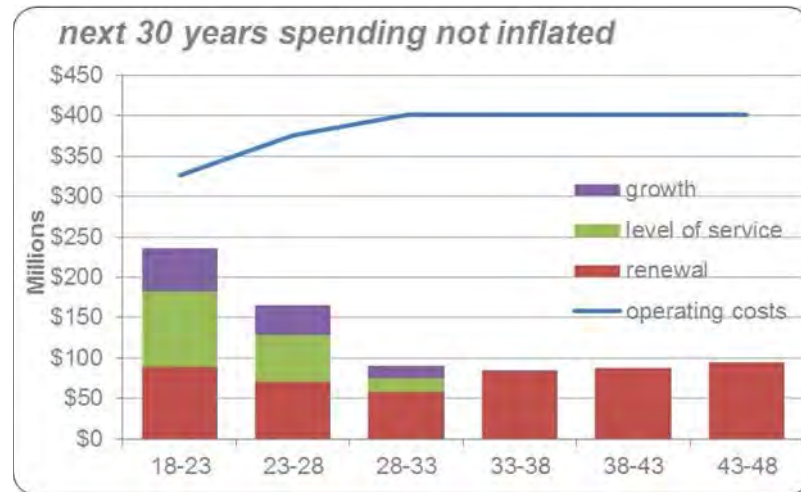
In the strategic context there are a number of over-arching decisions that will provide the framework and context for future projects

Strategic Decisions

Strategic Decisions	Probable Date	Precedent Conditions
Blenheim Wastewater Treatment Plant will be upgraded to meet the demand of industrial discharges	2019/20	Growth in wine industry and agreement to meet the costs
The Council water supplies will meet the national drinking water standards	2018/19	Legislation resulting from the Havelock North Inquiry does not result in a significant increase in current infrastructure related standards
Discharge of wastewater to the aquatic environment	2020/21	Renewal of current resource consents
The Wairau River Floodway Management Review of service levels	2019	Modelling of future flood levels in relation to climate change and sea-level rise and public consultation and agreement
Roading. Most strategic decisions relating to roading will be made through consultation NZTA		The vast majority of projects are renewals as compared to major “greenfield” projects
Pipeline renewals will be programmed to prevent unacceptable deterioration of current levels of service or increased maintenance expenditure	2025	Completion of current earthquake rehabilitation and adequate condition assessment of existing pipelines

Part Three — Financial Summary

The capital work presented in section two represents total infrastructural capital spending of \$759 Million over the next 30 years; with associated operating expenditure totalling \$2.318 Billion – to operate and maintain existing and new infrastructural assets. The operating expenditure is spread fairly evenly across the years whereas the capital expenditure is more concentrated in the early years.



The preceding chart shows the total infrastructural spending (capital and operating combined) by Activity Group.

Given the constant challenge to provide the required services in an affordable manner, and the demand on internal and external project management and construction resources, the renewals expenditure based on expected useful life has been budgeted to “fill the gaps” between the major projects.

In preparing its LTP Council has to inflate the project cost estimates, also added into the budget are approximately \$1.0 Million of Planning and Development costs which will be capitalised. The same methodology has been applied throughout the thirty years of this financial summary.

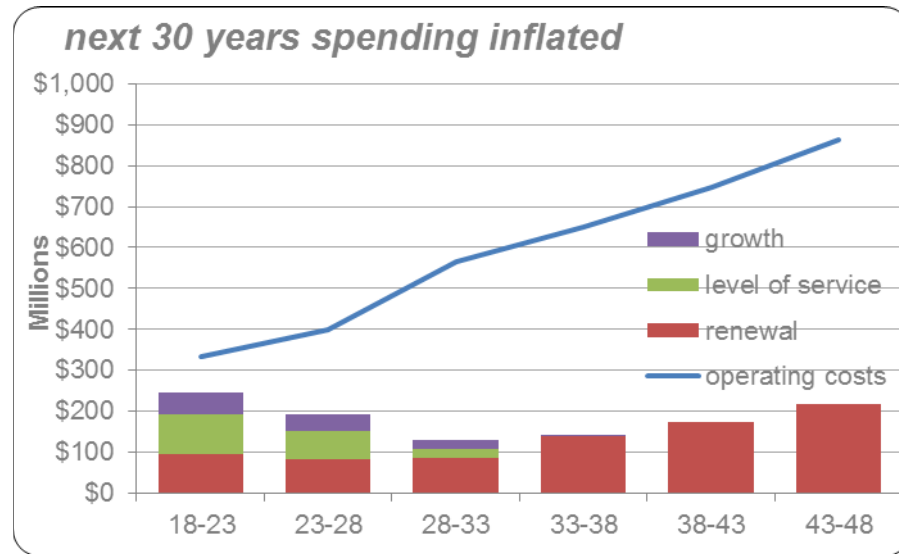
Preparing the LTP and this financial summary also involved consideration of factors which may delay the proposed timing of projects and have a significant impact on the overall capital programme.

Over the past five years actual Capital Expenditure has ranged from \$28.3 Million in 2013 to \$42.7 Million in 2017 with an average of \$34.1 Million, the projection for 2017/18 is over \$50 Million. In all of these years the actual spending was below budget, often significantly. Capital project timing has been delayed due to:

- finalising community consultation;
- obtaining land access;
- obtaining resource consents;
- the availability of external professional expertise;
- receiving acceptable contract price and contractor availability.

As described throughout the strategy there are many projects and solid demand for improved services from all of the core activities. However it is unlikely that projects will rapidly overcome the obstacles described and accelerate much beyond an annual expenditure of \$60M. It has therefore been decided to limit capital financing to \$60M per annum for the first three years of the LTP.

Infrastructure Strategy



The resulting “inflated” budget is for total capital expenditure of \$1.1 Billion and operating expenditure totalling \$3.6 Billion. The inflated capital spending is:

- 11% to service forecast growth
- 17% to improve levels of service (strongly influenced by wastewater and also by water supply)
- 72% to renew assets as they reach the end of their lives.

Council’s Financial Strategy sets out the strategic financial direction; the external and internal factors expected to have a significant impact (in particular over the next ten years); and the approaches used to fund this scenario in a prudent manner.

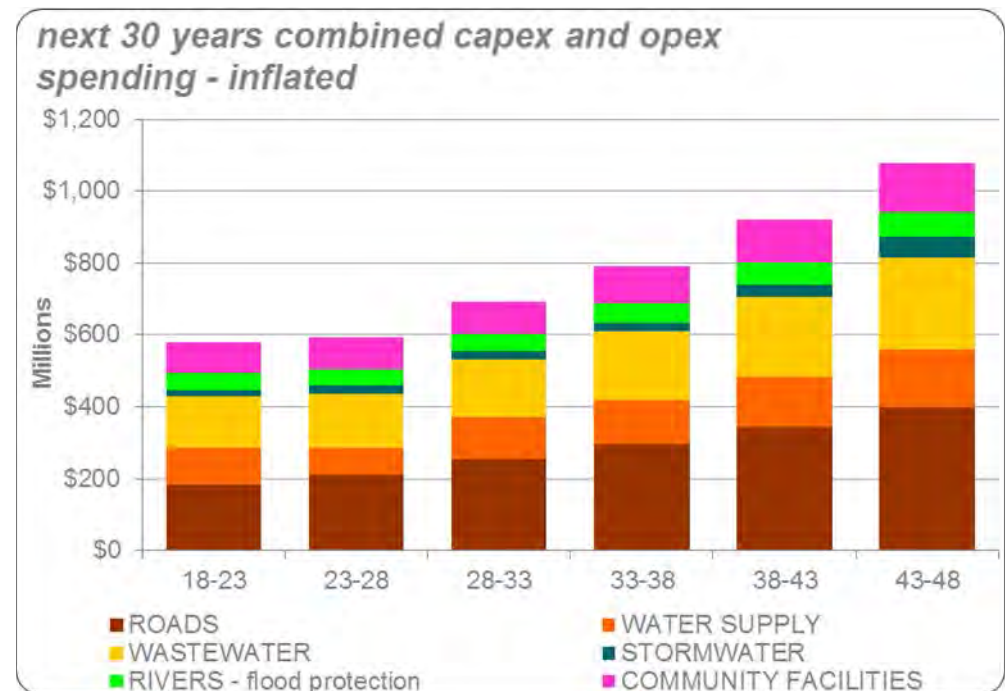
The strategy identifies that in general:

- growth driven capital expenditure is funded by Development Contributions

- capital expenditure to increase levels of service, e.g. improve quality of drinking water supply, is funded by borrowing
- renewals capital expenditure is funded from revenue - rates and charges - set to recover depreciation expense, and accumulated until spent. This funding source emphasises the importance to Council of continually fully funding depreciation on infrastructural assets.

As we move beyond the Financial Strategy and into the later 15 years of this Infrastructure Strategy the focus of capital expenditure is forecast to move to renewals.

In practice any funds available are used before new loans are drawn down, to avoid paying interest unnecessarily; excepting Development Contributions which are only ever used to fund growth projects.



Major projects timeline – most likely scenario

LTP first 3 years			Remaining 7 years of LTP							Remaining 20 years of Infrastructure Strategy in 5 year blocks			
								High St bridge replacement \$3.5M					
Renwick treatment \$6M	Havelock treatment \$4.87M	Riverlands treatment \$7.25M									Havelock New Source & Treatment \$7.83M		
Blenheim sewer upgrades \$8.2M	Picton trunk sewer pipe \$6.9M	MOPS \$6.25						Picton sewage treatment \$6.7M			Blenheim Universal Metering \$7.4M		
Pump upgrades \$5.8M	Picton sewage pumps \$5.9M							Blenheim treatment domestic upgrade \$6.43M			Blenheim Reticulation \$4.6M		
18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-33	33-38	38-43	43-48

ACTIVITY GRAPHS

The following graphs show, for each Activity:

Budgeted expenditure over the next ten years, i.e. as included in the LTP, year by year:

- Inflated
- Not inflated

With the same scale for both graphs

Forecast expenditure over the next thirty years, taking the first ten years from the LTP and showing spending in five year blocks:

- Inflated
- Not inflated

With the same scale for both graphs

All graphs show:

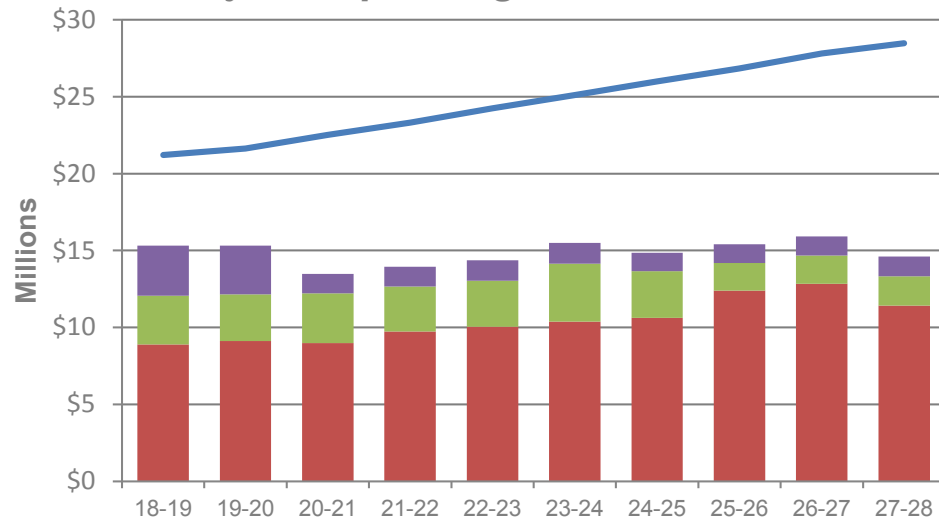
- Total operating expenditure
- Capital expenditure separately identifying renewals, growth driven and level of service driven expenditure

KEY:

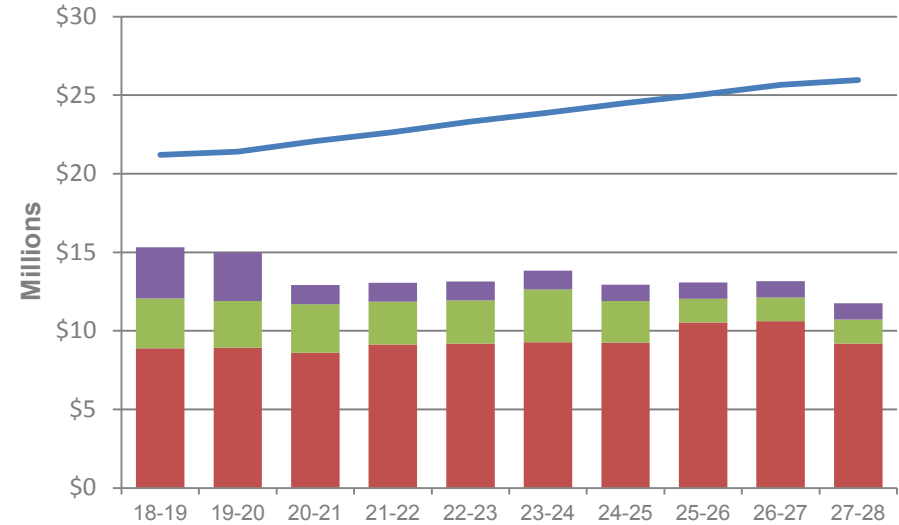


ROADING

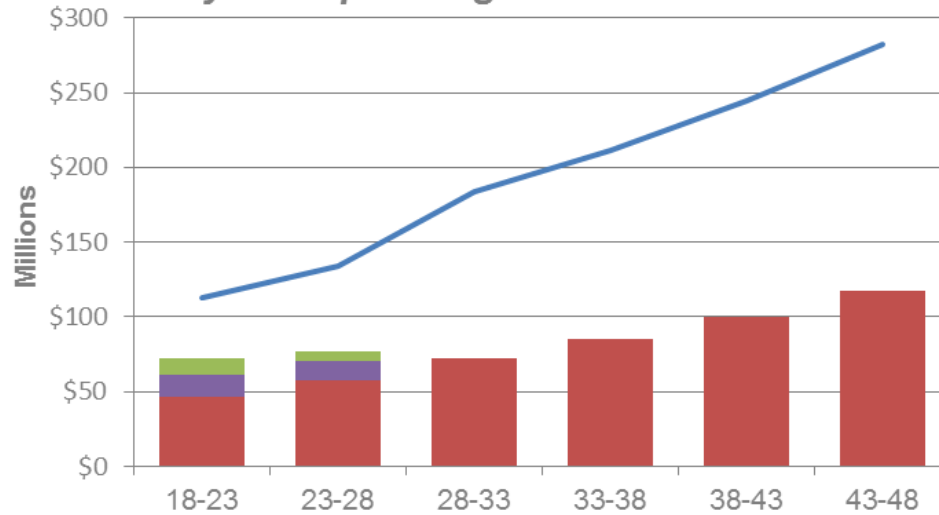
next ten years spending inflated



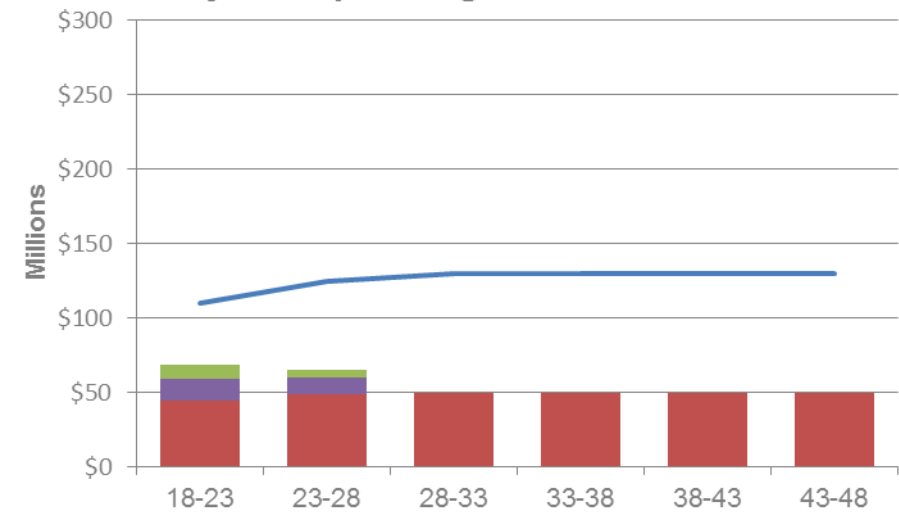
next ten years spending not inflated



next 30 years spending inflated

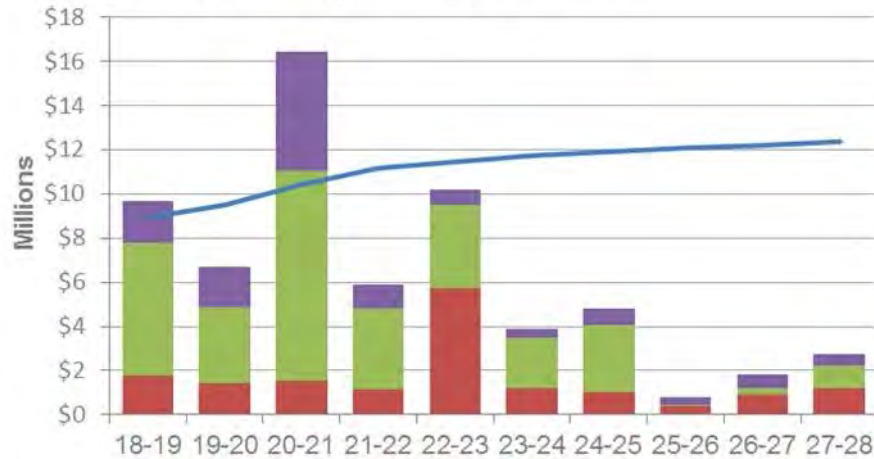


next 30 years spending not inflated

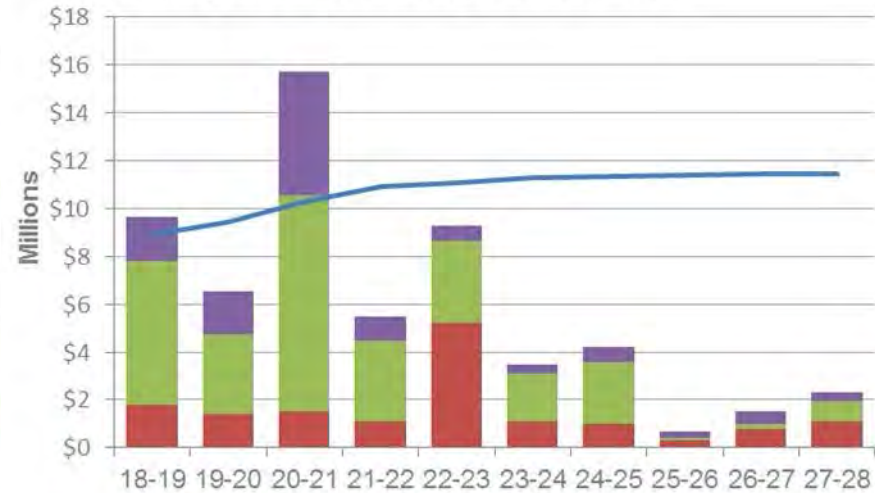


WATER SUPPLY

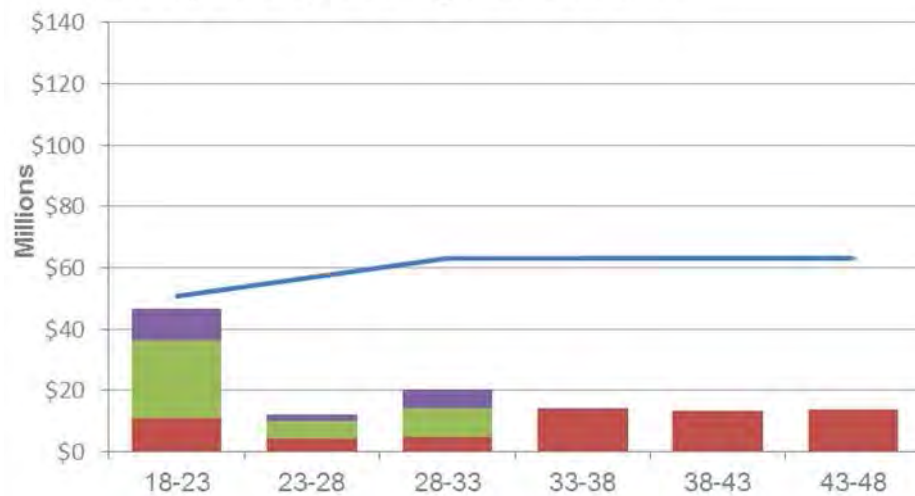
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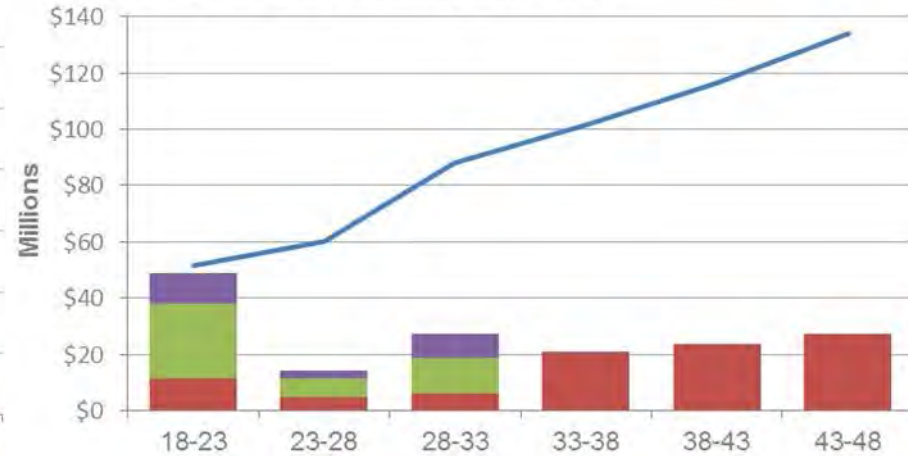
next ten years spending not inflated



next 30 years spending not inflated

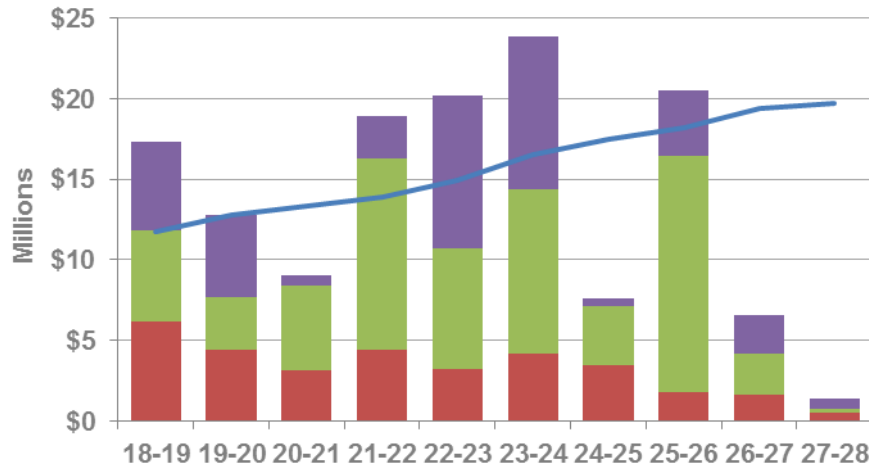


next 30 years spending inflated

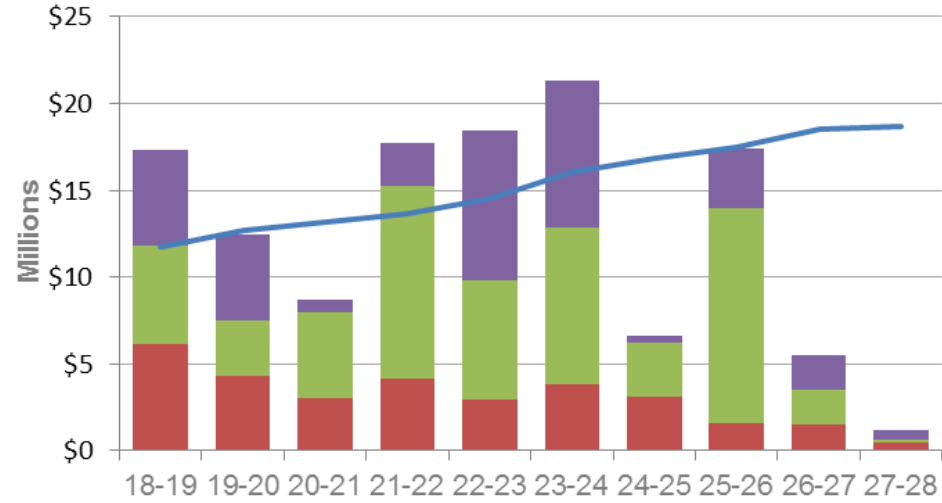


WASTEWATER

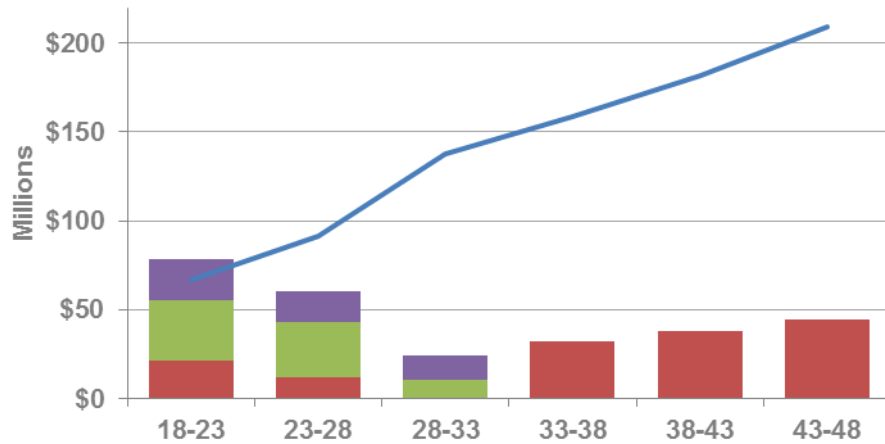
next ten years spending inflated



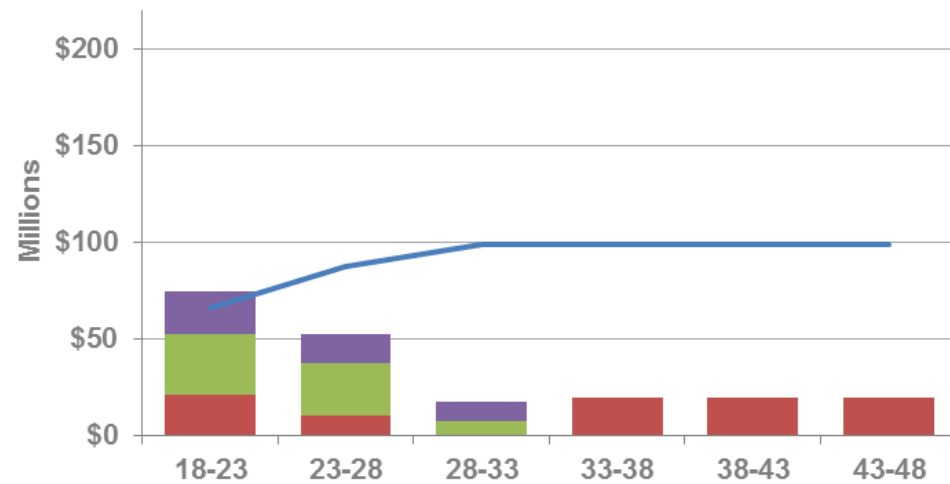
next ten years spending not inflated



next 30 years spending inflated

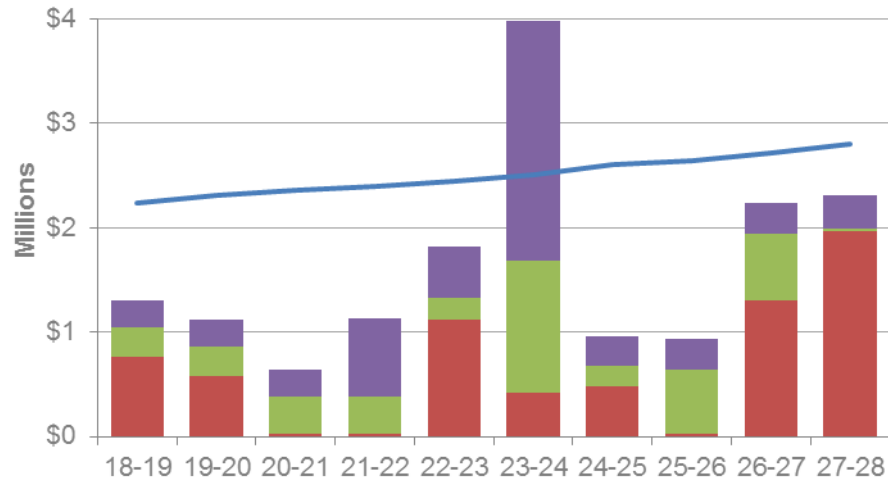


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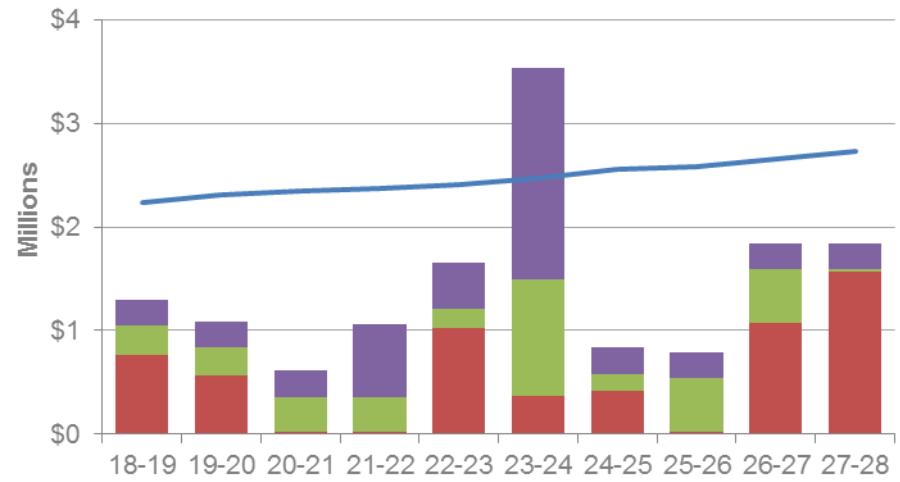


STORMWATER

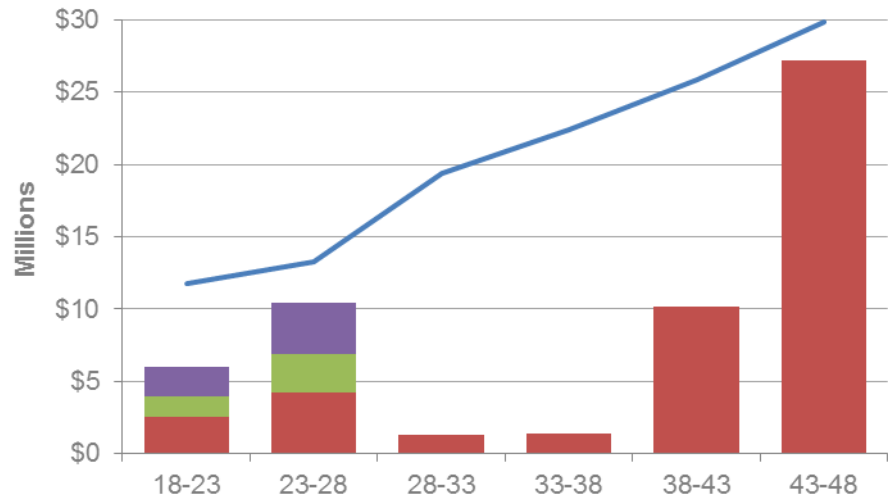
next ten years spending inflated



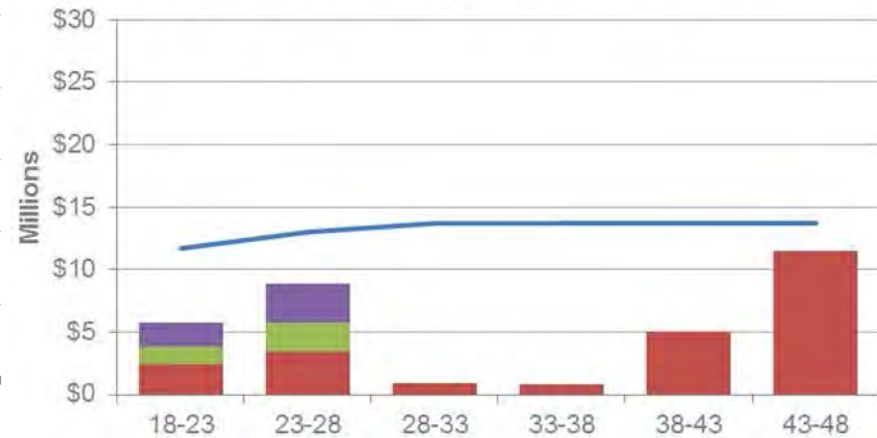
next ten years spending not inflated



next 30 years spending inflated

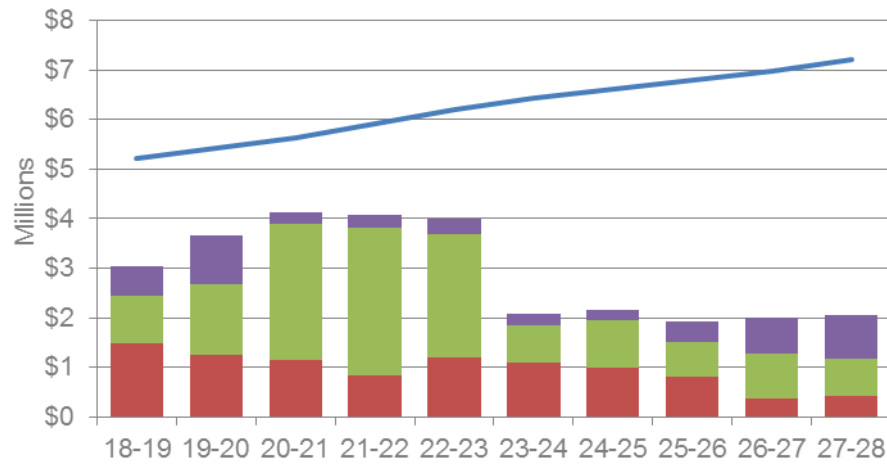


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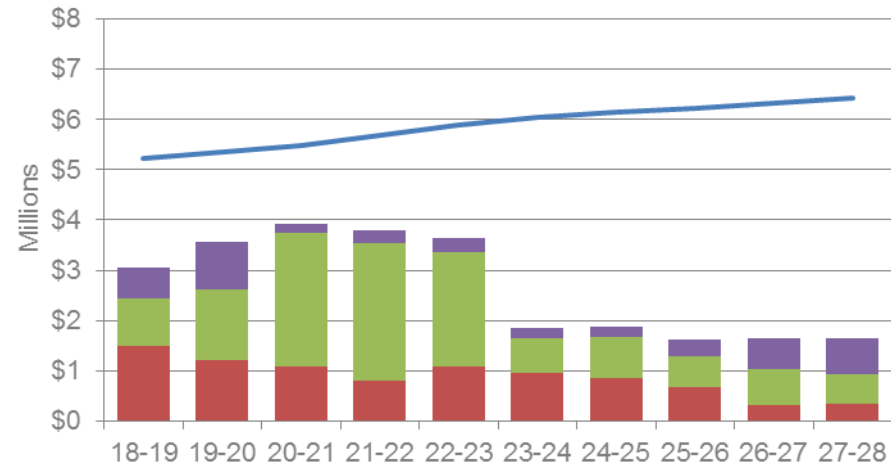


FLOOD PROTECTION

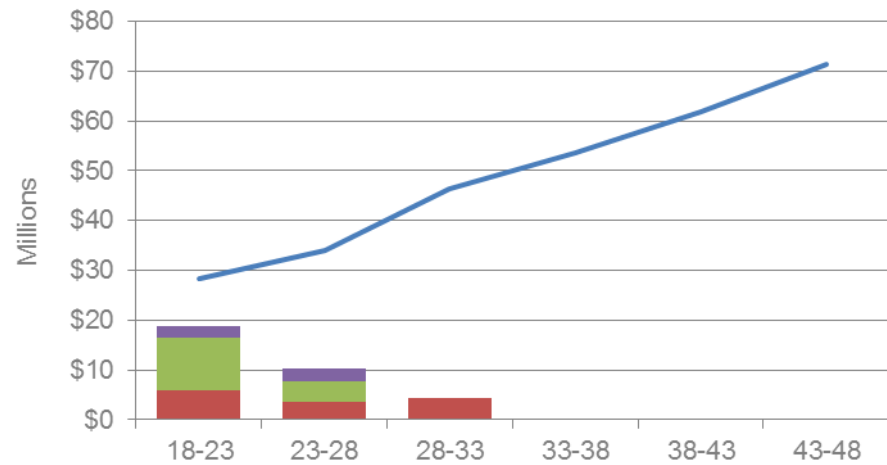
next ten years spending inflated



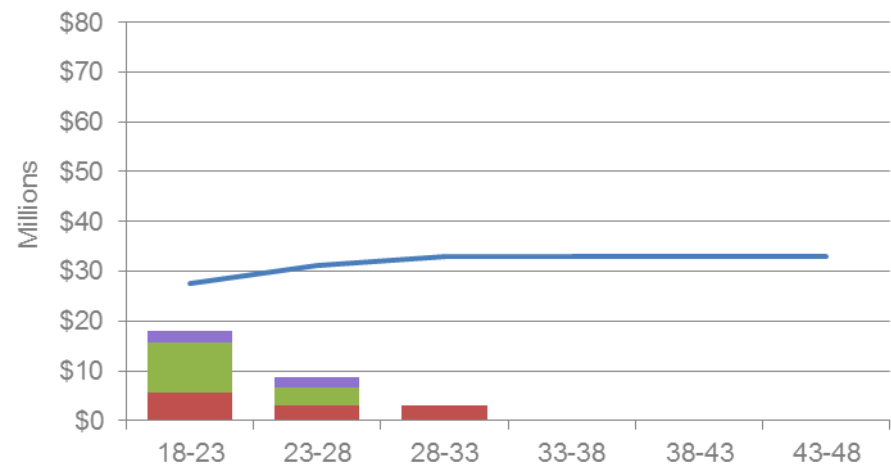
next ten years spending not inflated



next 30 years spending inflated

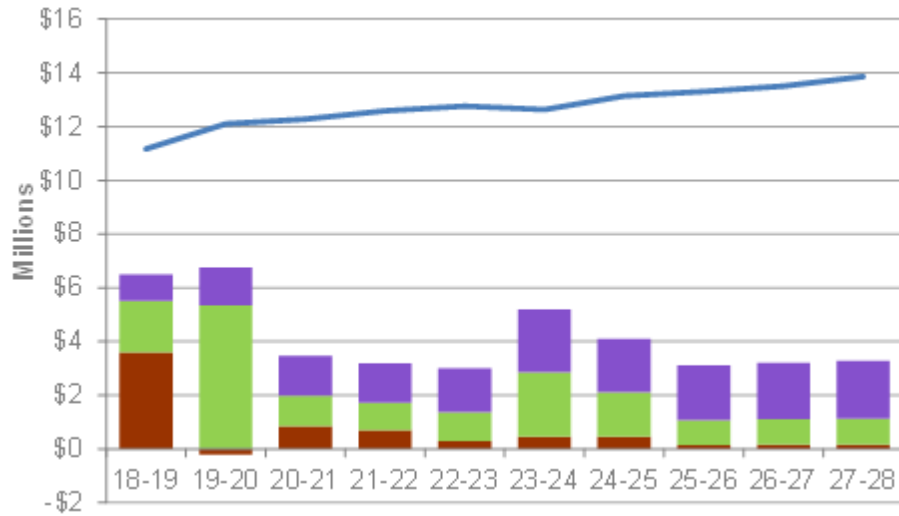


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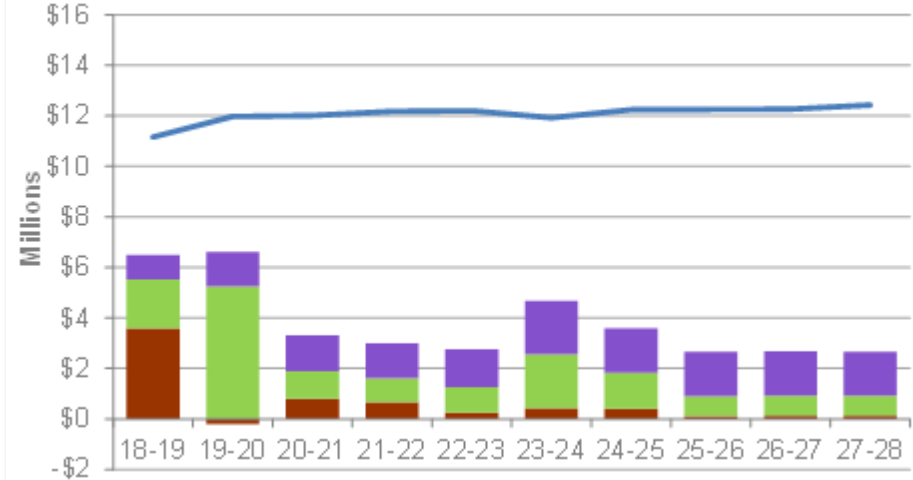


COMMUNITY FACILITIES (These numbers do not include the libraries or the landfill)

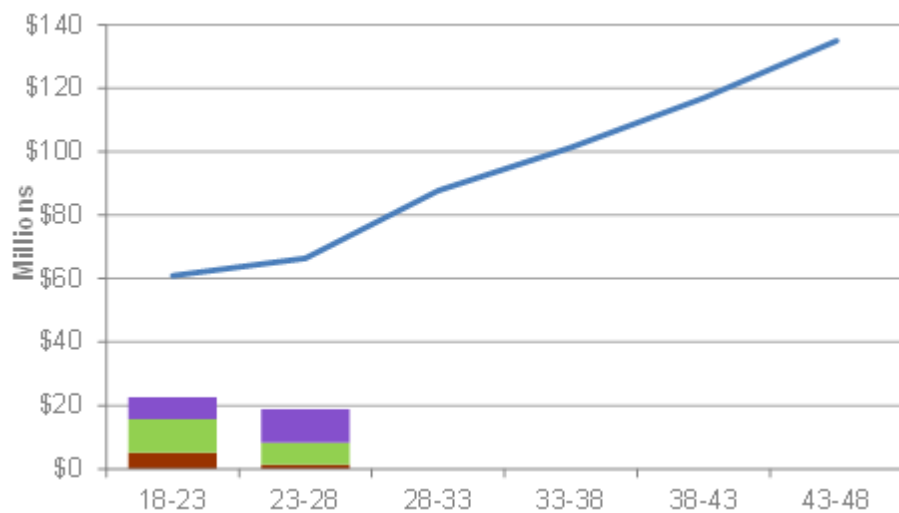
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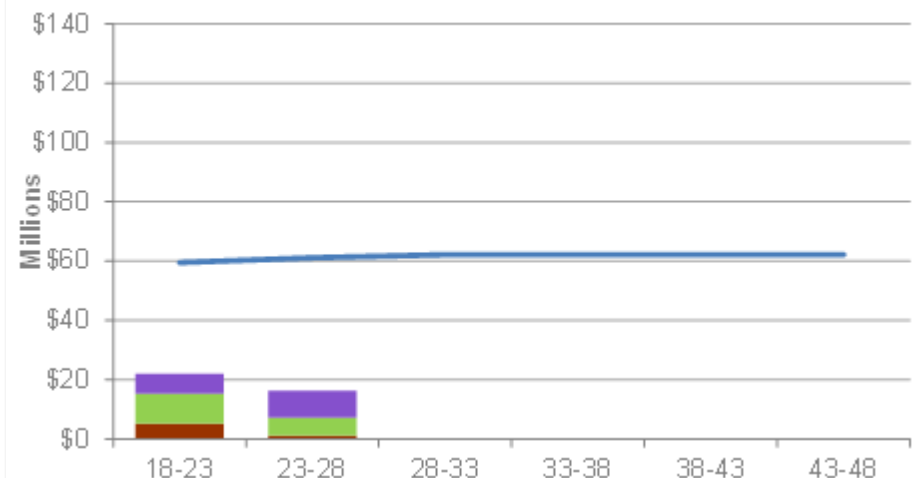
next ten years spending not inflated



next 30 years spending inflated



next 30 years spending not inflated



Assumptions

made in preparing financial information (generally apply to years 11 to 30):

- Capitalised overheads have been added to capital projects in years 11 to 30 at the average rate they are applied in the budget ten years, by Activity.
- Given the high level of uncertainty around local government cost increases beyond ten years the same capital inflation rate has been applied to years 11 to 30 as in the previous infrastructural strategy ie; water and sewerage 2.83% pa. roads, rivers, community facilities and stormwater 2.91% pa.

These compare to BERL's forecast LGCI for the year ending June 2028 of 2.7%

- Additional operating costs, including insurance and depreciation, have been estimated in relation to growth and level of service related capital projects in years 11 to 30.

- For renewals capital expenditure in years 11 to 30 it has been assumed that any additional costs will be more than offset by a reduction in related maintenance and no operating costs adjustment has been made; this probably leads to an immaterial overstatement of operating costs towards the end of the planning horizon.
- The renewals expected based on the estimated useful life of current and planned assets have been forecast to utilise availability of operational and financial resources; renewals have generally not been forecast earlier than the engineering trigger point.
- Council's landfill has not been included in the financial analysis, whilst it is a significant, long life, infrastructural asset it is forecast to operate as it is currently operating throughout the next 30 years.

Council's proposed Library project has not been included in this financial analysis of infrastructural assets.

Assumptions, Disclosure and Compliance

Assumptions

With any financial forecasting, a number of assumptions must be made. The following assumptions have been made in the preparation of this document. Also presented for each assumption is the “Level of uncertainty”, “Risk” and “Financial Impact” for each.

Legislative

Assumption

Local Government may be significantly affected by changes in legislation as a result of a new Government being elected in late 2017. However, until the Coalition settles in fully there is no certainty as to its policy direction and specifics to achieve its desired outcomes. As a result of the uncertainty, It is assumed that legislative and Government Policy changes will not significantly impact upon Council’s current responsibilities and activities.

Level of Uncertainty

Medium.

Risk

It is highly likely that the new Government will want to advance its own agenda. As a result of local government having a very broad range of activities it is also very probable the cumulative effect on Council will be significant.

Financial Impact

To date Government’s reforms have not reduced legislative obligations, costs or the impact on the ratepayer. It is too early to assess the financial impact of the Government’s signalled policy announcements. However, it is expected that there will be specific requirements resulting from legislative change, the Havelock North Water Quality Inquiry and a continued issuance of National Policy Statements. However, Council is moving to address the likely outcomes of the Havelock North Inquiry in its infrastructure planning.

Inflation

Assumption

The costs, revenues and asset values reflected in this plan reflect the following “Forecasts of Price Level Change Adjustors to 2028” produced by Business Economic Research Limited (BERL) in September 2017 for the Society of Local Government Managers.

Label Year Ending	Planning and Regulation	Roading	Transport	Community Activities	Water and Environmental
% change on year earlier					
June 2017	1.4	1.6	1.6	1.8	1.2
June 2018	1.8	1.9	1.9	1.7	1.8
June 2019	2.0	2.0	2.0	1.7	2.3
June 2020	2.1	2.2	2.0	2.0	2.5
June 2021	2.1	2.2	2.1	2.1	2.3
June 2022	2.1	2.3	2.2	2.1	2.4
June 2023	2.2	2.4	2.2	2.2	2.4
June 2024	2.3	2.4	2.3	2.3	2.5
June 2025	2.3	2.5	2.4	2.3	2.6
June 2026	2.4	2.6	2.5	2.4	2.6
June 2027	2.4	2.7	2.5	2.4	2.7
June 2028	2.5	2.8	2.7	2.6	2.8
20 year average % pa	2.3	2.5	2.4	2.3	2.6

BERL also consolidates the above adjustors into a consolidated Local Government Cost Index (LGCI) which is further split between operating and capital expenditure.

Year ending	OPEX	CAPEX	TOTAL
	annual average % change		
June 2017	1.5	1.5	1.52
June 2018	1.8	1.8	1.80
June 2019	2.0	2.0	2.06
June 2020	2.2	2.2	2.12
June 2021	2.2	2.2	2.17
June 2022	2.2	2.2	2.21
June 2023	2.3	2.3	2.35

Assumptions, Disclosure and Compliance

June 2024	2.3	2.4	2.29
June 2025	2.4	2.4	2.41
June 2026	2.5	2.5	2.53
June 2027	2.5	2.6	2.55
June 2028	2.6	2.7	2.64

Level of Uncertainty

Medium to high.

NB: The forecast increases for Capital Expenditure are generally higher than operating cost increases and it is the Capital Expenditure that has historically driven rates increases.

Risk

There is a risk that the local inflation rates may be higher or lower than the national averages forecast by BERL.

Financial Impact

Should local inflation exceed the national average, this could result in either an increase in rates and debt servicing or deferral of capital projects which may impact upon the level of service that can be provided.

Interest Rate on Council Borrowings

Assumption

Council has assumed a long term interest rate on internal loans of 5.5% for the entire 10 years covered by the Long Term Plan. External interest rates may vary depending on the term of the debt and prevailing market conditions.

Level of Uncertainty

Medium.

Risk

As a result of the continuing impact of the Global Financial Crisis and the expectation of increased interest rates in the future, Council has adopted a conservative position compared to current market rates to mitigate the risk associated with interest rate movements. Council has adopted this approach as interest rates can increase significantly within short timeframes, as has happened in the past. Council will attempt to mitigate the impact of interest rate rises with a prudent hedging programme that

operates in accordance with its Treasury Policy. However, because of Council's current low debt level, its ability to hedge significant amounts of its forecast debt is limited.

Financial Impact

Increases in interest rates above 5.5% will result in higher debt servicing costs and rates funding requirements. Council only debt (internal and external) is currently forecast to peak at approximately \$225 million. As a result a 1% increase in interest rates above the 5.5% forecast would result in increased interest costs of \$2.3 million.

Population Growth

Assumption

In preparing the Long Term Plan Council has assumed population growth will occur at slightly above the Department of Statistics medium population growth projection. Population growth is further discussed in the Key Issues and Infrastructure Strategy sections of the Long Term Plan.

Level of Uncertainty

Low.

Risks

Population growth occurs at rates above or below the level forecast with corresponding impacts on the revenue received from rates and development contributions.

Financial Impact

If population growth occurs at a slower rate than forecast, then the level of development contributions received will be lower than expected. However, there is the opportunity to mitigate the financial impact by slowing the Capital Expenditure programme. It is not expected that levels of service will be impacted upon significantly.

Economic Life

Assumption

Council has made a number of assumptions about the useful lives of its assets. The detail for each asset category is shown in the Statement of Accounting Policies. The useful lives are consistent with Council's experience with respect to its ongoing replacement programme.

Level of Uncertainty

Low.- above ground

Assumptions, Disclosure and Compliance

Medium – below ground

Risk

Assets wear out and need to be replaced earlier than anticipated.

Financial Impact

Depreciation and borrowing costs would increase if replacement Capital Expenditure was required earlier than anticipated. However, these impacts could be mitigated in part by reprioritising the Capital Expenditure programme. There may also be an increase in maintenance costs to keep the asset operational until it is decided to proceed with replacement.

Subsidy Rates

Assumption

The New Zealand Transport Agency (NZTA) has recently reviewed its financial assistance policy and it is assumed that Council will retain, for the period of the Plan, its current subsidy rate of 51% for road maintenance and construction works.

Level of Uncertainty

Low.

Risk

NZTA will either reduce the subsidy rate and/or toughen the criteria for the inclusion of works in the qualifying programme.

Financial Impact

If the subsidy rate is reduced, either a reduction in the level of service or an increase in rates would be required. Council is already receiving very good pricing for road maintenance compared to other Local Authorities, through its collaboration with NZTA in the form of Marlborough Roads.

Natural Disasters

Assumption

Should a major natural disaster occur the District could be faced with significant repair and reconstruction costs. Council has estimated the maximum probable loss (MPL) cost as a result of a major earthquake, flood or tsunami at approximately \$485 million, following a joint Treasury supported exercise with AON and Tonkin and Taylor. It is assumed that this forecast is accurate. It is also assumed that:

- The forecast contributions from the Local Authority Protection Programme (LAPP), insurance, Government and the NZTA will be received.
- Through a combination of Council's reserves, investment realisation, credit facilities and rescheduling capital and other works, Council can meet the remaining costs associated with a major disaster over a seven year period.
- As a result of a second earthquake occurring in Christchurch, Council has also modelled the financial impact of second significant event. Through the use of the same mechanisms identified in the two bullet points above, Council could meet the remaining costs associated with a second major disaster over a seven year period post the second event.

The LAPP fund is a mutual pool set up to assist Councils cover their share of damage to "below ground" and river protection assets resulting from a significant natural event. At the time the fund was formed commercial insurance alternatives for these assets was not available. There was also a clear requirement from Central Government that any assistance given to rebuild infrastructure following a disaster will only be made available if Council has made adequate financial provisions to cover its own repair obligations.

Above ground assets are insured through commercial insurance. These costs are in addition to LAPP contributions. Insurance costs have increased over recent years as a direct result of national and international disasters. Council has mitigated the effect by joining with Nelson City and Tasman District Councils and a pool of over 600 Australian Local Authorities.

2016 Kaikoura Earthquake. Council is still investigating the damage caused by the November 2016 Kaikoura earthquake. Evidence suggests the earthenware sewerage network pipes in Blenheim and Picton have sustained extensive damage. The LTP has included a provisional \$12.0 million for their replacement over 10 years. Council is working with Government officials and its insurers to reduce the amount it must fund itself. Also strengthening work is required for a number of Community Facilities. These allocations have reduced the dedicated Emergency Events Reserve to a forecast balance of just over \$9 million at 30 June 2018. Council had intended to rebuild this Reserve using the surpluses from the General Revenues Account, but the forecast balance in 2028 is still only \$3 million. This is because of the expected ongoing funding demands from Road and River damage following rainfall events and the reduction in revenue into the account resulting from the decision to reduce the interest rate assumption. While Council would like to increase this balance over time, it is also aware of its ability to reprioritise its capital works programme, probable insurance and Government funding and its total Reserve position. As a result Council believes that it has sufficient capacity to meet its obligations should a significant natural disaster occur without the need for an immediate rates increase.

Assumptions, Disclosure and Compliance

Level of Uncertainty

Low.

Risks

The actual costs of recovery from a major natural disaster are higher than the forecast MPL of approximately \$485 million.

Financial Impact

Should Council's current estimate of MPL and existing arrangements prove inadequate, either an increase in debt and corresponding increase in rates or a slowing in the rebuild would need to occur.

Taxation Framework

Assumption

Council has assumed that existing taxation framework for the Marlborough District Council group will continue for the period of the Long Term Plan.

Level of Uncertainty

Low.

Risk

That the Inland Revenue Department (IRD) takes a view that Council's Holding Company structure is inconsistent with taxation legislation resulting in an increase in associated tax costs.

Financial Impact

Council has mitigated the potential for this to happen by obtaining independent legal advice and a "Binding Ruling" from the IRD on the establishment of MDC Holdings Ltd. Council has not deviated from the principles determined at establishment, so the risk and financial impacts should be low.

Asset Ownership and Valuation

In the preparation of the Long Term Plan it has been assumed that Council will retain:

- Ownership of MDC Holdings Limited and its subsidiaries:
- Its ownership share (88.5%) in Marlborough Regional Forestry, with Kaikoura District Council owning the remaining 11.5%.
- Ownership of all substantial assets currently owned.

It has also been assumed that Council will revalue its major assets annually.

Level of Uncertainty

Low.

Risk

The asset values shown in the Long Term Plan have been adjusted based on the BERL indices. The risk is that the results of actual revaluations may be higher or lower than those disclosed in the Long Term Plan.

Financial Impact

If asset revaluations are higher than forecast, this will increase the resulting depreciation cost and rates as Council moves to provide for asset replacement.

Sources of Funds for Capital Expenditure

Page 164 of the Financial Strategy identifies the expected sources of funds for Council's Capital Expenditure programme. It has been assumed that the funds identified for each of these sources will be received.

Level of Uncertainty

Low.

Risk

That the forecast funding will not be received as forecast.

Financial Impact

As it is proposed to fund Capital Expenditure from a range of sources it should be possible to compensate a funding shortfall from one source with funding from another i.e. borrowing. If it is decided to increase borrowing a debt servicing cost and a corresponding increase in rates will arise. The alternative is to slow Capital Expenditure especially if the project is growth related and the funding shortfall relates to Development Contributions.

Climate Change

Council has assumed that the climate changes in relation to rainfall, temperature and sea level will occur as predicted. It has been further assumed that climate change will have minimal impact over the period of the 2018-2028 Long Term Plan. This topic is considered in greater depth in Council's Infrastructure Strategy. This is appropriate given this Strategy covers a longer 30 year period.

Assumptions, Disclosure and Compliance

Level of Uncertainty

Low.

Risk

That asset and hazard planning has not adequately assessed climate change.

Financial Impact

For the period of the Long Term Plan, the financial impact is assessed as low as climate change on the whole is occurring very slowly, providing extended lead times for mitigation measures if required.

Emissions Trading Scheme (ETS)

Any direct impacts of the ETS through potential price increases are assumed to be covered by Council's inflation assumptions and thus factored into the forecasts.

Specific ETS costs relating to waste and landfill have been incorporated into those estimates, together with the increased revenue that will be received.

Pre 1990 forestry has been registered. Any costs associated with ETS will be minimal given Council's rotation and replanting policy.

Level of Uncertainty

Low.

Risk

The impact and scope of the ETS may be more than assumed.

Financial Impact

The Council will face increased compliance and operating costs, which if significant enough, may require higher fees and charges or increased rating requirements to fund them. However, Council had already taken steps to reduce the landfill liability and fix the price of the Emission Trading Units that will be required to be surrendered for the first three years of the Scheme's operation.

Resource Consents

Council has assumed that it will continue to hold and comply with appropriate resource consents to enable it to continue its activities, especially in relation to sewerage and stormwater.

Level of Uncertainty

Low.

Risk

Appropriate consents are either not renewed or require improvements in level of service before being granted. The trends in Resource Consent requirements are covered more fully in the Infrastructure Strategy.

Financial Impact

The main financial impact could occur if levels of service require improvement before a resource consent renewal is granted. The resulting increase in costs will likely require an increase in borrowing which in turn will impact on rates.

Financial Statements

Forecast Statement of Comprehensive Revenue and Expense

Marlborough District Council												
Forecast Statement of Comprehensive Revenue and Expense												
for the year ending 30 June:	note:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Revenue:												
General rates, uniform annual general charges, rates penalties	2	42,269	43,584	45,462	47,580	49,403	51,024	52,605	54,360	55,833	57,464	58,987
Targeted rates	2	21,786	23,618	25,580	27,665	29,459	32,177	33,994	35,256	36,742	37,892	38,529
Finance income	3	2,369	1,899	2,207	2,716	3,448	4,237	4,114	4,012	3,923	4,062	3,875
Development and financial contributions		1,813	2,766	2,818	2,873	2,928	3,439	3,240	4,981	3,170	3,236	3,303
Other revenue	4	44,505	63,334	45,867	42,453	43,757	45,594	47,499	49,214	51,564	55,323	55,906
Gains	4	7,920	5,674	2,603	2,311	564	619	614	9	6	17	16
Total revenue	1	120,662	140,875	124,537	125,598	129,559	137,090	142,066	147,832	151,238	157,994	160,616
Expenditure by function:												
Democratic Process		3,129	3,197	3,434	3,456	3,386	3,623	3,626	3,557	3,795	3,781	3,729
Culture and Heritage		2,682	3,155	1,213	1,284	1,351	1,351	1,351	1,350	1,349	1,348	1,348
Housing for Seniors		1,154	1,319	1,438	1,595	1,651	1,660	1,659	1,645	1,644	1,710	1,759
Community Support		2,426	2,594	2,525	2,379	2,177	2,230	2,236	2,171	2,228	2,238	2,275
Library Services		2,310	2,718	2,803	2,952	3,167	3,278	3,214	3,246	3,296	3,351	3,419
Emergency Management		954	581	589	593	599	607	618	629	640	650	662
Community Facilities		9,832	11,167	12,105	12,277	12,589	12,764	12,638	13,137	13,306	13,504	13,869
Roads and Footpaths		20,866	21,210	21,619	22,512	23,321	24,249	25,097	25,986	26,841	27,803	28,461
Flood Protection and Control Works		5,000	5,228	5,420	5,639	5,906	6,204	6,500	6,745	6,986	7,240	7,537
Sewerage		10,910	11,301	12,323	13,241	13,895	14,926	16,563	17,574	18,366	19,616	20,006
Water Supply		8,660	8,854	9,507	10,428	11,160	11,424	11,754	11,967	12,196	12,374	12,593
Stormwater Drainage		2,214	2,214	2,303	2,353	2,383	2,430	2,543	2,668	2,745	2,855	2,978
Solid Waste Management		8,572	9,967	10,307	10,531	10,677	10,859	11,693	11,945	12,097	12,313	12,000
Environmental Policy		1,778	1,708	1,383	1,413	1,441	1,470	1,502	1,534	1,564	1,597	1,638
Environmental Science and Monitoring		3,800	4,096	4,331	4,897	5,444	5,593	5,587	5,721	5,826	5,959	6,088
Resource Consents		2,648	2,641	2,713	2,776	2,839	2,905	2,975	3,046	3,120	3,195	3,278
Environmental Protection		1,260	1,417	1,508	1,622	1,739	1,801	1,846	1,892	1,939	1,988	2,040
Biosecurity (Pest Management)		1,632	1,468	1,605	1,745	1,777	1,813	1,852	1,892	1,932	1,973	2,025
Building Control		3,670	3,947	3,806	3,787	3,904	3,964	4,092	4,160	4,295	4,368	4,514
Environmental Health		531	561	574	586	598	608	621	633	644	656	671
Animal Control		739	753	770	798	814	831	849	868	886	906	928
Harbours		1,384	1,507	1,584	1,639	1,680	1,718	1,769	1,854	1,928	1,930	2,007
Regional Development		5,775	6,219	6,858	7,216	7,308	7,330	7,523	7,563	7,457	7,697	7,543
		101,926	107,822	110,718	115,719	119,806	123,638	128,108	131,783	135,080	139,052	141,368
less internal interest eliminated	3	(5,406)	(3,622)	(3,156)	(2,201)	(1,150)	(263)	(796)	(1,246)	(1,826)	(2,349)	(3,037)
Total expenditure by function		96,520	104,200	107,562	113,518	118,656	123,375	127,312	130,537	133,254	136,703	138,331

Marlborough District Council												
Forecast Statement of Comprehensive Revenue and Expense												
for the year ending 30 June:	note:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Non-activity expenditure												
Other expenditure	5	5,069	15,521	5,274	5,413	5,519	5,451	5,147	5,142	4,912	4,894	4,742
Marlborough Regional Forestry	5	5,502	7,394	4,069	941	997	1,045	1,089	1,058	800	2,704	2,665
Total non-activity expenditure		10,571	22,915	9,343	6,354	6,516	6,496	6,236	6,200	5,712	7,598	7,407
Total expenditure	5	107,091	127,115	116,905	119,872	125,172	129,871	133,548	136,737	138,966	144,301	145,738
Surplus		13,571	13,760	7,632	5,726	4,387	7,219	8,518	11,095	12,272	13,693	14,878

Forecast Statement of Other Comprehensive Revenue and Expense

Forecast Statement of Other Comprehensive Revenue and Expense												
for the year ending 30 June:	note:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Surplus for the year		13,571	13,760	7,632	5,726	4,387	7,219	8,518	11,095	12,272	13,693	14,878
Other comprehensive revenue:												
Gain on property revaluations	8	24,775	25,796	31,602	32,304	34,677	36,941	39,027	42,411	44,150	47,252	50,393
Total other comprehensive revenue and expense		24,775	25,796	31,602	32,304	34,677	36,941	39,027	42,411	44,150	47,252	50,393
Total comprehensive revenue and expense		38,346	39,556	39,234	38,030	39,064	44,160	47,545	53,506	56,422	60,945	65,271

Forecast Statement of Changes in Net Assets/Equity

Forecast Statement of Changes in Net Assets/Equity												
for the year ending 30 June:	note:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Balance at 1 July		1,452,996	1,507,691	1,547,247	1,586,481	1,624,511	1,663,575	1,707,735	1,755,280	1,808,786	1,865,208	1,926,153
Total comprehensive revenue and expense for the year		38,346	39,556	39,234	38,030	39,064	44,160	47,545	53,506	56,422	60,945	65,271
Balance at 30 June		1,491,342	1,547,247	1,586,481	1,624,511	1,663,575	1,707,735	1,755,280	1,808,786	1,865,208	1,926,153	1,991,424

Forecast Statement of Financial Position

Marlborough District Council												
Forecast Statement of Financial Position												
as at 30 June:	note:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Assets:												
Current assets:												
Cash and cash equivalents		486	54	272	172	459	525	100	119	169	50	325
Debtors and other receivables	6	6,199	11,445	11,688	11,941	12,205	12,492	12,778	13,087	13,417	13,758	14,122
Other financial assets	7	8,493	9,223	9,223	9,223	9,223	9,223	9,223	9,223	9,223	9,223	9,223
Inventory (including non-current assets held for sale)		787	1,040	1,045	1,050	1,056	1,062	1,068	1,075	1,082	1,089	1,097
Total current assets		15,964	21,762	22,228	22,386	22,943	23,302	23,169	23,504	23,891	24,120	24,767
Non-current assets:												
Other financial assets	7	66,439	67,046	77,310	94,523	119,465	144,681	136,789	130,174	123,582	124,499	115,499
Intangible assets	8	603	2,989	4,149	4,336	4,471	3,509	3,674	3,774	3,768	3,870	3,962
Biological assets		14,773	13,485	13,341	13,939	14,497	15,077	15,680	15,680	15,680	15,263	14,889
Property, plant and equipment	8	1,506,037	1,564,920	1,634,137	1,697,207	1,754,027	1,812,756	1,871,712	1,922,854	1,972,503	2,025,663	2,074,238
Total non-current assets		1,587,852	1,648,440	1,728,937	1,810,005	1,892,460	1,976,023	2,027,855	2,072,482	2,115,533	2,169,295	2,208,588
Total assets		1,603,816	1,670,202	1,751,165	1,832,391	1,915,403	1,999,325	2,051,024	2,095,986	2,139,424	2,193,415	2,233,355
Liabilities:												
Current liabilities:												
Creditors and other payables	9	13,019	17,710	18,085	18,474	18,884	19,326	19,767	20,243	20,753	21,280	21,842
Employee entitlements		1,859	2,033	2,076	2,121	2,168	2,219	2,270	2,325	2,383	2,444	2,508
Total current liabilities		14,878	19,743	20,161	20,595	21,052	21,545	22,037	22,568	23,136	23,724	24,350
Non-current liabilities:												
Borrowings	10	96,000	100,517	141,781	184,494	227,936	267,152	270,760	261,645	248,053	240,470	214,470
Provisions		1,317	2,403	2,444	2,486	2,529	2,574	2,621	2,653	2,685	2,717	2,751
Employee entitlements		280	292	298	305	311	319	326	334	342	351	360
Total non-current liabilities		97,596	103,212	144,523	187,285	230,776	270,045	273,707	264,632	251,080	243,538	217,581
Total liabilities		112,474	122,955	164,684	207,880	251,828	291,590	295,744	287,200	274,216	267,262	241,931
Net assets		1,491,342	1,547,247	1,586,481	1,624,511	1,663,575	1,707,735	1,755,280	1,808,786	1,865,208	1,926,153	1,991,424
Equity:												
Accumulated funds		597,699	605,631	626,353	636,255	655,902	660,484	663,230	661,876	666,847	666,711	665,153
Other reserves		893,643	941,616	960,128	988,256	1,007,673	1,047,251	1,092,050	1,146,910	1,198,361	1,259,442	1,326,271
Total equity		1,491,342	1,547,247	1,586,481	1,624,511	1,663,575	1,707,735	1,755,280	1,808,786	1,865,208	1,926,153	1,991,424

Forecast Statement of Cashflows

Forecast Statement of Cash Flows											
for year ending 30 June:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash flows from operating activities:											
Receipts from rates revenue	64,055	67,202	71,042	75,245	78,862	83,201	86,599	89,616	92,575	95,356	97,516
Sale of inventory	-	10,769	-	-	-	-	-	-	-	-	-
Interest received	2,369	1,899	2,207	2,716	3,448	4,237	4,114	4,012	3,923	4,062	3,875
Dividends received	874	2,675	2,910	3,174	3,227	3,453	4,008	4,658	4,872	5,052	5,297
User charges and other revenues	40,804	47,585	44,367	40,708	41,975	44,045	45,165	47,916	48,187	51,783	52,127
Payments to suppliers and employees	(80,242)	(87,603)	(85,603)	(85,151)	(87,110)	(89,211)	(90,729)	(92,874)	(94,766)	(99,067)	(101,253)
Interest paid	(2,322)	(3,460)	(4,610)	(6,395)	(8,120)	(9,675)	(10,220)	(10,367)	(10,108)	(9,821)	(8,934)
Net cash flows from operating activities	25,538	39,067	30,313	30,297	32,282	36,050	38,937	42,961	44,683	47,365	48,628
Cash flows from investing activities:											
Sale of assets	27,774	10,383	3,405	4,329	6	3,105	11	38	9	21	36
Movements in investments	500	3,223	(10,264)	(17,213)	(24,942)	(25,216)	7,892	6,615	6,592	(917)	9,000
Purchase of fixed assets	(62,269)	(63,360)	(64,500)	(60,226)	(50,501)	(53,089)	(50,873)	(40,480)	(37,642)	(39,005)	(31,389)
Net cash flows from investing activities	(33,995)	(49,754)	(71,359)	(73,110)	(75,437)	(75,200)	(42,970)	(33,827)	(31,041)	(39,901)	(22,353)
Cash flows from financing activities:											
Movement in borrowings (external)	8,000	10,277	41,264	42,713	43,442	39,216	3,608	(9,115)	(13,592)	(7,583)	(26,000)
Net increase/(decrease) in cash	(457)	(410)	218	(100)	287	66	(425)	19	50	(119)	275
Cash and cash equivalents:											
at the beginning of the year	943	464	54	272	172	459	525	100	119	169	50
at the end of the year	486	54	272	172	459	525	100	119	169	50	325

Statement of Accounting Policies

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

These prospective financial statements of Marlborough District Council (MDC) are for the years commencing 1 July 2018 and ending on 30 June 2028.

These prospective financial statements were authorised for issue by Council on 28 June 2018.

1. Reporting Entity

MDC is not presenting group prospective financial statements as the Council believes that parent statements are more relevant to users. The main purpose of these statements is to provide users with information about the core services that the Council intends to provide to ratepayers, the expected cost of those services and the consequent requirement for rate funding. The level of rate funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from, or further invests in, those subsidiaries and such effects are included in these parent prospective financial statements.

These prospective financial statements therefore reflect the activities and position of MDC plus the Council's 88.5% share in the joint committee Marlborough Regional Forestry, which is also domiciled in New Zealand.

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

2. Basis of Preparation

These prospective financial statements have been prepared in accordance with Tier 1 PBE Accounting Standards. As a result of applying the new accounting standards, there have been no significant changes in the Council's accounting policies.

(i) Statement of Compliance

The prospective financial statements of the Council have been prepared in accordance with the requirements of the LGA: sections 95, 100, 101, 111 and Part 2 of Schedule 10 which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

(ii) Prospective financial statements

The prospective financial statements comply with Tier 1 PBE Accounting Standards. The prospective financial statements have been prepared using the best information available at the time they were prepared.

The prospective financial statements comply with PBE FRS 42 Prospective Financial Statements. The information in this prospective financial statements may not be appropriate for purposes other than those described.

(iii) Measurement Base

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

(iv) Functional and Presentational Currency

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

(v) Changes in Accounting Policies

There have been no significant changes in the accounting policies and accounting policies have been applied consistently to the prospective financial statements in MDC's 2017-18 Annual Plan; to the financial statements for the year ended 30 June 2017; and to these prospective financial statements.

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

In preparing these prospective financial statements MDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumption are continually evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The actual results achieved are likely to vary from the information presented and the variations may be material.

3. Significant Accounting Policies

(i) Investments in Subsidiaries

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

Statement of Accounting Policies

(ii) **Interests in Joint Committees**

There is a contractual arrangement whereby Council and Kaikoura District Council (KDC) undertake an activity that is subject to joint control.

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

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

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

(iii) **Revenue**

Most of the Council's revenue is from non-exchange transactions accounted for under PBE IPSAS 23. Exchange transactions are recognised under PBE IPSAS 9. Professional judgement is exercised to determine whether the substance of a transaction is non-exchange or exchange.

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

Revenue from Non-Exchange Transactions

Rates Revenue

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

Government Subsidies and Grants

NZTA roading subsidies (received in respect of maintaining the roading infrastructure) and other government grants/subsidies are recognised as revenue upon entitlement ie; when conditions relating to eligible expenditure have been fulfilled. This revenue is shown as subsidy revenue. Other Government assistance received includes contributions towards the upkeep of

Returned Servicemen Association cemetery plots, community housing, community safety and environmental control.

Provision of Services Partial Cost Recovery/Subsidised

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

Vested Assets

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

Financial/Development Contributions

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

Revenue from Exchange Transactions

Water billing Revenue

Water Billing is recognised on an accrual basis.

Provision of Services full Cost Recovery

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

Sales of Goods

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

Interest and Dividends

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

(iv) **Borrowing Costs**

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

(v) Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

(vi) Leases

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

Operating Leases

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. All operating lease contracts contain review clauses in the event that MDC exercises its option to renew. The lessee does not have an option to purchase the property at expiry of the lease period.

Rentals payable under operating leases are charged to revenue on a straight-line basis over the term of the relevant lease.

(vii) Cash and Cash Equivalents

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

Trade and other Receivables

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

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

Derivative Financial Instruments and Hedge Accounting

MDC enters into interest rate swaps to manage interest rate risk and, from time to time, foreign currency forward contracts to manage foreign currency rate fluctuation risk. The Council does not use derivative financial instruments for speculative purposes.

Derivative financial instruments fall into the "fair value through surplus or deficit" category.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. Derivative instruments entered into by MDC do not qualify for hedge accounting. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised in the surplus or deficit.

(viii) Other Financial Assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which MDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and MDC has transferred substantially all the risks and rewards of ownership.

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

- loans and receivables and investments in CCOs and similar entities; and
- Term deposits and bonds which are held-to-maturity investments;

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective

interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities where there is a positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Impairment of Financial Assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit. Impairment is established when there is objective evidence that MDC will not be able to collect amounts due according to the original terms of the debt.

(ix) Inventories

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

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

Provision has been made for obsolescence for inventories held for maintenance purposes, where applicable.

(x) Non-current Assets Held for Sale

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

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for

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

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

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

(xi) Property, Plant and Equipment

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

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

- Infrastructural assets.
- Operational assets.
- Restricted assets.

Infrastructural Assets

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

Operational Assets

Operational assets are acquired to enable the ongoing operations.

Restricted Assets

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

Revaluation

Land and buildings and infrastructural assets are revalued with sufficient regularity that the carrying amount does not differ materially from that which would be determined using fair values at balance date, generally every year.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve this balance is expensed in the Statement of Comprehensive Revenue and Expense. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

Additions between valuations are recorded at cost, except for vested assets. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use. Certain infrastructural assets and land have been vested in Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation which is their deemed cost. Vested infrastructural assets are initially valued based on the actual quantities of infrastructural components vested and the current “in the ground” cost of providing identical services and this is their deemed cost.

Depreciation

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

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

Infrastructural assets	Life	Rate
Work in progress	Not depreciated	
Infrastructure land	Not depreciated	
Land under roads	Not depreciated	

Flood protection and controlled works (Pump stations and dams)	25 - 100 years	1 - 4%
Roads and footpaths	4 – 110 years	0.9 – 25%
Sewerage oxidation ponds	Not depreciated	
Sewerage treatment	10 - 100 years	1 – 10%
Stormwater drainage schemes	25 - 100 years	1 – 4%
Water supply schemes - other	20 -100 years	1 – 5%
Water treatment and facilities	20-100 years	1 - 5%
Operational assets		
Work in progress	Not depreciated	
Buildings	30 - 100 years	1 – 3.33%
Forest crops	Not depreciated	
Land	Not depreciated	
Landfill	6.9 - 40	2.5 to 14.5%
Library books	13.33 years	7.50%
Other structures and improvements	10 – 100 years	1 -10%
Office equipment, furniture and fittings	5 – 13.33 years	7.5 – 20%
Plant, machinery and equipment	5 - 20 years	5 - 20%
Restricted assets		
Buildings	30 - 100 years	1 – 3.33%
Land	Not depreciated	

Disposals

On the sale or retirement of a revalued asset, the attributable revaluation profit remaining, net of any related deferred taxes, in the revaluation reserve is transferred directly to accumulated funds.

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

(xii) Intangible Assets - Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the

development of software for internal use by MDC are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overhead costs. Staff training costs, maintenance and web related costs are recognised in the surplus or deficit when incurred.

Amortisation

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

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

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

Computer software 3 to 5 years 20% to 33.3%.

(xiii) Impairment of Property, Plant and Equipment and Intangible Assets

At each balance sheet date MDC reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, estimates are made of the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of market value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount with the expense being recognised in the Statement of Comprehensive Revenue and Expense.

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

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

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

Forestry Assets

Forestry assets are owned and managed by Marlborough Regional Forestry. They are stated at fair value less costs to sell for one growing cycle, with any resultant gain or loss recognised in the surplus or deficit. Sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

The fair value of all trees is based on estate based Net Present Value (NPV) method, using the present value of future cash flows discounted at a pre-tax market determined rate.

Council owns and manage some trees for soil conservation purposes. These are revalued as per Council’s policy on property, plant and equipment.

(xiv) Investment Property

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

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

(xv) Trade and Other Payables

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

(xvi) Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest rate method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs, and any discount or premium on drawdown.

Bank loans are classified as current liabilities (either advances or current portion of term debt) unless MDC has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(xvii) Employee Entitlements

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

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

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

Sick leave, annual leave, vested long service leave and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

(xviii) Superannuation Schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are expensed.

(xix) Provisions

Provisions are recognised when MDC has a present obligation as a result of a past event, a reliable estimate can be made for the amount of the obligation and it is probable that MDC will be required to settle that obligation. Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at balance date and are discounted to present value where the effect is material.

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires MDC to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arms-length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the higher of:

- the present value of the estimated amount to settle the guarantee obligation if it is probable that there will be an outflow to settle the guarantee; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

(xx) Equity

Equity is the community’s interest in MDC and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the special uses that MDC intends to make of its accumulated profits. These components of equity are:

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

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

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

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

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

(xxi) Goods and Services Tax

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

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

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

(xxii) Cost Allocation

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

(xxiii) Foreign Currencies

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

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

(xxiv) Annual Plan Figures

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

(xxv) Emissions Trading Scheme (ETS)

Marlborough Regional Forestry (MRF) is a participant in the ETS with regard to both its significant holdings of "pre 1990" forests and currently minor holding of "post 1989" forests.

Pre 1990 emission units (NZU's) received are recognised at fair value and subsequently measured at cost subject to impairment. It is not anticipated that MRF will have any future liabilities or obligations with regard to its pre 1990 forests.

Post 1989 NZU's received are recognised at cost (\$nil) and subsequently measured at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required. If operations proceed as planned there will always be post 1989 units on hand equal to any liability.

Any future cash flows associated with units receivable/payable will be taken into consideration in determining the valuation of the forest estate.

Council's regional landfill has entered the ETS and has incurred liabilities from 1 January 2013. NZU's purchased to meet these liabilities are recognised at cost and subsequently recognised at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required.

Notes to Financial Statements

Marlborough District Council Financial Statement Notes											
1. Summary cost of services											
for the year ending 30 June:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Revenue:											
People	10,535	11,385	11,924	12,060	12,074	12,540	12,541	12,650	13,092	13,272	13,464
Community Facilities	10,591	11,657	11,954	12,326	12,736	13,006	13,493	14,128	14,417	14,735	15,220
Roads and Footpaths	21,231	21,667	22,221	22,495	23,275	24,148	24,975	25,883	27,677	28,719	28,587
Flood Protection and Control Works	7,324	7,572	7,855	8,384	9,202	9,861	10,244	10,550	10,867	11,409	11,852
Sewerage	10,718	11,687	12,538	13,371	14,004	15,057	16,439	17,240	18,166	19,475	20,076
Stormwater Drainage	2,370	2,435	2,545	2,606	2,667	3,193	3,049	4,867	3,092	3,226	3,368
Water Supply	8,797	8,838	9,476	10,358	11,171	11,467	11,817	12,066	12,366	12,586	12,841
Solid Waste Management	8,995	10,537	10,795	11,062	11,340	11,608	11,890	12,187	12,475	12,784	13,113
Environmental Management	8,882	9,453	9,864	10,637	11,391	11,695	11,833	12,116	12,370	12,658	12,964
Regulatory	7,941	8,294	8,395	8,601	8,811	8,965	9,205	9,435	9,721	9,862	10,164
Regional Development	5,533	5,719	6,085	6,279	6,434	7,879	8,191	8,310	8,521	8,071	7,723
Total activity revenue	102,917	109,244	113,652	118,179	123,105	129,419	133,677	139,432	142,764	146,797	149,372
Plus other revenue (including forestry)	25,371	38,713	18,651	16,015	15,724	17,609	19,405	20,013	20,408	23,367	23,215
Less activity related interest revenue	(7,626)	(7,082)	(7,766)	(8,596)	(9,270)	(9,938)	(11,016)	(11,613)	(11,934)	(12,170)	(11,971)
Total revenue	120,662	140,875	124,537	125,598	129,559	137,090	142,066	147,832	151,238	157,994	160,616
Expenditure:											
People	12,655	13,564	12,002	12,258	12,331	12,750	12,705	12,600	12,951	13,077	13,193
Community Facilities	9,832	11,167	12,105	12,277	12,589	12,764	12,638	13,137	13,306	13,504	13,869
Roads and Footpaths	20,866	21,210	21,619	22,512	23,321	24,249	25,097	25,986	26,841	27,803	28,461
Flood Protection and Control Works	5,000	5,228	5,420	5,639	5,906	6,204	6,500	6,745	6,986	7,240	7,537
Sewerage	10,910	11,301	12,323	13,241	13,895	14,926	16,563	17,574	18,366	19,616	20,006
Stormwater Drainage	2,214	2,214	2,303	2,353	2,383	2,430	2,543	2,668	2,745	2,855	2,978
Water Supply	8,660	8,854	9,507	10,428	11,160	11,424	11,754	11,967	12,196	12,374	12,593
Solid Waste Management	8,572	9,967	10,307	10,531	10,677	10,859	11,693	11,945	12,097	12,313	12,000
Environmental Management	9,487	9,862	9,934	10,708	11,463	11,769	11,909	12,193	12,450	12,739	13,045
Regulatory	7,956	8,236	8,340	8,556	8,773	8,933	9,183	9,405	9,685	9,834	10,143
Regional Development	5,775	6,219	6,858	7,216	7,308	7,330	7,523	7,563	7,457	7,697	7,543
Total activity expenditure	101,927	107,822	110,718	115,719	119,806	123,638	128,108	131,783	135,080	139,052	141,368
Plus other expenditure (including forestry)	12,790	26,375	13,953	12,749	14,636	16,171	16,456	16,567	15,820	17,419	16,341
Less activity related interest expense	(7,626)	(7,082)	(7,766)	(8,596)	(9,270)	(9,938)	(11,016)	(11,613)	(11,934)	(12,170)	(11,971)
Total operating expenditure	107,091	127,115	116,905	119,872	125,172	129,871	133,548	136,737	138,966	144,301	145,738

2. Rates revenue

	for the year ending 30 June:											
	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	
People	8,147	8,654	9,035	9,290	9,370	9,653	9,725	9,750	9,983	10,171	10,249	
Community Facilities	8,498	9,293	9,777	10,149	10,513	10,778	11,256	11,842	12,069	12,377	12,800	
Roads and Footpaths	10,001	10,099	10,502	10,987	11,398	11,933	12,451	12,992	13,448	14,042	14,441	
Flood Protection and Control Works	4,043	4,310	4,515	4,775	5,115	5,507	5,872	6,153	6,432	6,723	7,061	
Sewerage	7,939	8,014	8,777	9,524	10,064	10,720	11,597	12,288	13,097	14,281	14,748	
Stormwater Drainage	1,935	2,006	2,110	2,175	2,231	2,305	2,420	2,551	2,637	2,768	2,898	
Water Supply	7,693	8,216	8,823	9,698	10,503	10,790	11,128	11,368	11,660	11,866	12,109	
Solid Waste Management	2,840	2,965	3,072	3,176	3,271	3,353	3,438	3,524	3,583	3,657	3,731	
Environmental Management	6,157	6,670	7,026	7,712	8,398	8,676	8,795	9,028	9,220	9,473	9,708	
Regulatory	3,256	3,218	3,311	3,495	3,613	3,684	3,834	3,958	4,122	4,164	4,337	
Regional Development	3,544	3,755	4,092	4,262	4,384	5,800	6,081	6,160	6,322	5,832	5,432	
Total activity rates	64,053	67,200	71,040	75,243	78,860	83,199	86,597	89,614	92,573	95,354	97,514	
Non-activity rates	2	2	2	2	2	2	2	2	2	2	2	
Total gross rates revenue	64,055	67,202	71,042	75,245	78,862	83,201	86,599	89,616	92,575	95,356	97,516	
Less rates remissions	599	843	792	741	691	692	693	694	695	697	698	
Rates revenue net of remissions	63,456	66,359	70,250	74,504	78,171	82,509	85,906	88,922	91,880	94,659	96,818	

3. Finance revenue and finance costs

	for the year ending 30 June:											
	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	
Finance revenue - interest revenue:												
Term deposits and investments	2,369	1,899	2,207	2,716	3,448	4,237	4,114	4,012	3,923	4,062	3,875	
Total finance revenue	2,369	1,899	2,207	2,716	3,448	4,237	4,114	4,012	3,923	4,062	3,875	
Finance costs - interest expense:												
Total activity related interest expense	7,626	7,004	7,718	8,548	9,221	9,889	10,966	11,563	11,883	12,119	11,919	
Bank charges on borrowings	102	78	48	49	49	50	50	50	51	51	52	
Less internal interest eliminated	(5,406)	(3,622)	(3,156)	(2,201)	(1,150)	(263)	(796)	(1,246)	(1,826)	(2,349)	(3,037)	
Total finance costs	2,322	3,460	4,610	6,396	8,120	9,676	10,220	10,367	10,108	9,821	8,934	
Net finance costs	(47)	1,561	2,403	3,680	4,672	5,439	6,106	6,355	6,185	5,759	5,059	

4. Other revenue including gains											
	for the year ending 30 June:										
	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
NZTA roading subsidy	8,743	9,206	9,341	9,038	9,368	9,714	10,012	10,348	11,636	12,056	11,473
Fees and charges	8,880	9,920	10,344	10,549	10,787	11,032	11,297	11,570	11,862	12,171	12,499
Marlborough Regional Forestry	6,803	7,547	4,165	34	-	-	-	-	-	2,182	2,156
Regulatory revenues	4,939	5,813	5,792	5,913	6,044	6,175	6,323	6,471	6,624	6,783	6,952
Rental revenues	4,515	5,714	5,424	5,760	6,318	6,656	6,763	6,864	6,989	7,333	7,534
Contributions and levies	1,473	614	408	433	443	453	464	475	487	500	513
Vested assets	1,139	1,139	1,166	1,191	1,219	1,248	1,279	1,311	1,346	1,382	1,421
Trade waste operating charges	1,207	1,946	2,029	2,111	2,200	2,292	2,392	2,496	2,608	2,727	2,855
Infringements and fines	632	538	550	562	575	588	603	618	634	650	668
Dividends received	1,801	2,675	2,910	3,174	3,227	3,453	4,008	4,658	4,872	5,052	5,297
Subsidies and grants	1,336	519	413	406	252	257	263	269	264	270	277
Petroleum ax	367	367	367	367	367	367	367	367	367	367	367
Rates penalties	345	315	315	315	315	315	315	315	315	315	315
Trade Waste - capital charges	825	975	975	975	975	1,275	1,675	1,675	1,675	1,675	1,675
Licence revenue	353	353	362	369	377	385	394	403	413	423	433
Rental revenue from investment properties	168	-	-	-	-	-	-	-	-	-	-
Other revenue	979	4,924	1,306	1,256	1,290	1,384	1,344	1,374	1,472	1,437	1,471
Sale of inventory	-	10,769	-	-	-	-	-	-	-	-	-
Gain on sale of fixed assets	7,920	5,674	2,603	2,311	564	619	614	9	6	17	16
Total other revenue and gains	52,425	69,008	48,470	44,764	44,321	46,213	48,113	49,223	51,570	55,340	55,922

5. Expenditure

	for the year ending 30 June:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Other non-activity expenditure:												
Non-activity expenditure in the Statement of Comprehensive Revenue and Expense is made up of:												
Insurance		1,064	1,499	1,468	1,482	1,497	1,513	1,371	1,231	1,091	952	814
Property costs		1,696	1,735	1,424	1,435	1,422	1,376	1,371	1,400	1,388	1,393	1,404
Rate remissions as note 2		599	843	792	741	691	692	693	694	695	697	698
Cost of goods sold		-	10,036	-	-	-	-	-	-	-	-	-
Other (including Marlborough Regional Forestry)		7,212	8,802	5,659	2,696	2,906	2,915	2,801	2,875	2,538	4,556	4,491
Total non-activity expenditure		10,571	22,915	9,343	6,354	6,516	6,496	6,236	6,200	5,712	7,598	7,407
Expenditure disclosures:												
Total expenditure in the Statement of Comprehensive Revenue and Expense includes the following amounts which are required to be disclosed separately:												
Finance costs as note 3		2,322	3,460	4,610	6,396	8,120	9,676	10,220	10,367	10,108	9,821	8,934
Depreciation		23,074	24,928	26,098	27,861	29,451	30,018	30,987	31,828	32,434	33,316	34,016
Personnel costs		21,644	23,528	24,239	25,182	25,936	26,541	27,154	27,792	28,460	29,157	29,903
Grants		3,943	4,048	4,064	3,939	3,959	3,853	3,352	3,375	3,423	3,424	3,450
Insurance premiums		1,753	2,402	2,389	2,423	2,462	2,497	2,558	2,632	2,712	2,809	2,923
Councillors remuneration		670	694	709	724	739	755	772	791	809	829	849
Payments under operating leases		477	510	513	567	569	572	574	577	580	583	586
Fees to principal auditor:												
Audit fees for financial statement audit		128	140	142	145	149	152	155	159	163	167	171
Audit fees for Long Term Plan		95	-	-	92	-	-	98	-	-	-	-
Loss on disposal of fixed assets		42	9	4	-	-	20	-	48	-	-	-
Other operating expenses		46,880	60,002	50,068	51,602	52,790	54,742	56,589	58,110	59,477	61,491	62,241
Marlborough Regional Forestry		6,063	7,394	4,069	941	997	1,045	1,089	1,058	800	2,704	2,665
Total expenditure disclosures		107,091	127,115	116,905	119,872	125,172	129,871	133,548	136,737	138,966	144,301	145,738

6. Debtors and other receivables

as at 30 June:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	
Non-exchange receivables:												
Rates receivables	2,840	2,651	2,708	2,766	2,827	2,893	2,960	3,032	3,108	3,186	3,271	
Other receivables (fees and charges and other)	2,169	5,538	5,656	5,778	5,906	6,045	6,183	6,332	6,492	6,658	6,834	
GST (net)	776	876	894	914	934	956	978	1,001	1,026	1,053	1,080	
Prepayments	67	675	689	704	720	737	754	772	791	812	833	
Other (accruals)	96	1,113	1,136	1,161	1,187	1,215	1,242	1,272	1,305	1,338	1,373	
Total non-exchange receivables	5,948	10,853	11,084	11,323	11,573	11,845	12,117	12,410	12,722	13,045	13,391	
Exchange receivables:												
Metered water receivables	242	600	613	626	640	655	670	686	704	722	741	
Total exchange receivables	242	600	613	626	640	655	670	686	704	722	741	
Less provision for impairment	8	(8)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(9)	(9)	
Total debtors and other receivables	6,198	11,445	11,688	11,941	12,205	12,492	12,778	13,087	13,417	13,758	14,122	

7. Other financial assets

as at 30 June:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	
Current portion:												
Term deposits and bonds with maturities of 4-12 months	8,493	9,223	9,223	9,223	9,223	9,223	9,223	9,223	9,223	9,223	9,223	
Total current portion	8,493	9,223	9,223	9,223	9,223	9,223	9,223	9,223	9,223	9,223	9,223	
Non-current portion:												
Term deposits and bonds and community loans with Community loans	4,705	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	
Loan to joint venture Marlborough Regional Forestry	-	-	-	-	885	1,770	2,655	3,540	3,540	3,540	3,540	
Loan to subsidiary MDC Holdings Ltd	55,000	55,457	65,721	82,934	106,991	131,322	122,545	115,045	108,453	109,370	100,370	
Unlisted shares in subsidiaries	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	
Shares: NZ Local Govt. Insurance Corp.	85	85	85	85	85	85	85	85	85	85	85	
Shares other	649	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	
Total non-current portion	66,439	67,046	77,310	94,523	119,465	144,681	136,789	130,174	123,582	124,499	115,499	
Total other financial assets	74,932	76,269	86,533	103,746	128,688	153,904	146,012	139,397	132,805	133,722	124,722	

8. Property, plant and equipment and Intangible assets

as at 30 June:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Capital additions by activity:											
Opening value	1,452,159	1,501,340	1,567,909	1,638,286	1,701,543	1,758,498	1,816,265	1,875,386	1,926,628	1,976,271	2,029,533
Culture and Heritage	50	-	10	2,083	-	-	-	-	-	-	-
Housing for Seniors	315	330	158	162	165	169	172	177	-	-	-
Community Support	20	20	20	21	21	22	22	23	23	24	25
Library Services	598	1,286	3,510	6,583	4,591	343	410	398	416	434	445
Emergency Management	28	9	30	9	10	10	10	10	10	11	11
People	1,011	1,645	3,728	8,858	4,787	544	614	608	449	469	481
Community Facilities	4,359	6,499	6,539	3,459	3,193	3,004	5,201	4,095	3,112	3,198	3,275
Roads and Footpaths	14,243	15,322	15,325	13,481	13,950	14,361	15,492	14,854	15,415	15,925	14,605
Flood Protection and Control Works	3,549	3,042	3,659	4,119	4,077	4,011	2,085	2,172	1,933	1,999	2,056
Sewerage	15,411	17,340	12,759	9,065	18,939	20,186	23,863	7,611	20,510	6,538	1,418
Stormwater Drainage	2,386	1,300	1,117	639	1,137	1,824	3,979	965	937	2,243	2,306
Water Supply	7,903	9,673	6,694	16,452	5,868	10,172	3,903	4,790	798	1,819	2,726
Solid Waste Management	1,681	357	53	623	2,071	2,572	474	812	6,362	173	83
Environmental Science and Monitoring	-	150	1,179	1,249	1,316	211	267	274	178	183	188
Environmental Policy and Protection	900	-	-	-	-	-	-	-	-	-	-
Resource Consents	3	3	3	3	3	3	-	-	-	-	-
Environmental Management	903	153	1,182	1,252	1,319	214	267	274	178	183	188
Environmental Health	3	3	4	4	4	4	4	4	4	4	4
Animal Control	-	198	-	-	-	-	-	-	-	-	-
Harbours	212	212	523	497	160	285	406	498	177	181	737
Regulatory	215	413	527	501	164	289	410	502	181	185	741
Regional Development	2,605	11,123	5,392	160	153	169	211	216	119	122	126
Forest Park Development	3,620	3,391	4,048	-	-	-	-	-	-	-	-
Information Services	3,661	2,812	1,585	1,128	1,650	1,122	1,315	1,346	1,040	1,065	1,091
Commercial Property	-	400	-	-	-	-	-	-	-	-	-
Plant Operations	201	225	243	160	111	153	195	300	169	272	392
Office Services	100	100	102	104	106	131	111	114	117	119	122
Total capital expenditure	61,848	73,795	62,953	60,001	57,525	58,752	58,120	38,659	51,320	34,310	29,610
Disposals	(6,662)	(2,568)	(805)	(2,616)	-	(3,086)	(1)	(76)	(2)	(4)	(20)
Less carryovers movement	(2,905)	(5,527)	2,725	1,429	(5,794)	(4,824)	(7,038)	2,076	(13,391)	5,020	2,698
Depreciation	(22,575)	(24,927)	(26,099)	(27,861)	(29,452)	(30,017)	(30,986)	(31,828)	(32,434)	(33,316)	(34,015)
Revaluation	24,775	25,796	31,602	32,304	34,677	36,941	39,027	42,411	44,150	47,252	50,393
Closing value	1,506,640	1,567,909	1,638,286	1,701,543	1,758,498	1,816,265	1,875,386	1,926,628	1,976,271	2,029,533	2,078,200

9. Creditors and other payables

	as at 30 June:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Trade payables		6,550	9,627	9,830	10,040	10,263	10,503	10,742	11,001	11,277	11,562	11,869
Accrued expenses		1,880	2,293	2,342	2,393	2,446	2,503	2,560	2,622	2,688	2,757	2,830
Revenue in advance		2,518	3,548	3,624	3,702	3,784	3,873	3,962	4,057	4,160	4,266	4,378
Deposits		1,540	1,722	1,758	1,796	1,836	1,879	1,922	1,969	2,018	2,070	2,124
Agency account		260	109	111	114	116	119	122	124	128	131	134
Trust funds		255	252	257	263	269	275	281	288	295	303	311
Amounts due to related parties		16	159	163	166	170	174	178	182	187	191	196
Total creditors and other payables		13,019	17,710	18,085	18,474	18,884	19,326	19,767	20,243	20,753	21,280	21,842

10. Borrowings

	as at 30 June:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
People		2,722	2,480	2,904	8,614	12,533	9,060	8,712	8,566	8,425	8,268	8,100
Community Facilities		13,953	16,460	18,323	18,817	18,812	19,356	21,648	22,630	22,600	22,628	22,562
Roads and Footpaths		11,306	10,153	11,989	13,901	15,846	17,818	19,673	20,574	21,419	22,202	22,920
Flood Protection and Control Works		2,361	2,552	3,973	6,307	9,623	12,666	13,676	14,716	15,158	16,044	16,766
Sewerage		45,754	40,533	42,634	43,081	43,581	57,731	75,732	77,880	92,370	93,304	88,936
Stormwater Drainage		1,345	231	202	171	138	103	67	30	6	1	1
Water Supply		21,598	21,491	22,574	31,477	30,185	28,817	29,405	31,321	29,118	27,568	27,005
Solid Waste Management		7,079	6,547	5,984	5,391	4,839	4,340	3,826	3,333	2,868	2,399	1,941
Environmental Management		403	370	356	341	325	309	291	273	254	233	367
Regulatory		557	152	654	633	611	587	562	936	878	817	1,361
Regional Development		19,097	26,343	30,164	28,616	26,991	31,011	29,138	27,168	25,089	23,383	22,083
Commercial Property		4,757	5,665	5,440	5,203	4,952	4,687	4,408	4,113	3,802	3,473	3,126
Plant Operations		685	656	626	594	560	524	486	446	404	359	312
Marlborough Regional Forestry			-	-	-	885	1,770	2,655	3,540	3,540	3,540	3,540
MDC Holdings Ltd financing		55,000	56,017	66,281	83,494	107,551	131,882	123,105	115,605	109,013	109,930	100,930
Total loans		186,617	189,650	212,104	246,640	277,432	320,661	333,384	331,131	334,944	334,149	319,950
Less internal loans		90,617	89,133	70,324	62,147	49,496	53,510	62,624	69,486	86,891	93,679	105,480
Total borrowings (external loans)		96,000	100,517	141,780	184,493	227,936	267,151	270,760	261,645	248,053	240,470	214,470

11. Exchange and non-exchange revenue											
for the year ending 30 June:	AP 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Non-exchange revenue:											
General rates and charges	63,185	64,559	68,347	72,495	76,057	80,340	83,681	86,640	89,539	92,259	94,357
Donations, subsidies and grants	10,079	9,725	9,754	9,444	9,620	9,972	10,275	10,617	11,900	12,327	11,750
Fees and charges	14,423	16,246	16,661	16,997	17,378	17,768	18,193	18,629	19,089	19,573	20,088
Other Revenue	16,304	29,584	12,084	11,932	10,403	11,493	11,794	13,108	11,556	11,764	12,046
Total non-exchange revenue	103,991	120,113	106,845	110,868	113,457	119,572	123,944	128,994	132,083	135,924	138,241
Exchange revenue:											
Metered water	871	2,643	2,696	2,750	2,805	2,861	2,918	2,976	3,036	3,097	3,159
Rentals and leases	4,827	5,999	5,716	6,057	6,623	6,968	7,082	7,191	7,325	7,678	7,888
Marlborough Regional Forestry	6,803	7,547	4,165	34	-	-	-	-	-	2,182	2,156
Interest and dividends	4,170	4,574	5,117	5,890	6,675	7,690	8,122	8,670	8,795	9,114	9,172
Total exchange revenue	16,671	20,762	17,693	14,730	16,102	17,518	18,122	18,837	19,155	22,070	22,374
Total Revenue	120,662	140,875	124,537	125,598	129,559	137,090	142,066	147,832	151,238	157,994	160,616

12. Reserves

as at 30 June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s

12.1 Reserve funds - Council wide

Emergency Events Reserve

Purpose: Council's Emergency Events Reserve, which is part of Council's risk management strategy, exists to - protect Council's infrastructural assets; - make a provision for restoration of Council's roading network in the event of extraordinary flood damage; - provide for the restoration of Council's Wairau floodplain river protection assets;

Activities to which it relates: Infrastructural Assets including the roading network and rivers.

Opening balance	9,925	9,739	8,034	5,853	3,312	810	(541)	(1,484)	(1,192)	(88)
Transfer to reserve	2,951	1,477	1,279	955	983	1,485	2,030	2,802	3,734	4,460
Transfer from reserve	(1,583)	(1,873)	(2,061)	(2,114)	(2,179)	(2,287)	(2,410)	(2,511)	(2,630)	(2,744)
Capex transfer from reserve	(1,554)	(1,309)	(1,399)	(1,383)	(1,306)	(549)	(563)	-	-	-
Closing balance	9,739	8,034	5,853	3,312	810	(541)	(1,484)	(1,192)	(88)	1,628

Capex transfers are for upgrading of buildings and other structures with seismic issues

Forestry and Land Development Reserve

Purpose: Receives revenue from Marlborough Regional Forestry and from the sale of non-activity assets for funding any projects approved by Council.

Activities to which it relates: Any Activity approved by Council.

Opening balance	13,138	18,558	12,565	13,022	10,999	10,205	9,864	9,529	9,298	9,070
Transfer to reserve	19,360	2,862	4,321	-	-	-	-	-	-	-
Transfer from reserve	(3,153)	(1,077)	(902)	(687)	(531)	(24)	(18)	(11)	(8)	(5)
Capex transfer from reserve	(10,786)	(7,778)	(2,963)	(1,336)	(264)	(317)	(317)	(220)	(220)	(220)
Closing balance	18,558	12,565	13,022	10,999	10,205	9,864	9,529	9,298	9,070	8,845

Infrastructure Upgrade Reserve

Purpose: To be used for essential infrastructure; to assist funding of new assets (up to a maximum of 50%), and to assist the funding of significant capital upgrades which will increase the targeted level of service supplied to the community.

Activities to which it relates: Infrastructure such as Water and Sewerage etc, and other Activities as determined by Council from time to time.

Opening balance	5,682	7,300	8,585	9,736	10,858	12,144	13,755	15,698	17,686	20,065
Transfer to reserve	4,287	4,522	5,041	5,527	5,929	6,484	7,134	7,348	7,754	8,056
Transfer from reserve	(2,670)	(3,237)	(3,890)	(4,405)	(4,643)	(4,873)	(5,190)	(5,360)	(5,375)	(5,383)
Closing balance	7,300	8,585	9,736	10,858	12,144	13,755	15,698	17,686	20,065	22,738

Land Subdivision Reserve

Purpose: To provide for Development Contributions and their utilisation in accordance with the provisions of the Local Government Act 2002.

Activities to which it relates: Community Facilities including Reserves, Halls, Swimming Pools.

Opening balance	3,231	2,791	2,189	1,573	768	846	671	442	359	439
Transfer to reserve	1,240	1,278	1,316	1,355	1,396	1,438	1,481	1,526	1,571	1,618
Capex transfer from reserve	(1,680)	(1,880)	(1,932)	(2,160)	(1,319)	(1,612)	(1,710)	(1,609)	(1,491)	(1,569)
Closing balance	2,791	2,189	1,573	768	846	671	442	359	439	489

as at 30 June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Port Marlborough NZ Ltd Special Dividend Reserve										
Purpose: Defined amounts to be available to the Blenheim Vicinity, Picton Vicinity and General Rural geographic rating areas, or the interest on any unspent balance to be used to subsidise General rates in those areas.										
Activities to which it relates Various.										
Opening balance	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313
Transfer to reserve	237	237	237	237	237	237	237	237	237	237
Transfer from reserve	(237)	(237)	(237)	(237)	(237)	(237)	(237)	(237)	(237)	(237)
Closing balance	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313	4,313
Wairau Rivers reserve										
Purpose: Accumulates each year-end surplus or deficit from the Wairau Valley River Works rates.										
Activities to which it relates: Rivers and Land Drainage on the Wairau Plain.										
Opening balance	2,305	1,171	(257)	(1,251)	(1,069)	(853)	(690)	(471)	(450)	(144)
Transfer to reserve	1,059	1,064	1,005	1,039	1,120	1,133	1,140	1,164	1,176	1,209
Transfer from reserve	(512)	(638)	(533)	(677)	(586)	(669)	(690)	(840)	(571)	(723)
Capex transfer from reserve	(1,680)	(1,854)	(1,466)	(180)	(319)	(301)	(231)	(303)	(299)	(269)
Closing balance	1,171	(257)	(1,251)	(1,069)	(853)	(690)	(471)	(450)	(144)	73
12.2 Accumulated funds										
Purpose: technical accounting reserve to accumulate Council surplus's, amounts transferred to/from other reserves are deducted-from/added-to this balance.										
Activities to which it relates: All.										
Opening balance	583,930	605,631	626,353	636,255	655,902	660,484	663,230	661,876	666,847	666,711
Surplus from Operations	13,760	7,632	5,726	4,387	7,219	8,518	11,095	12,272	13,693	14,878
Transfer from (to) General Reserves	(13,008)	(5,073)	(3,527)	(12,344)	2,642	4,394	11,063	4,427	9,908	11,888
Transfer from (to) Corporate Reserves	20,948	18,163	7,703	27,604	(5,279)	(10,166)	(23,512)	(11,728)	(23,737)	(28,325)
Closing balance	605,631	626,353	636,255	655,902	660,484	663,230	661,876	666,847	666,711	665,153
12.3 Reserve funds - Activity specific										
These reserves are "owned" by a specific activity or individual scheme etc and exist for the following purposes:										
General Reserve: to accumulate targeted rates or other revenue for use in subsequent years.										
Depreciation Reserve: to accumulate rates levied to fund depreciation expense, may be used to fund capital expenditure or repayment of debt raised to fund capital expenditure.										
Landfill Aftercare Reserve: to accumulate "dump fees" charged from the operation of the landfill (or of a stage) required to fund its closure and management once it is fully utilised.										
Development Contribution Reserve: to accumulate development and financial contributions to fund qualifying capital expenditure.										
Total of low balance reserves not separately disclosed:										
Opening balance	995	300	878	1,482	1,664	1,693	1,771	1,167	1,221	870
Transfer to reserve	313	1,002	920	553	348	376	341	387	354	428
Transfer from reserve	(593)	(306)	(270)	(271)	(269)	(273)	(897)	(285)	(654)	(280)
Capex transfer from reserve	(416)	(118)	(47)	(100)	(50)	(25)	(48)	(48)	(51)	(51)
Closing balance	300	878	1,482	1,664	1,693	1,771	1,167	1,221	870	966

as at 30 June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Housing for Seniors General and Depreciation Reserve										
Opening balance	(648)	(550)	(317)	(159)	28	296	661	1,139	1,905	2,718
Transfer to reserve	428	392	330	352	437	537	655	766	813	884
Transfer from reserve	-	-	(11)	-	-	-	-	-	-	-
Capex transfer from reserve	(330)	(158)	(162)	(165)	(169)	(172)	(177)	-	-	-
Closing balance	(550)	(316)	(160)	28	296	661	1,139	1,905	2,718	3,602
Energy Efficiency General Reserve										
Opening balance	(2,174)	(2,204)	(2,181)	(2,108)	(1,981)	(1,869)	(1,769)	(1,570)	(1,389)	(1,195)
Transfer to reserve	375	451	502	453	434	416	407	383	385	386
Transfer from reserve	(405)	(428)	(430)	(326)	(322)	(316)	(207)	(202)	(191)	(181)
Closing balance	(2,204)	(2,181)	(2,109)	(1,981)	(1,869)	(1,769)	(1,569)	(1,389)	(1,195)	(990)
Library Services General and Depreciation Reserve										
Opening balance	76	(240)	(194)	(1,447)	(1,373)	(1,236)	(1,123)	(770)	(388)	7
Transfer to reserve	471	496	491	463	524	525	530	552	579	601
Transfer from reserve	(1)	(1)	(11)	(53)	(44)	(2)	(5)	(12)	(21)	(30)
Capex transfer from reserve	(787)	(449)	(1,734)	(336)	(343)	(410)	(173)	(158)	(163)	(153)
Closing balance	(241)	(194)	(1,448)	(1,373)	(1,236)	(1,123)	(771)	(388)	7	425
Memorials Depreciation Reserve										
Opening balance	120	92	115	138	163	179	207	236	270	259
Transfer to reserve	30	31	32	33	34	36	38	43	16	17
Capex transfer from reserve	(58)	(8)	(8)	(9)	(17)	(9)	(9)	(9)	(27)	(10)
Closing balance	92	115	139	162	180	206	236	270	259	266
Public Conveniences Depreciation Reserve										
Opening balance	115	197	253	316	361	390	376	395	411	409
Transfer to reserve	118	127	135	143	148	153	158	164	170	177
Transfer from reserve	(36)	(52)	(68)	(83)	(92)	(98)	(103)	(110)	(116)	(123)
Capex transfer from reserve	-	(19)	(4)	(15)	(27)	(70)	(35)	(38)	(56)	(51)
Closing balance	197	253	316	361	390	375	396	411	409	412
Swimming Pools General and Depreciation Reserve										
Opening balance	(2,019)	(1,557)	(1,056)	(546)	(25)	510	1,057	1,621	2,201	2,801
Transfer to reserve	504	515	527	540	555	570	586	605	626	647
Transfer from reserve	(41)	(14)	(17)	(19)	(21)	(22)	(23)	(25)	(26)	(28)
Closing balance	(1,556)	(1,056)	(546)	(25)	509	1,058	1,620	2,201	2,801	3,420

as at 30 June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Roading General and Depreciation Reserve										
Opening balance	10,805	9,747	9,747	9,514	9,222	8,907	7,765	6,579	6,155	5,685
Transfer to reserve	5,052	5,201	5,443	5,684	5,931	6,194	6,455	6,710	6,965	7,162
Transfer from reserve	(275)	(310)	(409)	(504)	(604)	(708)	(803)	(887)	(972)	(1,060)
Capex transfer from reserve	(5,835)	(4,891)	(5,268)	(5,471)	(5,643)	(6,628)	(6,839)	(6,246)	(6,464)	(5,782)
Closing balance	9,747	9,747	9,513	9,223	8,906	7,765	6,578	6,156	5,684	6,005
Roading Development Contributions Reserve (Northwest Periphery)										
Opening balance	(1,287)	(3,036)	(4,659)	(4,331)	(3,993)	(3,644)	(3,285)	(2,718)	(2,135)	(1,536)
Transfer from reserve	(10)	(5)	-	-	-	-	-	-	-	-
Capex transfer from reserve	(1,739)	(1,618)	328	338	349	359	567	583	600	617
Closing balance	(3,036)	(4,659)	(4,331)	(3,993)	(3,644)	(3,285)	(2,718)	(2,135)	(1,535)	(919)
Wairau Floodplain Drainage Depreciation Reserve										
Opening balance	166	279	405	536	643	671	806	915	876	1,020
Transfer to reserve	143	157	162	163	170	170	167	174	188	209
Capex transfer from reserve	(30)	(31)	(31)	(55)	(143)	(34)	(58)	(214)	(37)	(38)
Closing balance	279	405	536	644	670	807	915	875	1,020	1,168
Wairau Floodplain Rivers General and Depreciation Reserve										
Opening balance	110	113	116	120	124	129	134	141	148	156
Transfer to reserve	41	43	45	47	49	54	60	62	64	66
Transfer from reserve	(38)	(39)	(40)	(41)	(41)	(49)	(49)	(50)	(51)	(52)
Capex transfer from reserve	-	(1)	(1)	(2)	(3)	-	(4)	(5)	(6)	(6)
Closing balance	113	116	120	124	129	134	141	148	155	164
Combined Sewerage General and Depreciation Reserve										
Opening balance	78	(4,901)	(7,790)	(8,900)	(19,407)	(16,145)	(12,790)	(9,358)	(5,817)	(2,163)
Transfer to reserve	3,071	3,350	4,056	4,275	4,583	4,849	4,983	5,228	5,557	5,743
Transfer from reserve	(1,215)	(1,205)	(1,278)	(1,281)	(1,321)	(1,494)	(1,551)	(1,688)	(1,903)	(1,906)
Capex transfer from reserve	(6,835)	(5,035)	(3,888)	(13,500)	-	-	-	-	-	-
Closing balance	(4,901)	(7,791)	(8,900)	(19,406)	(16,145)	(12,790)	(9,358)	(5,818)	(2,163)	1,674
Combined Sewerage Development Contribution Reserve										
Opening balance	1,220	915	-	-	-	-	-	-	-	-
Capex transfer from reserve	(305)	(915)	-	-	-	-	-	-	-	-
Closing balance	915	-	-	-	-	-	-	-	-	-

as at 30 June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Riverlands Industrial Sewerage General and Depreciation Reserve										
Opening balance	(159)	(384)	(97)	456	1,088	809	227	226	(471)	(427)
Transfer to reserve	341	377	389	398	505	716	833	882	931	953
Transfer from reserve	(566)	(737)	(703)	(660)	(1,084)	(1,998)	(2,328)	(2,279)	(2,383)	(2,331)
Capex transfer from reserve	-	647	867	893	300	700	1,495	700	1,496	1,475
Closing balance	(384)	(97)	456	1,087	809	227	227	(471)	(427)	(330)
Blenheim Stormwater General and Depreciation Reserve										
Opening balance	2,771	2,740	3,516	4,257	4,567	4,679	2,440	4,955	5,683	5,173
Transfer to reserve	1,009	1,048	1,086	1,121	1,140	1,194	1,246	1,296	1,354	1,413
Transfer from reserve	(55)	(40)	(35)	(10)	-	-	-	-	-	-
Capex transfer from reserve	(985)	(231)	(310)	(801)	(1,028)	(3,433)	1,269	(568)	(1,864)	(1,918)
Closing balance	2,740	3,517	4,257	4,567	4,679	2,440	4,955	5,683	5,173	4,668
Other Stormwater Schemes Depreciation Reserve										
Opening balance	2,136	2,514	2,339	2,741	3,151	3,571	3,998	4,435	4,895	5,385
Transfer to reserve	445	458	473	485	497	508	519	531	542	554
Transfer from reserve	(28)	(29)	(31)	(33)	(35)	(37)	(37)	(24)	(5)	-
Capex transfer from reserve	(39)	(604)	(41)	(42)	(43)	(44)	(45)	(46)	(48)	(49)
Closing balance	2,514	2,339	2,740	3,151	3,570	3,998	4,435	4,896	5,384	5,890
Awatere Water Depreciation and Development contribution Reserve										
Opening balance	(298)	(31)	215	121	(286)	19	(244)	2	244	252
Transfer to reserve	386	383	395	414	421	426	282	225	227	230
Capex transfer from reserve	(119)	(137)	(490)	(822)	(115)	(689)	(36)	16	(219)	13
Closing balance	(31)	215	120	(287)	20	(244)	2	243	252	495
Blenheim Water General, Depreciation and Development contribution Reserve										
Opening balance	2,639	(1,450)	(2,753)	(4,975)	(6,633)	(13,169)	(10,700)	(8,198)	(5,654)	(3,120)
Transfer to reserve	2,801	3,035	3,224	3,363	3,507	3,640	3,743	3,829	3,891	3,924
Transfer from reserve	(1,261)	(1,173)	(1,171)	(1,097)	(1,126)	(1,180)	(1,250)	(1,294)	(1,365)	(1,466)
Capex transfer from reserve	(5,628)	(3,165)	(4,275)	(3,923)	(8,916)	9	9	9	9	9
Closing balance	(1,449)	(2,753)	(4,975)	(6,632)	(13,168)	(10,700)	(8,198)	(5,654)	(3,119)	(653)
Riverlands Water General and Depreciation Reserve										
Opening balance	(194)	(314)	(437)	(531)	(567)	(589)	(587)	(592)	(606)	(631)
Transfer to reserve	119	124	204	280	283	289	295	302	308	315
Transfer from reserve	(84)	(88)	(197)	(315)	(303)	(286)	(298)	(314)	(332)	(350)
Capex transfer from reserve	(154)	(159)	(101)	(1)	(1)	(1)	(1)	(1)	(1)	(2)
Closing balance	(313)	(437)	(531)	(567)	(588)	(587)	(591)	(605)	(631)	(668)

as at 30 June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Landfill Aftercare Reserve										
Opening balance	488	469	510	552	596	641	688	719	751	784
Transfer to reserve	-	41	42	44	45	47	32	32	33	34
Closing balance	488	510	552	596	641	688	720	751	784	818
Landfills General and Depreciation Reserves										
Opening balance	(2,534)	(1,926)	(1,226)	(956)	(2,155)	(3,728)	(3,143)	(2,779)	(7,853)	(6,666)
Transfer to reserve	1,424	1,352	1,405	1,542	2,087	2,822	2,932	3,058	3,152	2,680
Transfer from reserve	(601)	(600)	(703)	(670)	(1,088)	(1,763)	(1,756)	(1,770)	(1,793)	(1,238)
Capex transfer from reserve	(215)	(53)	(431)	(2,071)	(2,572)	(474)	(812)	(6,362)	(173)	(83)
Closing balance	(1,926)	(1,227)	(955)	(2,155)	(3,728)	(3,143)	(2,779)	(7,853)	(6,667)	(5,307)
Refuse Collections General and Depreciation Reserve										
Opening balance	477	462	446	255	276	295	313	330	327	303
Transfer to reserve	38	37	42	56	55	54	53	33	12	11
Capex transfer from reserve	(53)	(54)	(40)	(36)	(36)	(36)	(36)	(36)	(36)	(36)
Closing balance	462	445	448	275	295	313	330	327	303	278
Waste Minimisation Depreciation Reserve										
Opening balance	59	71	87	103	119	135	152	168	184	200
Transfer to reserve	109	115	116	117	102	103	104	96	97	99
Transfer from reserve	(97)	(98)	(99)	(101)	(86)	(87)	(88)	(79)	(81)	(83)
Closing balance	71	88	104	119	135	151	168	185	200	216
Environmental Science and Monitoring Depreciation Reserve										
Opening balance	164	255	348	451	839	1,275	1,727	2,187	2,651	3,110
Transfer to reserve	241	247	260	587	601	621	633	642	642	621
Capex transfer from reserve	(150)	(154)	(157)	(198)	(165)	(169)	(173)	(178)	(183)	(30)
Closing balance	255	348	451	840	1,275	1,727	2,187	2,651	3,110	3,701
LIMs General Reserve										
Opening balance	(32)	(1)	31	64	98	133	171	211	253	299
Transfer to reserve	31	32	32	34	36	38	40	43	45	47
Closing balance	(1)	31	63	98	134	171	211	254	298	346
Animal Control General and Depreciation Reserve										
Opening balance	248	96	132	149	155	151	136	108	69	18
Transfer to reserve	46	36	17	7	5	5	5	6	6	6
Transfer from reserve	-	-	-	-	(9)	(21)	(33)	(45)	(57)	(71)
Capex transfer from reserve	(198)	-	-	-	-	-	-	-	-	-
Closing balance	96	132	149	156	151	135	108	69	18	(47)

as at 30 June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Harbours General and Depreciation Reserve										
Opening balance	290	283	511	260	365	356	247	490	658	795
Transfer to reserve	205	235	246	265	276	298	326	345	319	360
Capex transfer from reserve	(212)	(7)	(497)	(160)	(285)	(406)	(83)	(177)	(181)	(128)
Closing balance	283	511	260	365	356	248	490	658	796	1,027
Irrigation Schemes (SVIS & Flaxbourne) General and Depreciation Reserve										
Opening balance	658	(554)	(1,599)	(2,858)	(4,176)	1,349	1,349	1,349	1,439	1,219
Transfer to reserve	354	373	548	560	573	584	596	599	522	534
Transfer from reserve	(920)	(1,418)	(1,807)	(1,878)	(813)	(584)	(596)	(509)	(741)	(534)
Capex transfer from reserve	(646)	-	-	-	5,766	-	-	-	-	-
Closing balance	(554)	(1,599)	(2,858)	(4,176)	1,350	1,349	1,349	1,439	1,220	1,219
Parking General and Depreciation Reserve										
Opening balance	(1,127)	(1,573)	(1,916)	(2,218)	(2,501)	(2,787)	(3,104)	(3,415)	(3,591)	(3,754)
Transfer to reserve	458	457	546	590	634	671	708	782	836	892
Transfer from reserve	(658)	(674)	(688)	(720)	(750)	(778)	(803)	(839)	(876)	(916)
Capex transfer from reserve	(246)	(126)	(160)	(153)	(169)	(211)	(216)	(119)	(122)	(126)
Closing balance	(1,573)	(1,916)	(2,218)	(2,501)	(2,786)	(3,105)	(3,415)	(3,591)	(3,753)	(3,904)
Plant General and Depreciation Reserve										
Opening balance	424	492	558	693	882	1,033	1,156	1,207	1,367	1,445
Transfer to reserve	280	285	292	300	306	313	319	327	334	343
Transfer from reserve	(2)	(3)	(5)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Capex transfer from reserve	(209)	(216)	(152)	(105)	(148)	(183)	(262)	(161)	(251)	(356)
Closing balance	492	558	693	882	1,033	1,156	1,207	1,367	1,445	1,426
Commercial Property and Development General and Depreciation Reserve										
Opening balance	723	675	738	794	845	836	816	785	743	689
Transfer to reserve	366	377	384	380	329	335	342	349	358	366
Transfer from reserve	(414)	(313)	(328)	(329)	(338)	(355)	(372)	(392)	(412)	(432)
Closing balance	675	738	794	845	836	816	785	743	689	622
Information Services General and Depreciation Reserve										
Opening balance	(2,079)	(2,413)	(2,430)	(2,144)	(2,239)	(1,676)	(1,374)	(1,128)	(601)	(197)
Transfer to reserve	2,465	1,728	1,830	1,970	1,878	1,617	1,592	1,567	1,468	1,377
Transfer from reserve	(1,445)	(415)	(415)	(415)	(193)	-	-	-	-	-
Capex transfer from reserve	(1,354)	(1,330)	(1,128)	(1,650)	(1,122)	(1,315)	(1,346)	(1,040)	(1,065)	(1,091)
Closing balance	(2,413)	(2,430)	(2,144)	(2,239)	(1,676)	(1,374)	(1,128)	(601)	(197)	88

as at 30 June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Office and Customer Services Depreciation Reserve										
Opening balance	2,381	2,818	3,241	3,664	4,077	4,469	4,895	5,321	5,528	5,755
Transfer to reserve	537	525	527	520	523	537	540	324	347	373
Transfer from reserve	-	-	-	-	-	-	-	-	-	-
Capex transfer from reserve	(100)	(102)	(104)	(106)	(131)	(111)	(114)	(117)	(119)	(122)
Closing balance	2,818	3,241	3,664	4,077	4,469	4,895	5,321	5,528	5,755	6,006
Plus Revaluation Reserves closing balance	896,339	927,167	959,327	994,562	1,032,101	1,071,707	1,114,722	1,158,871	1,206,124	1,256,100
Total Equity closing balance	1,547,247	1,586,481	1,624,511	1,663,575	1,707,735	1,755,280	1,808,786	1,865,208	1,926,153	1,991,424

All the reserves, excluding accumulated funds, add to the "other reserves" total as shown in the Statement of Financial Position.



Part 4: Funding Impact Statement and Rates

-
- **Funding Impact Statement**
 - **Financial Funding Impact Statement**
 - **Rates Funding Impact Statement**
- **Rates Movements 2018-28**

Financial Funding Impact Statement (FIS)

Accounting policies

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

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

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

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

- Any loss on sale of assets is not included as it does not involve a cash payment - whereas under GAAP it is included in Expenditure in the Forecast Statement of Comprehensive Revenue and Expense.

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

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

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

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

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

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

Below each FIS a reconciliation is given of the “Total applications of operating funding” in the FIS and the operating expenditure disclosed for that activity in the Forecast Statement of Comprehensive Revenue and Expense. For some activities a further breakdown is given of the operating and capital expenditure, eg; to individual scheme. This operating expenditure breakdown uses information from the Statement of Comprehensive Revenue and Expense and is prepared as per GAAP, similarly the capital expenditure includes vested assets as per GAAP

Funding Impact Statement

Funding Impact Statement (excluding GST)											
Marlborough District Council	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	41,744	43,898	45,777	47,895	49,717	51,339	52,920	54,675	56,147	57,779	59,302
Targeted rates	20,915	23,618	25,580	27,665	29,459	32,177	33,994	35,256	36,742	37,892	38,529
Subsidies and grants for operating purposes	5,375	5,052	5,076	5,148	5,147	5,351	5,496	5,673	5,879	6,095	6,245
Fees and charges	16,518	16,599	17,022	17,366	17,754	18,153	18,587	19,032	19,501	19,996	20,521
Interest and dividends from investments	4,170	4,574	5,117	5,890	6,675	7,690	8,122	8,670	8,795	9,114	9,172
Other receipts including fuel tax, fines and infringement fees	15,464	18,411	14,701	10,963	11,621	12,454	13,034	13,281	13,630	16,251	16,601
Total operating funding	104,186	112,152	113,272	114,927	120,374	127,163	132,153	136,586	140,695	147,126	150,369
Applications of operating funding											
Payments to staff and suppliers	75,550	92,036	81,572	81,303	83,404	85,649	87,670	89,800	91,681	95,999	98,199
Finance costs	2,322	3,460	4,610	6,396	8,120	9,676	10,220	10,367	10,108	9,821	8,934
Other operating funding applications	5,588	6,737	4,674	4,366	4,251	4,146	3,647	3,669	3,718	4,139	4,122
Total applications of operating funding	83,460	102,233	90,857	92,065	95,774	99,471	101,536	103,836	105,507	109,959	111,256
Surplus of operating funding	20,726	9,919	22,416	22,861	24,600	27,692	30,617	32,750	35,188	37,167	39,113
Sources of capital funding											
Subsidies and grants for capital expenditure	4,704	4,673	4,678	4,296	4,473	4,621	4,779	4,945	6,021	6,232	5,506
Development and financial contributions	1,813	2,766	2,818	2,873	2,928	3,439	3,240	4,981	3,170	3,236	3,303
Increase (decrease) in debt	8,000	10,277	41,264	42,713	43,442	39,216	3,608	(9,115)	(13,592)	(7,583)	(26,000)
Gross proceeds from sale of assets	11,275	21,152	3,405	4,329	6	3,105	11	38	9	21	36
Other dedicated capital funding	-	3,700	-	-	-	-	-	-	-	-	-
Total sources of capital funding	25,792	42,568	52,165	54,210	50,850	50,380	11,638	848	(4,392)	1,905	(17,155)
Applications of capital funding											
Capital expenditure to meet additional demand	17,046	15,419	19,956	15,675	11,925	14,025	16,210	5,013	8,454	7,513	5,898
Capital expenditure to improve the level of service	27,181	31,091	23,514	23,802	24,797	18,520	21,377	13,166	19,182	7,471	5,754
Capital expenditure to replace existing assets	17,621	27,286	19,483	20,524	20,803	26,207	20,533	20,480	23,684	19,326	17,958
Increase (decrease) in reserves	(14,830)	(18,085)	1,364	(143)	(7,018)	(5,896)	(7,973)	1,554	(13,933)	3,845	1,348
Increase (decrease) of investments	(500)	(3,223)	10,264	17,213	24,942	25,216	(7,892)	(6,615)	(6,592)	917	(9,000)
Total applications of capital funding	46,518	52,487	74,581	77,072	75,449	78,072	42,255	33,598	30,796	39,072	21,958
Deficit of capital funding	(20,726)	(9,919)	(22,416)	(22,861)	(24,600)	(27,692)	(30,617)	(32,750)	(35,188)	(37,167)	(39,113)
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement (excluding GST)											
Marlborough District Council	AP 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Reconciliation											
Total operating funding	104,186	112,152	113,272	114,927	120,374	127,163	132,153	136,586	140,695	147,126	150,369
Subsidies and grants for capital expenditure	4,704	4,673	4,678	4,296	4,473	4,621	4,779	4,945	6,021	6,232	5,506
Development and financial contributions	1,813	2,766	2,818	2,873	2,928	3,439	3,240	4,981	3,170	3,236	3,303
Other dedicated capital funding		3,700									
Gain on sale of fixed assets	7,920	5,674	2,603	2,311	564	619	614	9	6	17	16
Sale of inventory	-	10,769	-	-	-	-	-	-	-	-	-
Contributions and Vested assets	2,039	1,141	1,166	1,192	1,219	1,249	1,281	1,312	1,346	1,383	1,422
Total income as per Income Statement	120,662	140,875	124,537	125,598	129,559	137,090	142,066	147,832	151,238	157,994	160,616
Total applications of operating funding	83,460	102,233	90,857	92,065	95,774	99,471	101,536	103,836	105,507	109,959	111,256
plus - Depreciation and amortisation	23,589	24,873	26,045	27,807	29,398	30,381	32,012	32,853	33,459	34,342	34,482
plus - Loss on sale of fixed assets	42	9	4	-	-	20	-	48	-	-	-
Expenditure as per Income Statement	107,091	127,115	116,905	119,872	125,172	129,871	133,548	136,737	138,966	144,301	145,738
Surplus of operating funding	20,726	9,919	22,416	22,861	24,600	27,692	30,617	32,750	35,188	37,167	39,113
Depreciation and amortisation	(23,589)	(24,873)	(26,045)	(27,807)	(29,398)	(30,381)	(32,012)	(32,853)	(33,459)	(34,342)	(34,482)
Loss on sale of fixed assets	(42)	(9)	(4)	-	-	(20)	-	(48)	-	-	-
Subsidies and grants for capital expenditure	4,704	4,673	4,678	4,296	4,473	4,621	4,779	4,945	6,021	6,232	5,506
Development and financial contributions	1,813	2,766	2,818	2,873	2,928	3,439	3,240	4,981	3,170	3,236	3,303
Other dedicated capital funding		3,700									
Gain on sale of fixed assets	7,920	5,674	2,603	2,311	564	619	614	9	6	17	16
Sale of inventory	-	10,769	-	-	-	-	-	-	-	-	-
Contributions and Vested assets	2,039	1,141	1,166	1,192	1,219	1,249	1,281	1,312	1,346	1,383	1,422
Surplus as per Income Statement	13,571	13,760	7,632	5,726	4,387	7,219	8,518	11,095	12,272	13,693	14,878

Rates Funding Impact Statement

The Rates Funding Impact Statement provides the following information:

- Detailed explanations of the types of rates that are to be set, their purpose, and the basis on which they are calculated.
- A narrative description of the geographic areas that are used for Targeted General-type Rates and Charges.
- General Information in respect of rates instalment dates and penalties for late payment.
- Revaluation movements information.

The GST inclusive (incl) amounts shown in this Statement have been calculated using GST at 15%.

Terminology

Unless otherwise specified:

- The terms land values, capital values or rating units refer to rateable land values, rateable capital values or rateable rating units as the case may be.
- Uniform Annual Charge (UAC) or Charge refers to a targeted rate of a uniform amount calculated on each separately used or inhabited part of every rating unit; or for some charges, on every rating unit.
- General Type Targeted Rates are rates that are targeted to a particular geographic rating area or a differential rating area group. (These rates are based on the land value of each property).
- General Type Targeted Charges are charges that are targeted to a particular geographic rating area. (These charges are set differentially for the six geographic areas as a fixed amount on every separately used or inhabited part of a rating unit).
- Separate Targeted Rates and Charges are rates or charges that are targeted to a particular area of benefit, eg: Water, Sewerage. (Separate targeted rates are based on the land value of each property other than Wairau Valley River Works rates and the Kenepuru Road rate, which are levied on capital value, the Southern Valleys' Irrigation Loan rate and the Flaxbourne Community Irrigation

Scheme Loan rate which are based on irrigable hectares; or the Energy Efficiency rates which are based on the service amount).

- LTP refers to Council's Long Term Plan which was adopted on 28 June 2018.
- A Separately Used or Inhabited Part of a Rating Unit (SUIP)

Definition

- A separately used or inhabited part of a rating unit includes any portion inhabited or used by the owner or a person other than the owner who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement.

For the purposes of this definition:

- A SUIP includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.
- A rating unit that has a single use or occupation is treated as having one separately used or inhabited part.
- Vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'.

Examples of the application of the definition

- Where a rating unit has two separately used parts, whether or not actually occupied at any particular time, they will be treated as two SUIPs.

Residential	Residential	= 2 SUIPs
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- Where a rating unit contains both a commercial or industrial type use, and a residential or rural type use they will be treated as two SUIPs.

Commercial or Industrial	Residential or Rural	= 2 SUIPs
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- Where a number of different businesses are located on one rating unit, each separate business will be assessed as a SUIP.

Commercial	Commercial	= 2 SUIPs
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Funding Impact Statement

Exceptions to the definition

- Predominantly residential rating units where the owner of the unit resides and operates a business (including a homestay or farmstay activity) from the same rating unit will be charged as being one SUIP.

Owner operated business	Predominant Use – Owner occupied residential	= 1 SUIP
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- Where two dwellings are located on a farm, vineyard, forestry or horticultural block, the first dwelling is considered an integral part of the farm, vineyard, forestry or horticultural block and every additional dwelling is assessed as a SUIP.

Two Residential	Rural	= 2 SUIPs
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- Motels, and hotels used for commercial rental and dwellings used by owners or managers of a hotel or motel are treated as one business use even though each accommodation unit may be capable of separate use.

Motel	Dwelling	= 1 SUIP
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- GST inclusive (incl) amounts are used to indicate the Levy Totals and the Benchmark Property Levy Amounts affecting Ratepayers. The GST rate used in these calculations is 15%.
- GST exclusive (excl) amounts are used to indicate Rate Revenue Movements affecting the Council.

The Council has adopted the following differential rating categories for general-type rates:

Residential or Rural

All land used for a private residence and all land used for rural purposes. "Private residence" excludes rest homes and residential establishments that provide residential care. It also excludes all forms of commercial accommodation.

"Rural purposes" means any agricultural, horticultural or pastoral purpose and includes the keeping of bees, poultry or livestock. This group will include all rating units not otherwise categorised within a specified differential category.

Forestry is included in this category for the purposes of the General Works and Services Rate.

Commercial or Industrial

All land used for a commercial or industrial purpose. "Commercial purposes" includes but is not limited to, any trade or service or activity undertaken or provision of facilities, by any person with a view to making a profit or charging any fee or deriving any other consideration in relation to the trade or service or activity or provision. "Industrial" includes a business, manufacturer, undertaking, or service associated with the production of any type of goods. For the purposes of the General Works and Services Rate, this differential category includes residential rest homes and residential establishments that provide residential care and all forms of commercial accommodation as well as rating units otherwise assessed as "utilities".

Commercial accommodation includes but is not limited to the provision of accommodation for a fee or other consideration with the exemption of:

- Properties where the principal purpose is the provision of longstay accommodation ie: 28 days or more.
- Properties that provide accommodation for five or less people.
- Properties that were originally constructed as residential properties that provide accommodation for six or more, which are included in the homestay or farmstay category.

Homestay or Farmstay

Includes all rating units that are used for a homestay or farmstay activity on land predominantly used for residential or rural purposes, where a Building Act or Resource Consent was required for such a use.

Infrastructural Utilities

Land used for an essential service such as water, electricity, gas, telecommunications or sewerage.

Multiple Land Uses

The Council will partition a rating unit where there are two or more land uses that fit into different differential rating categories except for predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.

Targeted General Type Rates and Charges

\$43,231,941 GST excl
(\$49,716,733 GST incl)

Although general-type rates and charges have increased overall by \$1,768,744 GST excl (4.27%), there are varying percentage movements (both up and down) in the different rates and charges. These variations are the result of expenditure movements not uniformly impacting on geographic areas.

Geographic Area General Works and Services Rates

\$26,200,252 GST excl
(\$30,130,291 GST incl)

General Works and Services Rates are set differentially for six geographic areas, depending on where the land is situated.

Within each geographic area, the rating units are further differentiated into categories of rateable land in accordance with the use to which the land is put in one or more of the following categories of rateable land:

- Residential or rural.
- Commercial or industrial.
- Homestay or farmstay.

For these rates Utilities will be treated as falling within the commercial or industrial differential category.

These rates (*which are levied on a land value basis*) fund the Geographic Area's share of the Net Cost of Operations, Capital Expenditure and Debt Servicing Cost charges, after making provision for other targeted rates and charges, general revenue and utilisation of various reserves.

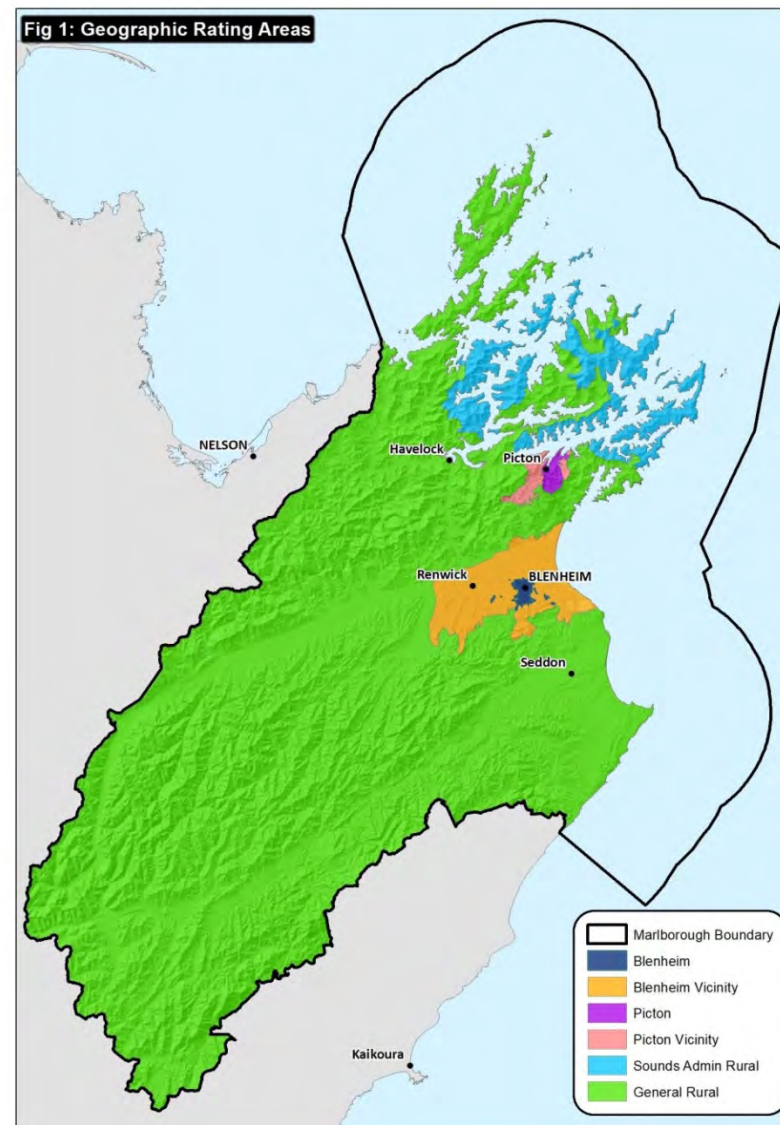
Overall, these rates will increase by \$364,047 GST excl (1.41%); however there are varying impacts on the geographic areas and their differential rates.

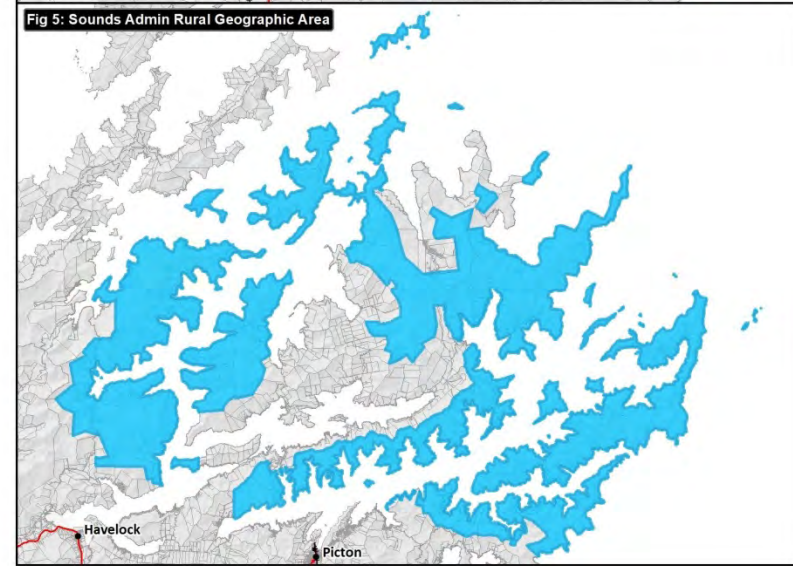
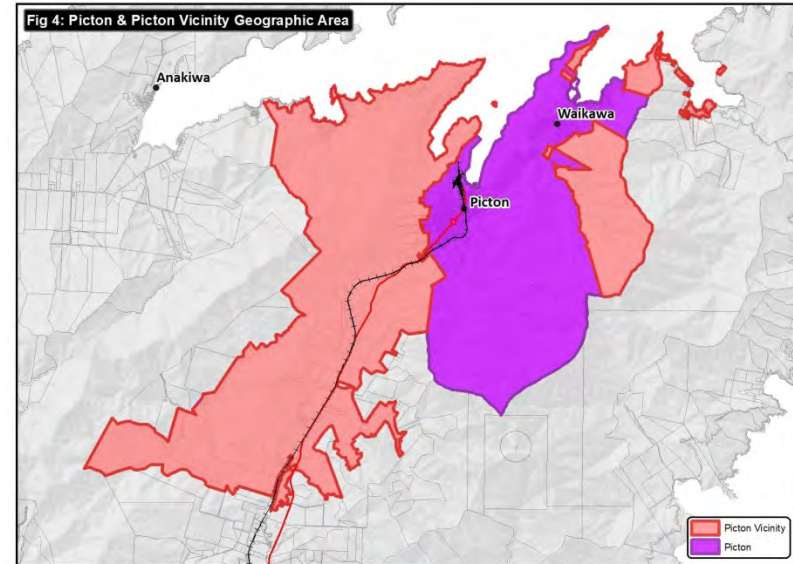
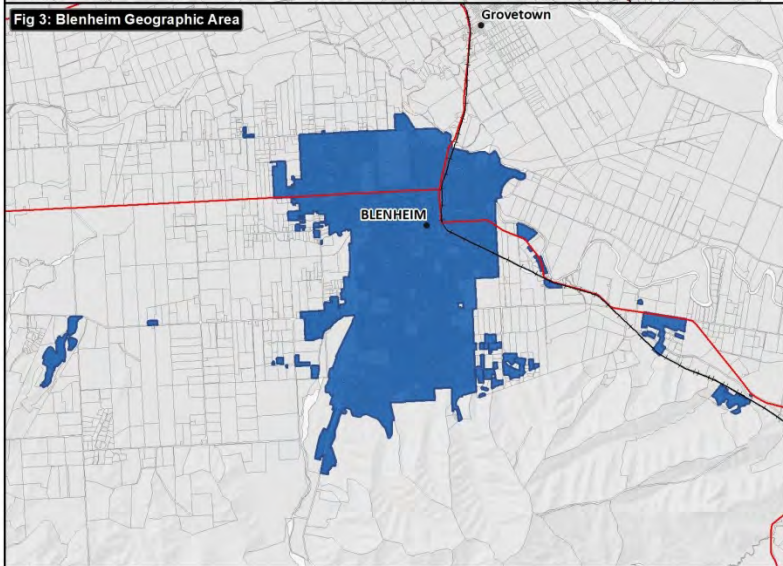
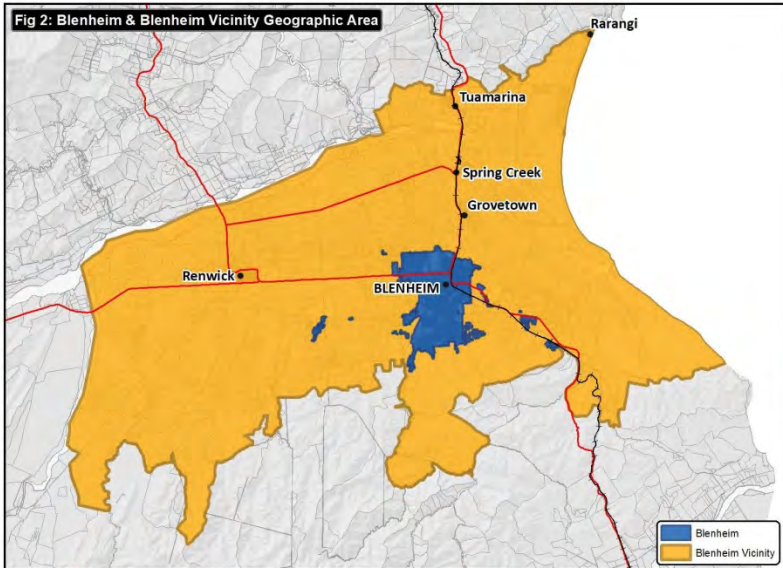
Forecast Number of Total Rateable Properties

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

Current	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
26,154	26,304	26,454	26,604	26,754	26,904	27,054	27,204	27,354	27,504	27,654

Geographic Rating Areas





General Works and Services rate amounts (GST incl) set in each geographic area are as follows:

Geographic Area	Differential Rating Categories	Levy (GST excl)	Levy (GST incl)	Cents in \$ (GST incl)
Blenheim	Res/Rural	5,930,575	6,820,160	0.346171
	Com/Ind	3,587,087	4,125,151	1.091843
	Hsty/Fsty	2,941	3,382	0.532596
Blenheim Vicinity	Res/Rural	6,696,021	7,700,425	0.267249
	Com/Ind	303,295	348,789	0.509074
	Hsty/Fsty	13,239	15,225	0.327764
Picton	Res/Rural	1,613,930	1,856,019	0.468980
	Com/Ind	687,342	790,444	0.957744
	Hsty/Fsty	1,464	1,684	0.590704
Picton Vicinity	Res/Rural	341,419	392,632	0.240454
	Com/Ind	22,748	26,161	0.504145
	Hsty/Fsty	-	-	0.306377
General Rural	Res/Rural	6,417,387	7,379,995	0.272006
	Com/Ind	136,486	156,959	0.443114
	Hsty/Fsty	2,970	3,415	0.314768
Sounds Admin Rural	Res/Rural	423,718	487,276	0.135625
	Com/Ind	19,288	22,181	0.262196
	Hsty/Fsty	342	393	0.167228

Geographic Area General Works and Services Charges

**\$17,031,689 GST excl
(\$19,586,442 GST incl)**

A targeted Geographic General Area Works and Services rate on the basis of a fixed amount on every separately used or inhabited part of a rating unit ensures that rating units contribute on a uniform basis to fund the respective area's share of the Net Cost of Operations, Capital Expenditure and Debt Servicing charges, after making provision for targeted rates and charges, general revenue and utilisation of various reserves.

These charges are set *differentially* for six geographic areas, depending on where the land is situated; on the same basis as for the Geographic Area General Works and Services Rates. There is also a differential charge for Utilities. Overall, these charges will increase by \$1,404,697 GST excl (8.99%), but there are varying impacts on the geographic areas and their differential charges.

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

Geographic Area	Levy (GST excl)	Levy (GST incl)	Unit Charge (GST incl)
Blenheim	8,828,094	10,152,308	793
Blenheim Vicinity	2,676,056	3,077,465	741
Picton	2,071,330	2,382,029	836
Picton Vicinity	303,604	349,145	727
General Rural	2,570,197	2,955,727	540
Sounds Admin Rural	554,355	637,508	439
Infrastructural Utilities	28,053	32,260	597

**Debt Servicing Rates and Charges \$1,102,262 GST excl
(\$1,267,601 GST incl)**

**Grovetown Sewerage Loan Rate \$92,371 GST excl
(\$106,227 GST incl)**

The Grovetown Sewerage Loan Rate is calculated on the land value of every rating unit in the Grovetown Sewerage Special Rating Area in respect of which no contribution to the lump sum scheme was chosen to fund debt servicing costs on an interest only basis for the first year and progressively moving to a table mortgage basis over the ensuing nine years. The loan rate will continue until 30 June 2039.

A decrease of \$4,464 GST excl will occur

On a rating unit with a land value of \$225,000 the sewerage loan rate will decrease from \$1,026.01 to \$1,015.81. The cents in the dollar rate is 0.451472 cents GST incl.

Renwick Sewerage Loan Rate **\$30,126 GST excl**
(\$34,645 GST incl)

The Renwick Sewerage Loan Rate is calculated on the land value of every rating unit in the Renwick Sewerage Special Rating Area in respect of which no contribution to the lump sum scheme was chosen to fund debt servicing costs. The loan rate will continue until 30 June 2026.

A decrease of \$705 GST excl will occur.

On a rating unit with a land value of \$170,000, the loan rate will decrease from \$81.30 to \$80.39 and the new cents in the dollar rate is 0.047288 GST incl.

Southern Valleys' Irrigation Loan Rate **\$978,712 GST excl**
(\$1,125,518 GST incl)

This rate is assessed on the basis of a fixed amount per hectare on all irrigable land on every rating unit in the Southern Valleys' Special Rating Area in respect of which no contribution to the lump sum scheme was chosen to fund debt servicing costs on capital expenditure. The loan rate will continue until 30 June 2027.

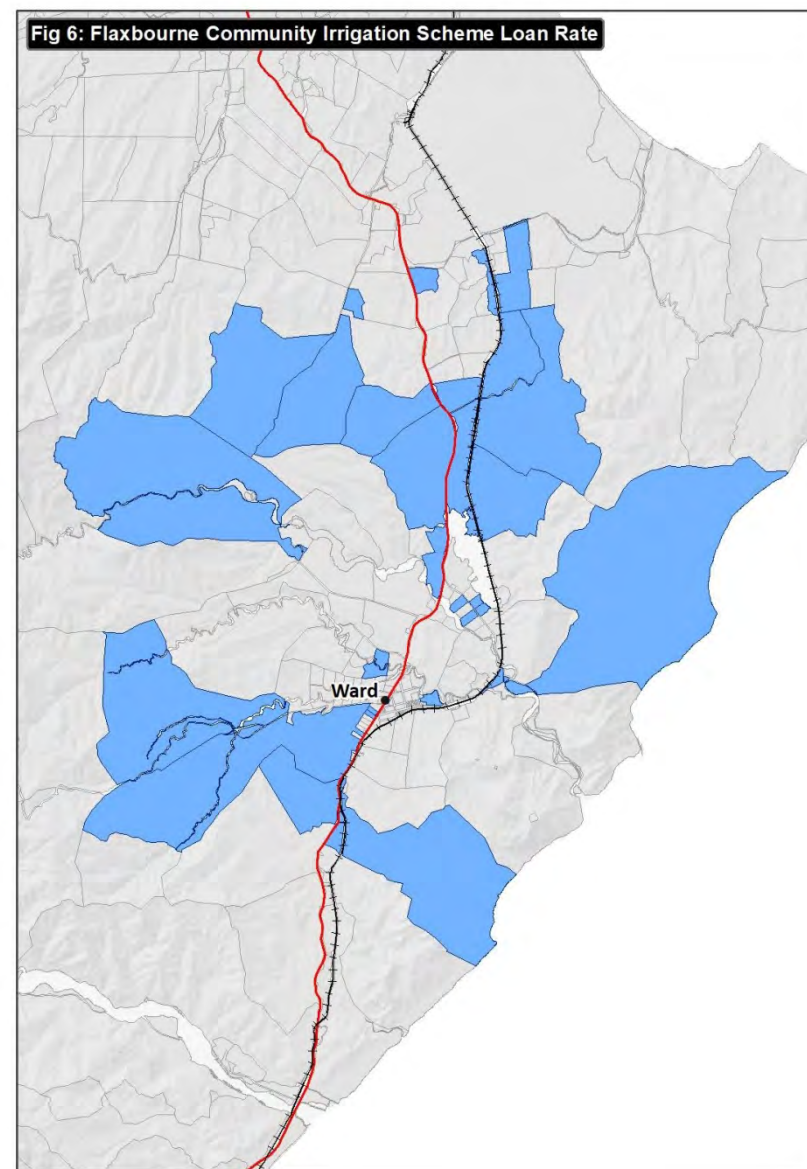
A decrease of \$22,036 GST excl will occur.

The new targeted loan rate is \$302.64 GST incl.

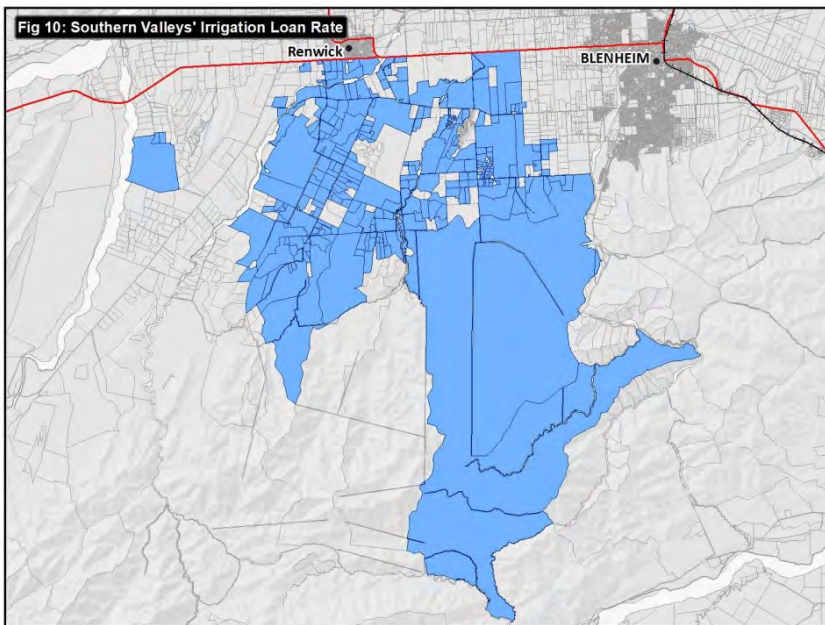
Flaxbourne Community Irrigation Scheme Loan Rate **\$1,053 GST excl**
(\$1,211 GST incl)

This rate is assessed on the basis of a fixed amount per hectare on all land committed to receive a base allocation of water amounting to 2,250 m³ per hectare on land identified within the Flaxbourne Special Rating Area. The quantum of the loan rate will alter as the scheme proposal is progressed and will be used to either fund investigation costs incurred should the scheme not proceed or the total cost of the scheme should construction contracts be awarded.

The targeted loan rate remains at \$1 GST inclusive.



Special Rating Areas



**Roading Rates and Charges \$63,362 GST excl
(\$72,867 GST incl)**

**French Pass Road Charge \$27,865 GST excl
(\$32,045 GST incl)**

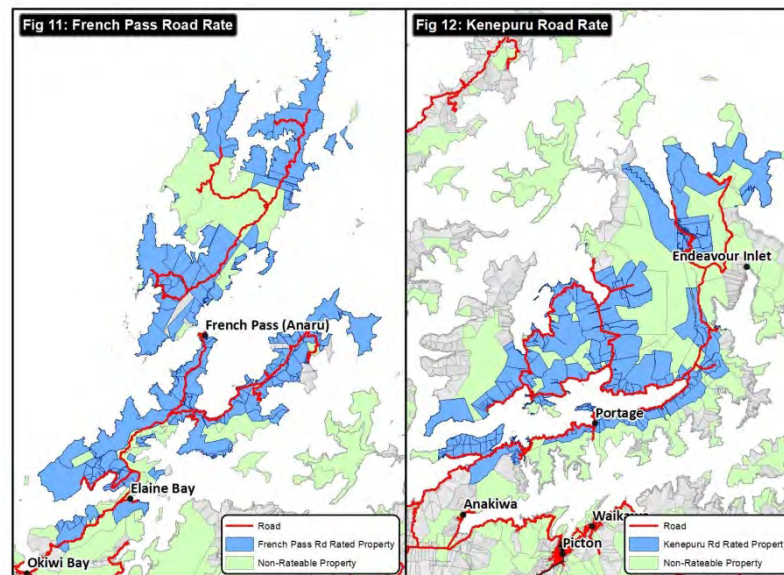
This charge is calculated on every rating unit in the French Pass Rating Area, to be applied towards the cost of seal extension in the targeted area. The charge will continue until the sealing costs are fully repaid.

No increase in the charge levy has occurred and the charge remains at \$99 GST incl on each rating unit.

**Kenepuru Road Rate \$35,497 GST excl
(\$40,822 GST incl)**

This rate is calculated on the capital value of every rating unit in the former Kenepuru Riding to be applied towards roading improvements in the targeted area. The charge will continue until the roading improvements costs are fully repaid.

No increase in the rate levy has occurred and the rate in the dollar based on capital value remains at 0.013873 cents GST incl.



Wairau Valley River Works Rate **\$4,019,901 GST excl** **(\$4,622,886 GST incl)**

This differential rate covers the costs of river planning, control and flood protection in the Wairau Catchment and is calculated on a Capital Value basis on every rating unit in the Wairau Valley Rivers Rating Area. The differentials reflect the benefits derived by each group.

The funding requirements from each area are as follows:

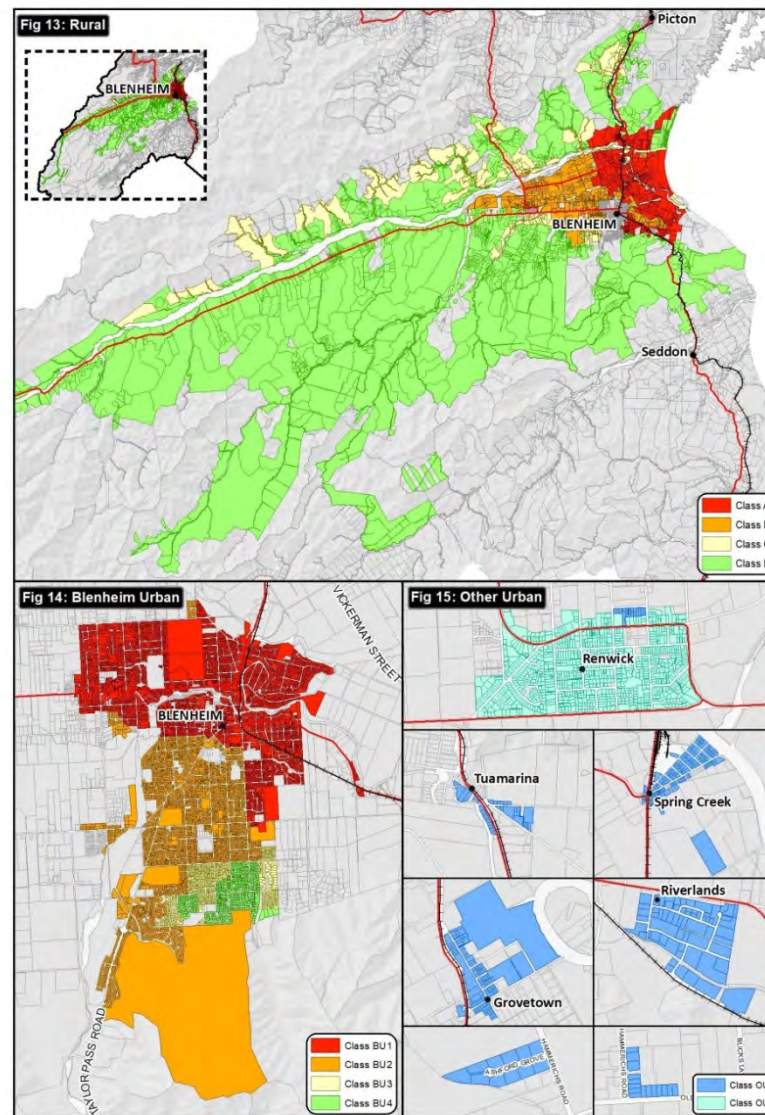
Blenheim Vicinity	47.57%
Blenheim Urban	47.84%
Other Urban	4.59%

A \$245,880 GST excl (6.52%) increase in the overall rates levy has occurred.

The following is a schedule of the cents in the dollar to be set and assessed on the capital values in each group.

Rating Areas	Levy (GST excl)	Levy (GST incl)	Cents in the \$ (GST incl)
Rural A Rating Units	654,921	753,160	0.063774
Rural B Rating Units	935,157	1,075,430	0.047831
Rural C Rating Units	164,877	189,608	0.031249
Rural D Rating Units	157,312	180,909	0.005102
Blenheim Urban 1 Rating Units	1,097,099	1,261,665	0.046745
Blenheim Urban 2 Rating Units	677,965	779,660	0.041551
Blenheim Urban 3 Rating Units	95,273	109,564	0.035838
Blenheim Urban 4 Rating Units	52,783	60,700	0.020256
Other Urban 1 Rating Units in Wairau Catchment	94,843	109,069	0.044775
Other Urban 2 Rating Units in Wairau Catchment	89,671	103,121	0.030063

Wairau Valley Rivers Rating Area



Combined Sewerage Scheme Rates and Charges
\$7,891,630 GST excl
(\$9,075,375 GST incl)

An overall increase of \$73,461 (GST excl) will occur (0.94%).

Combined Sewerage Scheme Capital Works Rate
\$1,691,823 GST excl
(\$1,945,597 GST incl)

This rate is assessed on the land value of every rating unit in the Combined Sewerage Rating Area on a differential basis and funds the Capital Expenditure and Debt Servicing costs of the combined sewerage scheme.

There is a \$421,937 GST excl (19.96%) decrease in this rate.

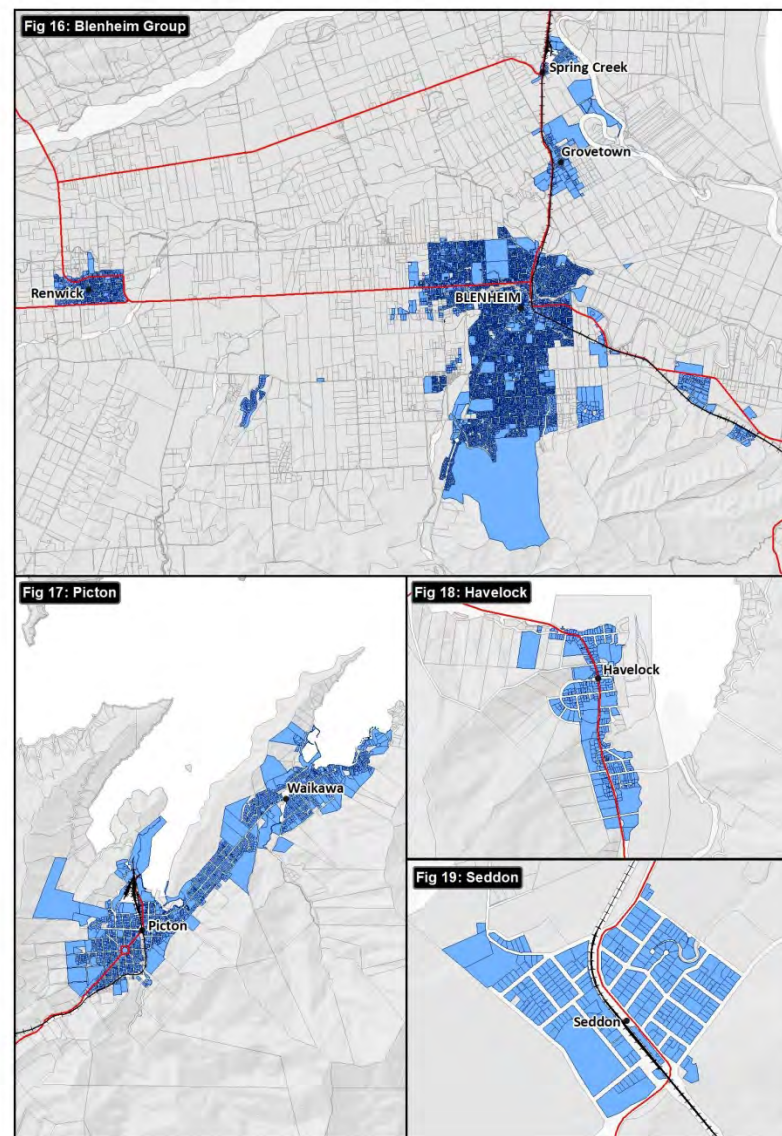
On a Blenheim rating unit in the Blenheim Group area with a land value of \$200,000 the rate will decrease from \$153.63 to \$116.35 - a rate in the dollar of 0.058174 cents GST incl.

On a Havelock rating unit with a land value of \$178,000 the rate will increase from \$121.10 to \$129.44 - a rate in the dollar of 0.072718 cents GST incl.

On a Picton rating unit with a land value of \$200,000 the rate will decrease from \$160.56 to \$143.11- a rate in the dollar of 0.071554 cents GST incl.

On a Seddon rating unit with a land value of \$99,000 the rate will increase from \$91.44 to \$101.94 - a rate in the dollar of 0.102968 cents GST incl.

Combined Sewerage Rating Areas



**Combined Sewerage Scheme Charge \$6,199,807 GST excl
(\$7,129,778 GST incl)**

This uniform charge funds operating costs of the combined sewerage scheme including treatment, reticulation, depreciation and other costs associated with the combined sewerage scheme improvements. Blenheim and Picton rating units with sewerage discharges where the quantity or the strength of the effluent is greater than the average domestic rating unit, will be levied an additional trade waste charge.

There is a \$495,398 GST excl (8.68 %) increase in this charge.

The charge will increase from \$386 to \$416 GST incl on every separately used or inhabited part of every serviced rating unit connected to the combined sewerage scheme; and from \$193 to \$208 GST incl on every separately used or inhabited part of every serviceable rating unit.

**Water Supply Rates and Charges \$8,841,897 GST excl
(\$10,168,182 GST incl)**

An overall increase of \$637,621 (GST excl) will occur (7.77%).

**Combined Water Scheme Rates and Charges \$6,333,084 GST excl
(\$7,283,046 GST incl)**

An overall increase of \$417,269 (GST excl) will occur (7.05%).

**Combined Water Scheme Capital Works Rate \$1,739,911 GST excl
(\$2,000,897 GST incl)**

This rate is assessed on the land value of every rating unit in the Combined Water Rating Area on a differential basis, including Koromiko rating units subject to the special pipeline agreement, and funds the Capital Expenditure and Debt Servicing costs of the combined water scheme.

A decrease of \$126,702 (GST excl) will occur (6.79%).

On a Blenheim rating unit with a land value of \$200,000 the rate will decrease from \$137.06 to \$123.13- a rate in the dollar of 0.061566 cents GST incl.

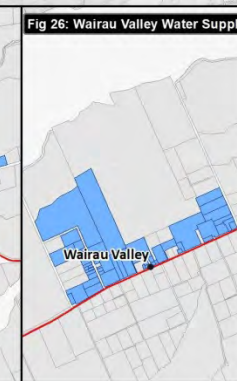
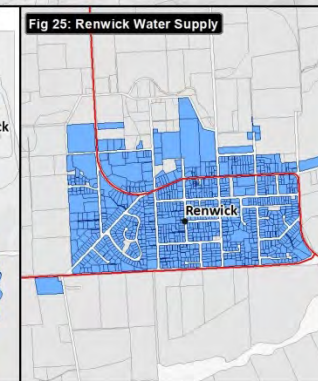
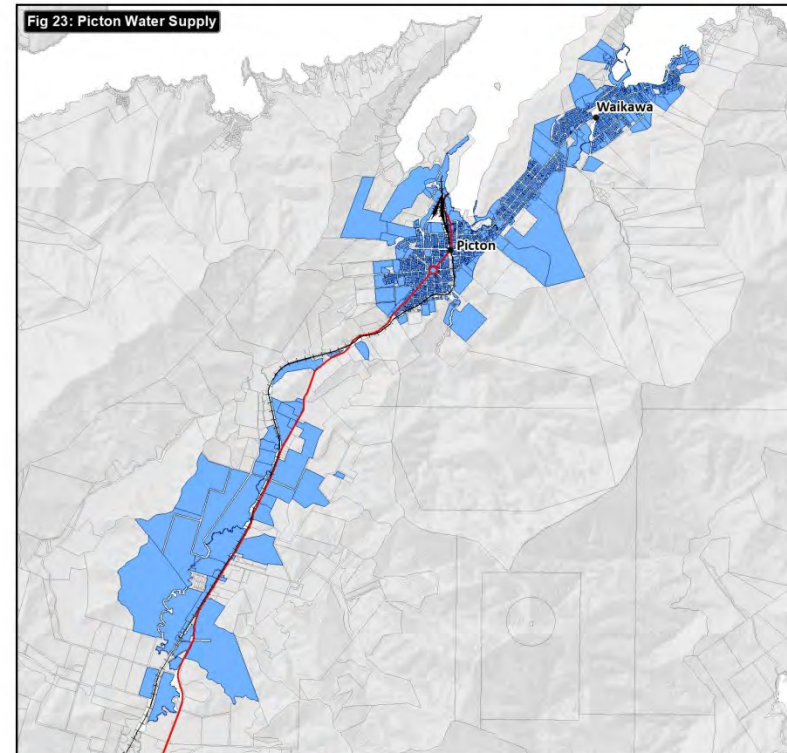
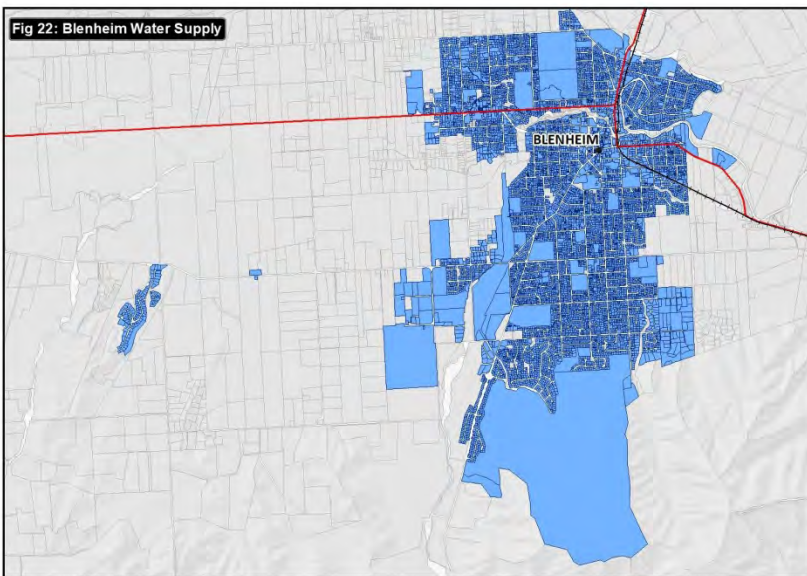
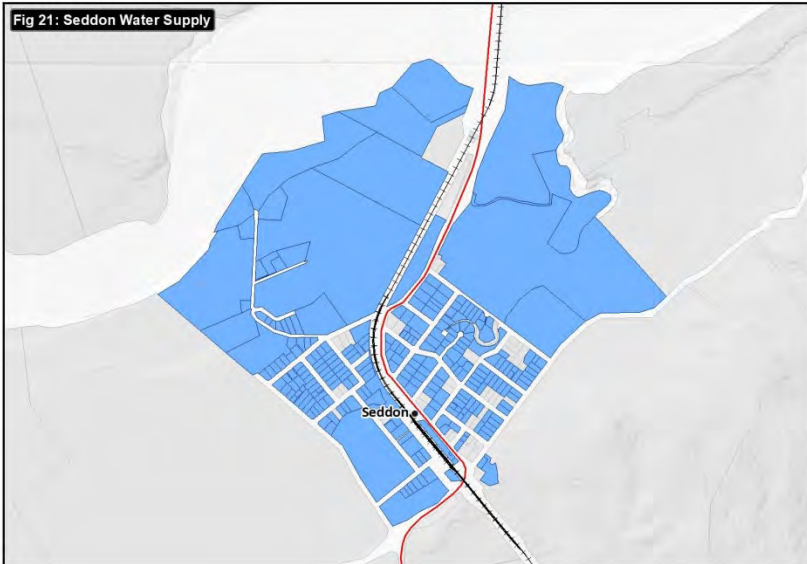
On a Havelock rating unit with a land value of \$178,000 the rate will decrease from \$137.18 to \$123.83 - a rate in the dollar of 0.069570 cents GST incl.

On a Picton rating unit with a land value of \$200,000 the rate will increase from \$156.60 to \$158.84 - a rate in the dollar of 0.079421 cents GST incl.

The new rate in the dollar for Koromiko rating units subject to the special pipeline agreement will be 0.063537 cents in the dollar GST incl.

On a Renwick rating unit with a land value of \$175,000 the rate will increase from \$113.97 to \$115.28 - a rate in the dollar of 0.065876 cents GST incl.

Combined Water Rating Areas



Combined Water Scheme Charges **\$4,459,119 GST excl**
(\$5,127,987 GST incl)

These charges fund the balance of expenditure other than Capital and Debt Servicing costs, including operating costs of the combined water scheme including treatment, reticulation, depreciation and other costs associated with the combined water scheme improvements.

These charges are set on a differential basis.

An increase of \$529,891 (GST excl) will occur (13.49%).

Blenheim Water Charges **\$2,828,470 GST excl**
(\$3,252,740 GST incl)

These charges are calculated as a fixed amount on every non-metered separately used or inhabited part of a serviced rating unit in the Blenheim Water Supply Area (including the Burleigh Extension); and half that amount for each non-metered separately used or inhabited part of every serviceable rating unit in the same area.

The charges will be \$270 on every part of a serviced rating unit and \$135 on every part of a serviceable rating unit GST incl.

Havelock Water Charges **\$119,810 GST excl**
(\$137,781 GST incl)

These charges are calculated as a fixed amount on every non-metered separately used or inhabited part of a serviced rating unit in the Havelock Water Supply Area; and half that amount for each non-metered separately used or inhabited part of every serviceable rating unit in the same area.

The charges will be \$460 on every part of a serviced rating unit and \$230 on every part of a serviceable rating unit GST incl.

Picton Water Charges **\$1,042,886 GST excl**
(\$1,199,319 GST incl)

These charges are calculated as a fixed amount on every non-metered separately used or inhabited part of a serviced rating unit in the Picton Water Supply Area and half that amount on each non-metered separately used or inhabited part of every serviceable rating unit in the same area.

The charges will be \$460 on every part of a serviced rating unit and \$230 on every part of a serviceable rating unit GST incl.

Renwick Water Charges **\$366,030 GST excl**
(\$420,935 GST incl)

These charges are calculated as a fixed amount on every non-metered separately used or inhabited part of a serviced rating unit in the Renwick Water Supply Area; and half that amount for every non-metered separately used or inhabited part of every serviceable rating unit in the same area.

The charges will be \$460 on every part of a serviced rating unit and \$230 on every part of a serviceable rating unit GST incl

Seddon Water Charge **\$91,604 GST excl**
(\$105,345 GST incl)

The charge will be \$360 GST incl on every separately used or inhabited part of a rating unit within the Seddon Water Supply Area, excluding all commercial consumers, and any new lots created by subdivision of such rating units whether connected or not.

This charge is set to recover the net cost of operations, capital expenditure and debt servicing costs.

Wairau Valley Water Charge **\$10,319 GST excl**
(\$11,867 GST incl)

The charge will be \$240 GST incl for each water meter, excluding all commercial water meters, connected to a rating unit within the Wairau Valley Water Supply Area.

This charge is set to recover the net cost of operations, capital expenditure and debt servicing costs.

Residential Metered Water Charges **\$134,054 GST excl**
(\$154,162 GST incl)

These charges exclude water supplied to commercial metered rating units.

An increase of \$14,081 (GST excl) will occur (11.74%).

Blenheim Metered Water Charge **\$35,157 GST excl**
(\$40,431 GST incl)

This charge is assessed on the basis of the quantity of water supplied to residential metered rating units (including the Burleigh Extension), subject to a minimum quarterly charge.

Funding Impact Statement

Metered water charges are as follows:

The minimum quarterly charge will be \$67.50 GST incl and it will provide for the volume of water supplied between 0 m³ and 75 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will be \$0.90 GST incl per cubic metre.

Havelock Metered Water Charge

**\$0 GST excl
(\$0 GST incl)**

There is no charge as no water will be supplied in 2018-19 to residential metered rating units.

Picton Metered Water Charge

**\$43,627 GST excl
(\$50,170 GST incl)**

Ordinary Charge

A Picton Metered Water Ordinary Charge is assessed on the basis of the quantity of water supplied to residential metered rating units, subject to a minimum quarterly charge.

The minimum quarterly charge will be \$115 GST incl and it will provide for the volume of water supplied between 0 m³ and 44.53 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will be \$2.5826 GST incl per cubic metre.

Koromiko Charge

A Picton Metered Water Koromiko Charge for metered rated units is assessed on the basis of the quantity of water supplied to Koromiko Special Pipeline Agreement consumers.

Water for Koromiko Special Pipeline Agreement consumers will be \$2.0661 GST incl per cubic metre.

Renwick Metered Water Charge

**\$12,772 GST excl
(\$14,688 GST incl)**

This charge is assessed on the basis of the quantity of water supplied to residential metered rating units, subject to a minimum quarterly charge.

Metered water charges are as follows:

The minimum quarterly charge will be \$115 GST incl and it will provide for the volume of water supplied between 0 m³ and 43.56 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will be \$2.64 GST incl per cubic metre.

Seddon Metered Water Charge

**\$37,416 GST excl
(\$43,028 GST incl)**

This charge is assessed on the basis of the quantity of water supplied to residential metered rating units where consumption exceeds 275 cubic metres per annum.

The metered charge will be \$1.57 GST incl per cubic metre for all usage in excess of 275 cubic metres, for all consumers on the Seddon Water Supply.

This charge is set to recover the net cost of operations, capital expenditure and debt servicing costs.

Wairau Valley Metered Water Charge

**\$5,082 GST excl
(\$5,845 GST incl)**

This charge is assessed on the basis of the quantity of water supplied to each residential water meter connected to a rating unit within the Wairau Valley Water Supply Area where consumption exceeds 350 cubic metres per annum.

The metered charge will be \$2.09 GST incl per cubic metre for all usage in excess of 350 cubic metres for all consumers on the Wairau Valley water supply.

This charge is set to recover the net cost of operations, capital expenditure and debt servicing costs.

Other Water Supply

Commercial Metered Water Charges

**\$841,776 GST excl
(\$968,043 GST incl)**

These water charges fund the net cost of operations.

A decrease of \$29,081 (GST excl) will occur (3.34%).

Funding Impact Statement

Blenheim Commercial Metered Water Charge

**\$309,911 GST excl
(\$356,399 GST incl)**

This charge for metered rating units is assessed on the basis of the quantity of water supplied to commercial metered connections (including the Burleigh Extension), subject to a minimum quarterly charge.

Metered water charges are as follows:

The minimum quarterly charge will be \$36 GST incl and it will provide for the volume of water supplied between 0 m³ and 50 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will be \$0.72 GST incl per cubic metre.

Havelock Commercial Metered Water Charge

**\$152,783 GST excl
(\$175,700 GST incl)**

This charge for metered rating units is assessed on the basis of the quantity of water supplied to commercial metered connections, subject to a minimum quarterly charge.

Metered water charges are as follows:

The minimum quarterly charge will be \$97 GST incl and it will provide for the volume of water supplied between 0 m³ and 50 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will be \$1.94 GST incl per cubic metre.

Picton Commercial Metered Water Charge

**\$313,637 GST excl
(\$360,682 GST incl)**

Ordinary Charge

A Picton Metered Water Ordinary Charge is assessed for metered rating units on the basis of the quantity of water supplied to commercial metered connections (excluding connections where water is onsold), subject to a minimum quarterly charge.

The minimum quarterly charge will be \$112.50 GST incl and it will provide for the volume of water supplied between 0 m³ and 50 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will be \$2.25 GST incl per cubic metre.

Onsold Charge

A Picton Metered Water Onsold Charge is assessed for metered rating units on the basis of the quantity of water supplied to commercial metered connections that is subsequently onsold, subject to a minimum quarterly charge.

Metered water charges for consumers onselling are as follows:

The minimum quarterly charge will be \$112.50 GST incl and it will provide for the volume of water supplied between 0 m³ and 45 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will be \$2.50 GST incl per cubic metre.

Renwick Commercial Metered Water Charge

**\$41,305 GST excl
(\$47,501 GST incl)**

This charge for metered rating units is assessed on the basis of the quantity of water supplied to commercial metered connections, subject to a minimum quarterly charge.

Metered water charges are as follows:

The minimum quarterly charge will be \$72.50 GST incl and it will provide for the volume of water supplied between 0 m³ and 50 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will be \$1.45 GST incl per cubic metre.

Seddon Commercial Metered Water Charge

**\$22,261 GST excl
(\$25,600 GST incl)**

This charge for metered rating units is assessed on the basis of the quantity of water supplied to commercial metered connections subject to a minimum four monthly charge.

Meter water charges are as follows:

The minimum four monthly charge will be \$183.33 GST incl and it will provide for the volume of water supplied between 0 m³ and 66.67 m³.

The metered charge for the volume of water supplied in excess of the minimum four monthly charge volume will be \$2.75 GST incl per cubic metre, for all commercial consumers on the Seddon Water Supply.

Funding Impact Statement

This charge is set to recover the net cost of operations, capital expenditure and debt servicing costs.

Wairau Valley Commercial Metered Water Charge

\$1,879 GST excl
(\$2,161 GST incl)

This charge for metered rating units is assessed on the basis of the quantity of water supplied to each commercial metered connection within the Wairau Valley Water Supply Area, subject to a minimum quarterly charge.

Metered water charges are as follows:

The minimum quarterly charge will be \$140.50 GST incl and it will provide for the volume of water supplied between 0 m³ and 50 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will be \$2.81 GST incl per cubic metre for all commercial consumers on the Wairau Valley water supply.

This charge is set to recover the net cost of operations, capital expenditure and debt servicing costs.

Rural Awatere Water Supply

\$739,793 GST excl
(\$850,762 GST incl)

The following charges fund the net cost of operations, Capital Expenditure and Debt Servicing costs.

An increase of \$194,804 GST excl will occur (35.74%).

Rural Awatere Water Charge

\$247,683 GST excl
(\$284,835 GST incl)

The uniform charge will increase from \$430 to \$520 GST incl on every separately used or inhabited part of a rating unit within the Rural Awatere Water Supply Area and any new lots created by subdivision of such rating units whether connected or not.

Rural Awatere Metered Water Charge

\$492,110 GST excl

(\$565,927 GST incl)

This charge for metered rating units is assessed on the basis of the quantity of water supplied to all consumers where consumption exceeds 275 cubic metres per annum.

The metered charge will be \$2.04 GST incl per cubic metre for all usage in excess of 275 cubic metres, for all consumers on the Rural Awatere Water Supply.

Riverlands Water Supply

\$301,200 GST excl
(\$346,380 GST incl)

This charge for metered rating units is assessed on the basis of the quantity of water supplied to metered rating units, subject to a minimum quarterly charge. It funds the cost of operations, capital expenditure and debt servicing costs.

A decrease of \$2,322 GST excl will occur (0.77%).

The minimum quarterly charge will remain unchanged at \$41 GST incl and it will provide for the volume of water supplied between 0 m³ and 56.94 m³.

The metered charge for the volume of water supplied in excess of the minimum quarterly charge volume will remain at \$0.72 GST incl per cubic metre.

Southern Valleys' Irrigation Scheme

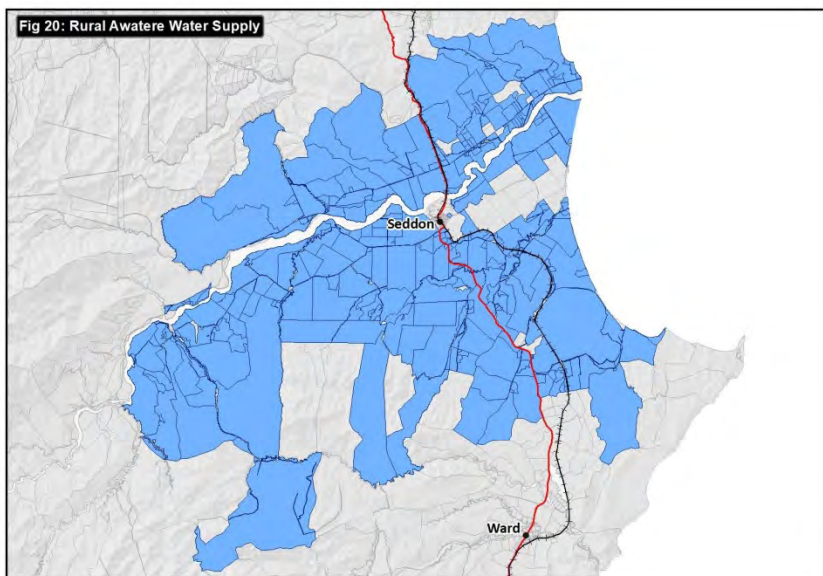
\$626,044 GST excl
(\$719,951 GST incl)

Operating costs have increased by \$56,952 GST excl (10.01%).

This charge for metered rating units is assessed on the basis of the quantity of water supplied to metered connections. This rate funds the net operating costs of the Southern Valleys' Irrigation Scheme.

The metered charge will increase from \$0.21816 to \$0.24 GST incl per cubic metre.

Other Water Rating Areas



Blenheim/Picton (Residential) Refuse Collection Charge **\$6,239 GST excl**
(\$7,173 GST incl)

This charge relates to a refuse collection service only for residential properties in Blenheim and Picton.

It is calculated as a fixed amount for each separately used or inhabited part of a rating unit in the collection rating area, in respect of which Council is prepared to provide a refuse collection service only.

The collection charge remains at \$69 GST incl per service.

Blenheim/Picton (Commercial/Industrial) Refuse Collection Charge
\$66,133 GST excl
(\$76,053 GST incl)

This charge relates to a refuse collection service for Blenheim and Picton "Commercial or Industrial" properties.

It is calculated as a fixed amount for each separately used or inhabited part of a rating unit in the collection rating area in respect of which Council is prepared to provide a refuse collection service.

The collection charge remains at \$69 GST incl per service.

Refuse and Recycling Charges **\$1,435,116 GST excl**
(\$1,650,382 GST incl)

Refuse and recycling charges have decreased overall by \$31,085 GST excl (2.12%).

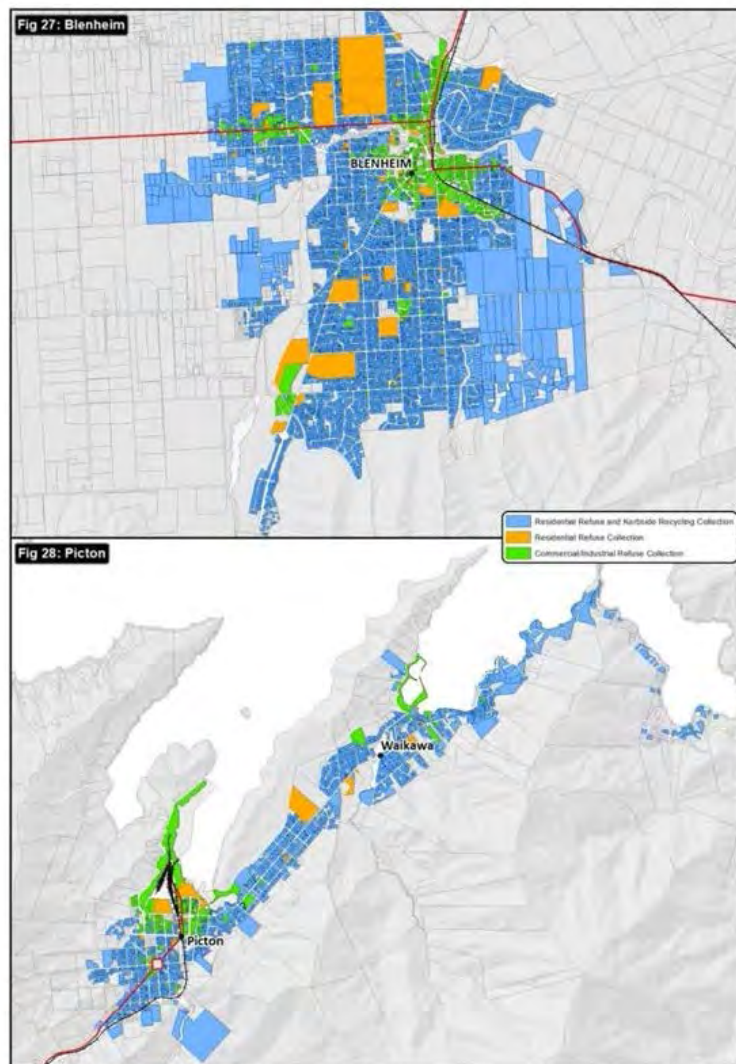
Blenheim/Picton (Residential) Refuse and Kerbside Recycling Collection Charge
\$1,362,744 GST excl
(\$1,567,156 GST incl)

This charge relates to both a refuse and kerbside recycling collection service for residential properties in Blenheim and Picton.

It is calculated as a fixed amount for each separately used or inhabited part of a rating unit in the collection rating area, in respect of which Council is prepared to provide a refuse and kerbside recycling collection service.

The kerbside recycling collection charge remains at \$46 per service and the refuse collection charge remains at \$69 per service - total charge remains at \$115 GST incl.

Refuse and Kerbside Recycling Collection Service and Refuse Collection Service Areas



Energy Efficiency Rates

\$325,000 GST excl
(\$373,750 GST incl)

These targeted rates are calculated on the extent of energy efficiency services provided to rating units and are calculated as a percentage of the service amount (*inclusive of associated costs*), until the service amount is recovered. Energy Efficiency is included under the Community Support Activity.

The energy efficiency rate, for nine years, covers both interest and principal and is calculated as a percentage of the service provided as follows:

	% GST incl	First Rating Year	Final Rating Year
Energy Efficiency Rate 1	16.893826	2011-12	2019-20
Energy Efficiency Rate 2	16.779455	2012-13	2020-21
Energy Efficiency Rate 3	16.668382	2013-14	2021-22
Energy Efficiency Rate 4	16.560542	2014-15	2022-23
Energy Efficiency Rate 5	16.455869	2015-16	2023-24
Energy Efficiency Rate 6	16.354299	2016-17	2024-25
Energy Efficiency Rate 7	16.319747	2017-18	2025-26
Energy Efficiency Rate 8	16.286016	2018-19	2026-27

The percentages have reduced, following the reduction in the budgeted interest rate on Council borrowings.

Residential Pool Inspections Charge **\$90,599 GST excl** **(\$104,189 GST incl)**

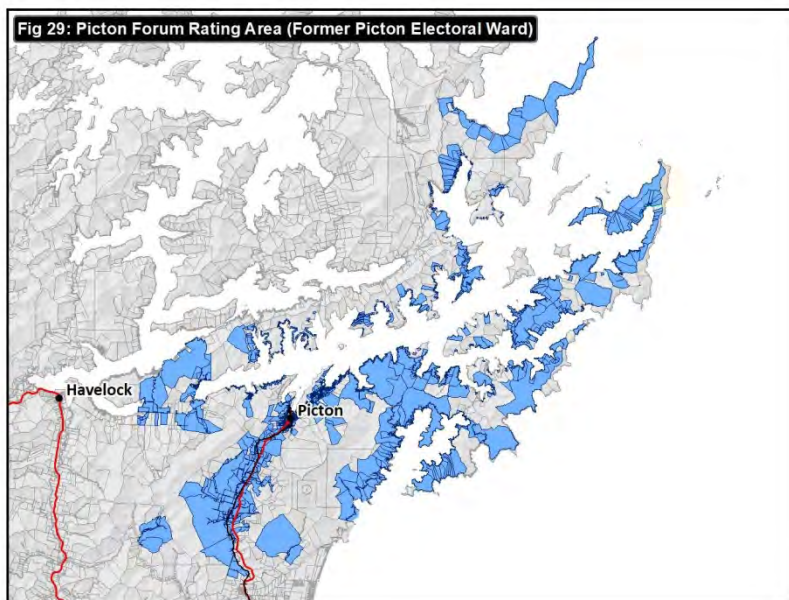
A targeted Residential Pool Inspections rate is calculated on the basis of a fixed amount which has increased from \$76 to \$84 GST incl on every separately used or inhabited part of any rating unit with a residential pool. The rate will be used to fund the costs associated with carrying out residential pool inspections in Marlborough under the Building (Pools) Amendment Act 2016.

An increase of \$8,123 (GST excl) will occur (9.85%).

Picton Forum Charge **\$5,000 GST excl** **(\$5,750 GST incl)**

A targeted Picton Forum rate is calculated on the basis of a fixed amount of \$1.20 GST incl on every separately used or inhabited part of any rating unit in the former Picton Electoral Ward. The rate will be used to fund a grant to the Picton Forum. Funding of the Picton Forum is included under the Community Support Activity.

No increase has occurred.



Tourism Charges

**\$190,000 GST excl
(\$218,500 GST incl)**

A targeted tourism rate is calculated on the basis of a fixed amount on every separately used or inhabited part of a rating unit set differentially for the following land uses to enable Destination Marlborough to market Marlborough. A CPI adjustment of 1.9% has been applied to the previous charges. Marketing and Tourism is included under the Regional Development Activity.

Properties used for residential baches or other dwelling units that are advertised for short term rental accommodation and properties used for commercial rental accommodation where less than 30 people can be accommodated - \$214 GST incl.

Properties used for commercial rental accommodation where 30 or more people can be accommodated - \$328 GST incl.

Properties used for tourism activities (excluding the two groups above) - \$239 GST incl.

Where a tourism operator operates in two or more of the groups above from the same rating unit, only the highest applicable group charge will be levied.

Landscape Charges

**\$2,620 GST excl
(\$3,013 GST incl)**

A targeted landscape charge on new subdivisions (and existing subdivisions following consultation) is levied where higher landscaping standards result in additional maintenance costs and is calculated as a fixed amount on every separately used or inhabited part of a rating unit set differentially on the following basis:

Properties with Urban level 1 landscaping standards	\$40 GST incl
Properties with Urban level 2 landscaping standards	\$51 GST incl
Properties with Rural level 1 landscaping standards	\$56 GST incl
Properties with Rural level 2 landscaping standards	\$171 GST incl

Street berms, trees and plots are included under the Community Facilities Activity.

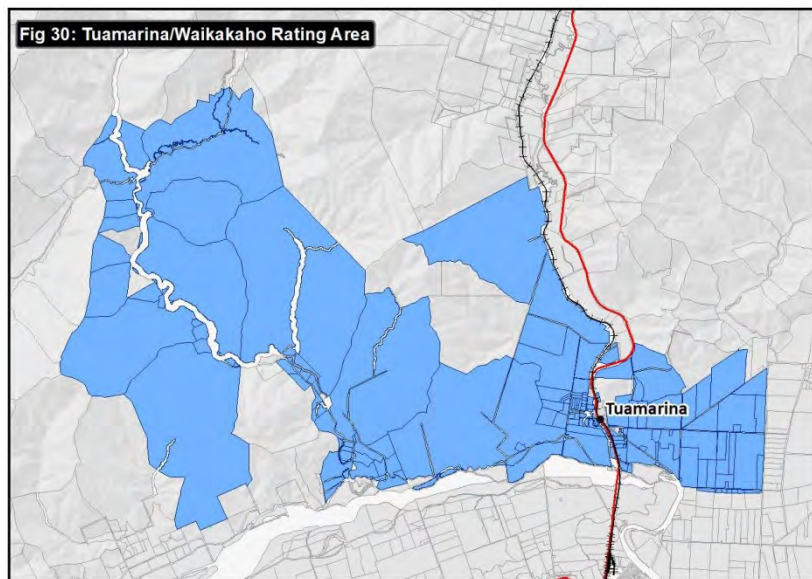
Agency Rates and Charges

**\$2,455 GST excl
(\$2,823 GST incl)**

Tuamarina/Waikakaho Hall Charge

**\$2,455 GST excl
(\$2,823 GST incl)**

This charge is calculated as a fixed amount of \$18.45 GST incl on every rating unit in the Tuamarina/Waikakaho Special Rating Area, such charge to be applied to the Tuamarina/Waikakaho Hall. Community halls are included in the Community Facilities Activity.



Residential Rates Postponement Scheme

To cover costs for this scheme, the following fees and charges are set for the 2018-19 rating year. All fees and charges will be added as either a one-off or annual charge as the case may be, to the approved applicant's rate account.

Initial Charges – One off	Charging Unit	Fees and Charges (GST Inclusive)
Application fee	One-off	\$50.00
Contribution to the decision facilitation process	One-off	\$300.00
Annual Interest Charges		
Interest calculated at Council's borrowing rate on all amounts outstanding		
Annual Charges		
Administration fee	Annual	\$50.00
Reserve fund levy	Annual	0.25%

Property insurance: a ratepayer must submit a current certificate annually.

General Revenue Sources

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

These include:

Dividends and Interest from Investments (\$10,299,970)

The \$10,299,970 total amount is comprised of Internal Loans Interest (\$7,081,970), Interest on General Funds (\$15,000), Interest on Investments (\$540,000) and Dividends (\$2,663,000).

- Funded to specified Reserves for particular purposes or events (eg: Emergency Events Reserve).
- Used to subsidise general type rates and charges by way of general revenue allocation.
- Used to fund interest and funding costs on external borrowings.

Petroleum Tax (\$367,000)

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

Contributions Received from Development and Subdivision (\$2,765,812)

Are applied towards the cost of infrastructure related to the development and community facilities.

Forestry Income (\$3,000,150)

Currently used to fund the Forestry and Land Development reserve which is used to fund any projects approved by Council.

The Following is for Information only and Does Not Form Part of the Funding Impact Statement

General Information

All estimated rates and charges are shown inclusive of goods and services tax unless otherwise stated.

For the purposes of the foregoing:

- “Residential use” excludes rest homes and residential establishments that provide residential care.
- Where commercial accommodation is the predominant purpose of a property, it will be included on the same basis as a motel or hotel in the “commercial or industrial land use” category.
- Subject to the right of objection set out in section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of the Council to determine the use or predominant use of any property in the District.

The geographic areas can generally be described as follows:

Blenheim Area (BM) (Fig 3)

All of that area encompassed by the former Blenheim Borough Council together with those properties within a 1.5 km radius of that area which have a zoning of Residential or Industrial in the Wairau/Awatere Resource Management Plan (eg: includes, Burleigh, Hammerichs Road, Riverlands and Waipuna Street); as well as any properties that are connected to (or are able to be connected to) either the Blenheim Water or Blenheim Group Sewerage Schemes, but excluding properties in the Renwick, Spring Creek and Grovetown Sewerage Rating Areas; and residential/rural properties and properties in the Riverlands Industrial Estate and Cloudy Bay Business Park that have an area of greater than one hectare.

Also included in the Blenheim area are a number of properties where it was an express condition of subdivisional resource consent.

Growth pockets and other growth areas rezoned Residential or Urban Residential 2 Greenfields following notification of the new Marlborough Resource Management Plan will be excluded from the Blenheim Area until granting of subdivision title.

Blenheim Vicinity Area (BV) (Fig 2)

All of that area encompassed within the following general description, but excluding the Blenheim areas described above:

From just north of the Rarangi Settlement following around the foothills in a south-westerly direction; taking in the Tuamarina Settlement; to the south bank of the Wairau River and then up the Wairau south bank to the Waihopai River; up the east bank of the Waihopai River to just north of Omaka Downs; and then generally following the base of the foothills; around to include the Taylors Pass in a south easterly direction as far as the Branch River; following the boundaries of properties on the south east side of the Taylor River; then around the base of the foothills to include land between SH 1 and both sides of Redwood Pass Road to and including 393 Redwood Pass Road; then to the coast on the south of the Vernon Lagoons.

Picton Area (PN) (Fig 4)

All of that area encompassed by the former Picton Borough Council; together with the area of those properties serviced by the Picton Water or Sewerage Schemes (excluding those properties listed in the schedule below).

Schedule

Pt Lot 1 DP 6881, Pt DP 467 Waitohi Valley Blk XI Linkwater SD, Lot 1 DP 303616 Lot 1 DP 8240, Pt Sec 41 District of Waitohi, Lot 2 DP 3716, Lot 1 DP 3716, Lot 1 DP 9175, Lot 2 DP 9175, Lot 1 DP 10989, Lot 2 DP 10989, Lots 1 2 DP 1353 Lot 1 DP 1148 Pt Sec 37 Waitohi Reg Dist, Lots 2 5 DP 3183, Pt Sec 103 Waitohi Valley District Blk XV Linkwater SD, Lot 1 DP 402932 Lot 1 DP 5595 Lot 2 DP 5660 Sec 38 Pt Sec 37 Waitohi Dist, Lot 1 DP 9268, Pt Lot 1 DP 7160, Lot 1 DP 12294, Lot 2 DP 10225 Lot 1 DP 10476, Lot 1 DP 10882, Lot 2 DP 434941 Pt DP 747 Pt Sec 25 Wairau Dist Pt Lots 1-3 DP 693 Pt Sec 12 Pt Sec 13 Blk XV Linkwater SD, Secs 105 106 Pts Sec 36 104 Waitohi Valley Dist, Lot 1 DP 6397, Lots 1 2 DP 303945, Lots 3 4 DP 303945 Sec 129 Pt 159 Picton Subn Sec 18 Blk XV Linkwater SD, Lot 1 DP 302741, Lot 1 DP 10871, Lot 1 DP 6129, Lot 1 DP 759 Lot 2 Pt Lot 1 DP 1594, Pt Sec 63-65 Picton Subn. Lots 1-9 12 DP 1086, Sec 1 SO 429571 Lot 10 DP 1086, Lot 11 DP 1086, Lot 13 DP 1086, Lot 14 DP 1086, Lot 2 DP 3080, Sec 1 SO 416848 Lot 1 DP 3080, Sec 2 SO 416848 Lot 16 DP 1086, Lot 18 DP 1086, Pt Waikawa 2C2, Lot 4 DP 11736, Lot 1 DP 335692, Lot 2 DP 344933, Lot 3 DP 11736, Lot 1 DP 11736, Lot 1 DP 344933, Lot 2 DP 404985, Lot 1 DP 424360, Lot 2 DP 424360, Lot 3 DP 424360, Lot 4 DP 424360, Lot 5 DP 424360, Waikawa 3B Blk XII Linkwater SD Blk XI Arapawa SD, Lot 1 DP 9994, Lot 1 DP 10354, Waikawa Sec A2 Waikawa West Blk XII Linkwater SD Blk XI Arapawa SD, Waikawa Sec 4B2 Waikawa West Blk XII Linkwater SD Blk XI Arapawa SD, Lot 2 DP 7961 Pts Sec 10 & Pt Sec 11 Waitohi Dist Pts Sec 100 Waitohi Dist, lot 3 DP 8884.

Also included in the Picton area are a number of properties where it was an express condition of subdivisional resource consent.

Picton Vicinity Area (PV) (Fig 4)

All of that area from the western point of Ngakuta Bay to the former Picton Borough boundary; plus all of that area from the eastern point of Waikawa Bay to Whatamango Bay; plus a corridor area from the southern boundary of the former Picton Borough to Speeds Road; excluding properties serviced by the Picton Water or Sewerage Schemes, but including the properties listed in the Schedule above.

General Rural Area (GR) (Fig 1)

All of that area administered by the former Marlborough County and excluding that part of the former County's area which has been included in either the Blenheim, Blenheim Vicinity, Picton, Picton Vicinity or Sounds Admin Rural areas.

Sounds Admin Rural (AR) (Fig 5)

All of that area with basically sea access only, which was subject to the former Marlborough County Council Empowering Act 1965.

The above rates and charges are for the period 1 July 2018 to 30 June 2019 and will become due and payable by four instalments as follows:

	Last Date for Payment Before Penalty is Added
Instalment One	11 September 2018
Instalment Two	11 December 2018
Instalment Three	11 March 2019
Instalment Four	11 June 2019

Each instalment is one quarter of the annual rates for the current year.

Charges for Metered Water

Water Supply Area	Readings Taken in Period	Last Date for Payment before Penalty is Added
Awatere and Seddon	1 July – 31 October 2018	20 November 2018
	1 November 2018 – 28 February 2019	20 March 2019
	1 March -30 June 2019	20 July 2019
Blenheim, Havelock, Picton, Renwick, Riverlands, Southern Valleys' and Wairau Valley	1 July –30 September 2018	20 October 2018
	1 October – 31 December 2018	20 January 2019
	1 January – 31 March 2019	20 April 2019
	1 April – 30 June 2019	20 July 2019

Penalty Provisions (Additional Charges on Unpaid Rates)

A penalty, equivalent in amount to 10% of the instalment amount remaining unpaid at the close of day on the "Last Date for Payment", shall on the next day be added to that amount of unpaid rates.

Pursuant to sections 57/58 of the Local Government (Rating) Act 2002, a further penalty of 10% will be added to all rates and charges that remain unpaid on 30 June 2019.

Payments are applied to the oldest debt first. All payments are allocated to the oldest debt first so if the instalment is not paid in full by the date shown a 10% penalty is added to any amount of the instalment still outstanding. All penalty charges are exempt from GST.

Penalty Provisions (Unpaid Metered Water)

A penalty, equivalent in amount to 10% of the metered water amount remaining unpaid at the close of day on the "Last Date for Payment", shall on the next day be added to that amount which remains unpaid

Triennial Revaluation Movements

The Marlborough District was revalued by Quotable Value Ltd on 1 July 2017. The new values apply from the 2018-19 rating year, as from 1 July 2018.

With the exception of the Wairau Valley River Rates and the Kenepuru Road Rate, all other rates levied on property values are based on Land Value (LV).

Land Value percentage increase (decrease) movements for the six geographic rating areas, the district at large and their differential rating groups for the triennial revaluation on 1 July 2017 were:

(The previous revaluation movements as at 1 July 2014 and 1 July 2011 are shown alongside).

	1.07.17	1.07.14	1.07.11
Blenheim - Residential/Rural	15.06%	9.62%	(14.24%)
Blenheim - Commercial/Industrial	15.57%	7.73%	(8.51%)
Blenheim – Homestay/Farmstay	15.25%	9.58%	-
Blenheim - Total	15.14%	9.31%	(13.33%)
Blenheim Vicinity - Residential/Rural	38.14%	16.45%	(33.53%)
Blenheim Vicinity - Commercial/Industrial	18.85%	6.12%	(16.31%)
Blenheim Vicinity – Homestay/Farmstay	16.94%	14.13%	-
Blenheim Vicinity - Total	37.58%	16.15%	(33.15%)
Picton - Residential/Rural	25.47%	(3.21%)	(16.31%)
Picton - Commercial/Industrial	7.12%	2.62%	(11.53%)
Picton – Homestay/Farmstay	28.38%	(3.73%)	-
Picton - Total	21.88%	(2.13%)	(15.44%)
Picton Vicinity - Residential/Rural	7.41%	(8.58%)	(12.95%)
Picton Vicinity - Commercial/Industrial	1.71%	(1.06%)	(21.70%)
Picton Vicinity – Homestay/Farmstay	-	(0.00%)	-
Picton Vicinity - Total	7.23%	(8.34%)	(13.24%)
General Rural - Residential/Rural	16.57%	2.63%	(18.08%)
General Rural - Commercial/Industrial	6.63%	(10.72%)	(21.12%)

	1.07.17	1.07.14	1.07.11
General Rural – Homestay/Farmstay	4.03%	(11.66%)	-
General Rural - Total	16.42%	2.40%	(18.13%)
Sounds Admin Rural - Residential/Rural	(0.43%)	(16.23%)	(21.97%)
Sounds Admin Rural - Commercial/Industrial	0.06%	(16.14%)	(23.55%)
Sounds Admin Rural – Homestay/Farmstay	0.0%	(25.40%)	-
Sounds Admin Rural - Total	(0.41%)	(16.24%)	(22.01%)
Utilities Total	0.0%	0.0%	
District-wide - Residential/Rural	22.03%	6.24%	(22.30%)
District-wide - Commercial/Industrial	13.68%	4.72%	(11.49%)
District-wide – Homestay/Farmstay	14.44%	4.93%	-
Utilities	0.0%	0.0%	
District-wide - Total	21.45%	6.13%	(21.64%)

The following is a summary of the 2017 revaluation movements for each of Council's geographic and differential rating areas:

Rating Area	Average Land Value Movement	Average Capital Value Movement
Blenheim Residential/Rural	15.06%	25.32%
Blenheim Commercial/Industrial	15.57%	11.43%
Blenheim – Homestay/Farmstay	15.25%	6.24%
Blenheim Vicinity – Residential/Rural	38.14%	40.86%
Blenheim Vicinity – Commercial/Industrial	18.85%	9.11%
Blenheim Vicinity – Homestay/Farmstay	16.94%	15.70%
Picton Residential/Rural	25.47%	27.37%
Picton Commercial/Industrial	7.12%	12.93%
Picton – Homestay/Farmstay	28.38%	44.32%

Rating Area	Average Land Value Movement	Average Capital Value Movement
Picton Vicinity – Residential/Rural	7.41%	14.01%
Picton Vicinity – Commercial/Industrial	1.61%	1.33%
General Rural Residential/Rural	16.57%	19.93%
General Rural Commercial/Industrial	6.63%	10.85%
General Rural Homestay/Farmstay	4.03%	11.90%
Sounds Admin Rural Residential/Rural	(0.43%)	6.19%
Sounds Admin Rural Commercial/Industrial	0.06%	7.72%
Sounds Admin Rural – Homestay/Farmstay	0.00%	10.22%
Utilities	0.00%	16.43%
District-wide - Total	21.45%	25.64%

The previous Capital Value revaluation movement as at 1 July 2014 was 9.61% and as at 1 July 2011 was (18.26%).

The following is a summary of the Capital Value percentage increase (decrease) movements for each of the Wairau Valley River and Kenepuru Road rating areas:

	1.07.17	1.07.14	1.07.11
Wairau Valley River Class A Rate	45.17%	23.28%	(27.41%)
Wairau Valley River Class B Rate	36.09%	23.37%	(34.86%)
Wairau Valley River Class C Rate	33.69%	18.76%	(28.57%)
Wairau Valley River Class D Rate	33.59%	21.69%	(22.69%)
Wairau Valley River Rural Urban 1 Rate	20.29%	3.07%	(7.27%)
Wairau Valley River Rural Urban 2 Rate	25.48%	3.36%	(10.80%)
Wairau Valley River Blenheim Urban 1 Rate	21.30%	4.42%	(9.47%)
Wairau Valley River Blenheim Urban 2 Rate	25.43%	4.15%	(10.70%)
Wairau Valley River Blenheim Urban 3 Rate	24.96%	3.99%	(11.33%)
Wairau Valley River Blenheim Urban 4 Rate	24.48%	3.45%	(11.77%)
Kenepuru Road Rate	9.10%	(12.02%)	(9.07%)

The next revaluation of the District will be released in September 2020.

Valuation changes prior to 2020 will only relate to property subdivisions, new improvements, and any alterations to the 1 July 2017 revaluation which are approved by Quotable Value Ltd or the Land Valuation Tribunal (as a result of revaluation objections lodged prior to 3 November 2017).

With a district-wide revaluation there is no direct relationship between valuation movements and rates movements.

A revaluation of the District does not increase Council’s rating income, but it does redistribute the incidence of valuation based rates between individual ratepayers. This means that even if Council were to levy the same amount in total for the year following a revaluation, some ratepayers will have rate increases, while others will have rate decreases.

Rates levied on a uniform charge basis (eg; refuse and recycling charges) are unaffected by a district-wide revaluation. The only factors responsible for increasing rates on an individual property are:

- If an individual’s property value increases by more than the average increase for their geographic rating area.
- If an individual’s property value decreases by less than the average decrease for their geographic rating area.
- If an individual’s property value alters as a result of new improvements being added (only affects rates levied on a capital value basis).
- If the property changes its eligibility for separate service rates/charges (eg; it now qualifies for water, sewerage, refuse and recycling etc).
- If Council amends its Revenue and Financing Policy. Council amended its Revenue and Financing Policy in accordance with that proposed in its 2018-28 Long Term Plan Consultation Document.
- If Council increases its rating income requirement through the Annual Plan process.

Note: This revaluation, the geographic rating area revaluation movements are mainly increases. Last revaluation, the revaluation movements included both increases and decreases.

Rates Movements 2018-28

Total Rates and Charges for 2018-19 are estimated at \$67,201,782 (GST exclusive). This represents an increase of \$2,676,413 (4.15%) on last year's levy.

The rating effect will be different for individual properties because of the varying effects of the recent District-wide revaluation; movements in general-type rates not impacting uniformly on all geographic rating areas; and movements in targeted separate rates (such as Sewerage and Water etc) affecting only those properties able to receive these services

Significant contributors to the overall rates increase are as follows:

General Rates and Charges		
Community Facilities	\$805,569	Increased operating costs are budgeted for: <ul style="list-style-type: none"> Increased costs of maintenance contracts, excluding Reserves, following tendering on the open market Debt servicing costs for new projects Overhead allocation Insurance for halls and reserves Depreciation for public conveniences.
Environmental Management	\$515,959	More resources are required to implement the Proposed Marlborough Environment Plan, as well as the range of National Environmental Policy Standards and Regulations.
Community Support	\$452,686	The increase is due to : <ul style="list-style-type: none"> Expected increased uptake of energy efficiency schemes Events Management previously in Regional Development Smart and Connected Communities now included, previously included in Regional Development and roading activities Maintaining and enhancing the region's heritage assets.
Libraries	\$303,342	Increased depreciation and operating costs resulting from the opening of the new purpose built Library and Service Centre in Picton. The new Library budget has been reclassified into library services from customer services.
Biosecurity (Pest Management)	\$108,021	Increased funding for the implementation of the proposed Regional Pest Management Plan and the Biosecurity Strategy.
Harbours	(\$78,906)	Internal allocation of navigation levies has reduced rates, offset by increase in contract costs for navigation safety information.
Building Consents	(\$116,088)	Increase in consent building fees from increased activity, value of work and fee increase. In part this has been offset by increase in personnel costs due to increased compliance to achieve building warrant of fitness, compliance schedules and meeting the requirements of the Earthquake-Prone Buildings Act
Emergency Management	(\$353,361)	Fire Protection operations ceased as they were taken over by Fire Emergency New Zealand.
Targeted Rates and Charges		
Combined Water	\$433,176	Increased depreciation and overhead allocation plus reduction in utilisation of Water Reserves built up from previous years. Offset by reduced interest costs from interest rate reduction.
Wairau Valley River Works	\$264,324	Increased debt servicing costs for the Wairau Tuamarina and Ruakanakana (Gibson) Creek floodway upgrades and ongoing Wither Hills soil conservation.
Water Awatere Rural	\$122,303	Increased depreciation and operating costs.
Combined Sewerage	\$106,573	Increased depreciation and treatment costs. Offset by reduced interest costs from interest rate reduction and increased funding of debt servicing costs from the Infra Upgrade Reserve

Additional information in support of the summarised rate movements is included in the Rates Movement section and Funding Impact Statement of this Long Term Plan.

Indicative Impact on Benchmark Properties

Council uses Benchmark Properties in different geographic areas to illustrate the effect of its rating proposals. The rating effect on individual properties varies because movements in general-type rates do not impact uniformly on Council's geographic rating areas. Movements in targeted separate rates (such as Sewerage and Water) affect only properties in those rating areas. For each Benchmark Property the proposed rates for the next ten years are shown below along with the resulting percentage movement.

Benchmark Properties	Capital Value	Land Value	2017.18 Actual Rate Levy	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
01-Blenheim Residential	\$400,000	\$200,000	\$2,545	\$2,607 2.44%	\$2,751 5.54%	\$2,904 5.55%	\$3,033 4.45%	\$3,156 4.04%	\$3,299 4.55%	\$3,436 4.16%	\$3,577 4.08%	\$3,734 4.40%	\$3,847 3.02%
02-Blenheim Residential	\$390,000	\$185,000	\$2,519	\$2,618 3.94%	\$2,764 5.58%	\$2,919 5.61%	\$3,053 4.57%	\$3,180 4.16%	\$3,325 4.57%	\$3,463 4.14%	\$3,603 4.05%	\$3,760 4.36%	\$3,876 3.09%
03-Blenheim Residential	\$500,000	\$225,000	\$2,678	\$2,744 2.46%	\$2,893 5.44%	\$3,052 5.49%	\$3,187 4.43%	\$3,316 4.06%	\$3,470 4.65%	\$3,618 4.24%	\$3,769 4.18%	\$3,938 4.48%	\$4,057 3.03%
04-Blenheim Residential	\$620,000	\$225,000	\$2,898	\$2,932 1.16%	\$3,091 5.41%	\$3,261 5.52%	\$3,412 4.63%	\$3,560 4.32%	\$3,731 4.80%	\$3,891 4.29%	\$4,055 4.21%	\$4,237 4.49%	\$4,372 3.19%
05-Blenheim Residential	\$530,000	\$195,000	\$2,628	\$2,723 3.61%	\$2,873 5.53%	\$3,034 5.59%	\$3,174 4.61%	\$3,309 4.25%	\$3,463 4.66%	\$3,608 4.19%	\$3,756 4.10%	\$3,921 4.40%	\$4,044 3.14%
06-Blenheim Vacant Section	\$190,000	\$190,000	\$2,057	\$2,100 2.08%	\$2,203 4.90%	\$2,313 4.98%	\$2,406 4.03%	\$2,502 4.00%	\$2,622 4.79%	\$2,736 4.33%	\$2,858 4.48%	\$2,990 4.63%	\$3,080 2.99%
07-Blenheim Commercial	\$540,000	\$134,000	\$3,637	\$3,424 -5.85%	\$3,612 5.48%	\$3,801 5.24%	\$3,964 4.29%	\$4,149 4.68%	\$4,346 4.73%	\$4,558 4.88%	\$4,707 3.28%	\$4,914 4.39%	\$5,081 3.39%
08-Blenheim Commercial	\$1,130,000	\$425,000	\$8,043	\$7,194 -10.55%	\$7,508 4.36%	\$7,844 4.48%	\$8,138 3.74%	\$8,534 4.87%	\$8,991 5.36%	\$9,515 5.82%	\$9,837 3.39%	\$10,317 4.88%	\$10,686 3.58%
09-Picton Residential	\$440,000	\$135,000	\$2,619	\$2,665 1.78%	\$2,838 6.49%	\$2,986 5.22%	\$3,123 4.57%	\$3,233 3.52%	\$3,360 3.95%	\$3,477 3.47%	\$3,596 3.42%	\$3,723 3.53%	\$3,820 2.61%
10-Picton Residential	\$415,000	\$200,000	\$3,025	\$3,068 1.42%	\$3,258 6.19%	\$3,418 4.91%	\$3,568 4.38%	\$3,696 3.61%	\$3,851 4.18%	\$3,998 3.82%	\$4,142 3.61%	\$4,302 3.85%	\$4,414 2.61%
11-Picton Vacant Section	\$129,000	\$129,000	\$2,062	\$2,075 0.65%	\$2,195 5.80%	\$2,292 4.42%	\$2,384 4.02%	\$2,465 3.36%	\$2,566 4.11%	\$2,657 3.54%	\$2,755 3.71%	\$2,855 3.63%	\$2,928 2.55%
12-Picton Commercial	\$420,000	\$290,000	\$5,915	\$4,776 -19.25%	\$4,858 1.72%	\$4,919 1.24%	\$5,064 2.96%	\$5,235 3.37%	\$5,441 3.93%	\$5,704 4.83%	\$5,844 2.46%	\$6,077 3.99%	\$6,239 2.66%

Benchmark Properties	Capital Value	Land Value	2017.18 Actual Rate Levy	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
13-Picton Motels (19 units)	\$1,370,000	\$485,000	\$6,878	\$7,027 2.17%	\$7,107 1.13%	\$7,155 0.68%	\$7,348 2.69%	\$7,601 3.44%	\$7,911 4.08%	\$8,327 5.26%	\$8,529 2.42%	\$8,886 4.20%	\$9,119 2.61%
14-Blenheim Vicinity	\$3,100,000	\$1,540,000	\$5,912	\$7,080 19.76%	\$7,400 4.52%	\$7,801 5.42%	\$8,192 5.01%	\$8,545 4.32%	\$8,866 3.76%	\$9,181 3.55%	\$9,472 3.16%	\$9,773 3.18%	\$10,079 3.13%
15-Blenheim Vicinity	\$2,130,000	\$1,000,000	\$3,898	\$4,887 25.36%	\$5,105 4.47%	\$5,387 5.51%	\$5,671 5.28%	\$5,933 4.63%	\$6,174 4.06%	\$6,405 3.74%	\$6,614 3.27%	\$6,834 3.33%	\$7,065 3.38%
16-Blenheim Vicinity	\$13,090,000	\$6,480,000	\$19,753	\$24,404 23.54%	\$25,537 4.64%	\$27,005 5.75%	\$28,497 5.52%	\$29,811 4.61%	\$31,017 4.05%	\$32,228 3.90%	\$33,282 3.27%	\$34,414 3.40%	\$35,595 3.43%
17-Blenheim Vicinity	\$2,840,000	\$2,050,000	\$8,806	\$8,565 -2.74%	\$8,944 4.43%	\$9,422 5.34%	\$9,879 4.85%	\$10,276 4.03%	\$10,638 3.52%	\$11,008 3.48%	\$11,341 3.02%	\$11,690 3.08%	\$12,040 2.99%
18-Blenheim Vicinity	\$12,250,000	\$7,440,000	\$21,984	\$28,189 28.23%	\$29,495 4.63%	\$31,181 5.72%	\$32,879 5.45%	\$34,370 4.54%	\$35,738 3.98%	\$37,114 3.85%	\$38,317 3.24%	\$39,605 3.36%	\$40,941 3.37%
19-Renwick Residential * 1	\$410,000	\$175,000	\$2,219	\$2,425 9.31%	\$2,586 6.63%	\$2,742 6.03%	\$2,875 4.88%	\$2,995 4.16%	\$3,123 4.26%	\$3,238 3.70%	\$3,364 3.88%	\$3,498 4.00%	\$3,589 2.59%
20-Renwick Residential * 2	\$325,000	\$170,000	\$2,251	\$2,460 9.29%	\$2,619 6.45%	\$2,773 5.86%	\$2,904 4.72%	\$3,020 4.00%	\$3,144 4.09%	\$3,256 3.57%	\$3,338 2.51%	\$3,429 2.72%	\$3,516 2.56%
21-Spring Creek Residential	\$385,000	\$170,000	\$1,737	\$1,883 8.36%	\$1,991 5.76%	\$2,107 5.84%	\$2,202 4.52%	\$2,304 4.61%	\$2,410 4.62%	\$2,500 3.71%	\$2,601 4.07%	\$2,722 4.65%	\$2,800 2.86%
22-Grovetown Residential * 3	\$470,000	\$225,000	\$2,960	\$3,115 5.25%	\$3,234 3.80%	\$3,361 3.94%	\$3,303 -1.75%	\$3,418 3.48%	\$3,543 3.67%	\$3,648 2.96%	\$3,769 3.31%	\$3,912 3.79%	\$4,000 2.24%
23-Grovetown Residential * 3	\$280,000	\$180,000	\$2,522	\$2,681 6.31%	\$2,788 4.01%	\$2,903 4.12%	\$2,864 -1.35%	\$2,963 3.45%	\$3,068 3.55%	\$3,156 2.89%	\$3,258 3.22%	\$3,379 3.72%	\$3,454 2.22%
24-Rarangi Residential	\$1,020,000	\$290,000	\$1,391	\$1,568 12.76%	\$1,635 4.28%	\$1,715 4.89%	\$1,783 3.95%	\$1,843 3.35%	\$1,895 2.86%	\$1,949 2.84%	\$2,003 2.75%	\$2,055 2.63%	\$2,104 2.35%
25-Picton Vicinity	\$1,905,000	\$1,570,000	\$3,244	\$4,949 52.53%	\$5,164 4.34%	\$5,434 5.23%	\$5,704 4.98%	\$5,909 3.58%	\$6,098 3.21%	\$6,298 3.27%	\$6,480 2.89%	\$6,657 2.74%	\$6,844 2.81%

Benchmark Properties	Capital Value	Land Value	2017.18 Actual Rate Levy	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
26-Ngakuta Bay - bach	\$480,000	\$155,000	\$625	\$1,101 76.12%	\$1,150 4.43%	\$1,197 4.12%	\$1,244 3.96%	\$1,277 2.66%	\$1,313 2.78%	\$1,339 1.96%	\$1,379 3.00%	\$1,404 1.83%	\$1,438 2.40%
27-General Rural - French Pass	\$2,000,000	\$1,820,000	\$6,400	\$5,590 -12.67%	\$5,892 5.42%	\$6,217 5.50%	\$6,489 4.38%	\$6,701 3.28%	\$6,889 2.81%	\$7,114 3.26%	\$7,298 2.59%	\$7,500 2.77%	\$7,686 2.48%
28-General Rural - Manaroa	\$5,070,000	\$4,080,000	\$13,675	\$13,095 -4.24%	\$13,773 5.17%	\$14,498 5.27%	\$15,108 4.21%	\$15,585 3.16%	\$16,009 2.72%	\$16,514 3.16%	\$16,928 2.50%	\$17,383 2.69%	\$17,803 2.42%
29-General Rural - Opouri Valley	\$3,670,000	\$2,930,000	\$8,978	\$8,510 -5.22%	\$8,984 5.57%	\$9,491 5.65%	\$9,920 4.51%	\$10,250 3.33%	\$10,545 2.88%	\$10,900 3.37%	\$11,186 2.62%	\$11,503 2.84%	\$11,799 2.57%
30-General Rural - on Awatere Water	\$2,270,000	\$1,750,000	\$5,966	\$5,820 -2.45%	\$6,159 5.83%	\$6,655 8.05%	\$7,067 6.19%	\$7,402 4.74%	\$7,584 2.45%	\$7,800 2.85%	\$7,977 2.28%	\$8,173 2.45%	\$8,352 2.19%
31-Havelock Residential	\$435,000	\$178,000	\$2,049	\$2,153 5.08%	\$2,308 7.18%	\$2,451 6.21%	\$2,569 4.80%	\$2,676 4.16%	\$2,795 4.45%	\$2,903 3.86%	\$3,025 4.19%	\$3,158 4.40%	\$3,232 2.34%
32-Seddon Residential	\$270,000	\$99,000	\$2,998	\$3,150 5.09%	\$3,277 4.01%	\$3,395 3.61%	\$3,490 2.79%	\$3,578 2.52%	\$3,673 2.66%	\$3,751 2.12%	\$3,845 2.51%	\$3,953 2.80%	\$4,010 1.45%
33-Wairau Valley Township Residential	\$520,000	\$150,000	\$2,205	\$2,295 4.06%	\$2,394 4.33%	\$2,509 4.82%	\$2,597 3.48%	\$2,681 3.25%	\$2,747 2.45%	\$2,807 2.20%	\$2,884 2.73%	\$2,949 2.27%	\$2,994 1.52%
34-Sounds Admin Rural - farm	\$5,720,000	\$4,900,000	\$12,158	\$7,738 -36.36%	\$8,103 4.73%	\$8,638 6.60%	\$9,101 5.36%	\$9,369 2.94%	\$9,585 2.31%	\$9,850 2.77%	\$10,116 2.70%	\$10,338 2.19%	\$10,590 2.44%
35-Sounds Admin Rural - bach	\$360,000	\$165,000	\$790	\$664 -15.91%	\$694 4.50%	\$730 5.26%	\$757 3.65%	\$780 3.02%	\$798 2.35%	\$812 1.68%	\$833 2.69%	\$851 2.11%	\$865 1.64%
36-Sounds Admin Rural - bach	\$510,000	\$270,000	\$1,028	\$806 -21.55%	\$843 4.57%	\$890 5.58%	\$926 4.04%	\$954 3.00%	\$976 2.34%	\$995 1.92%	\$1,022 2.70%	\$1,044 2.13%	\$1,063 1.82%

*1This property opted to make sewer lump sum payments.

*2 This property opted to make sewer loan repayments over a 20 year term, in lieu of lump sum payments.

*3These properties pay the sewerage loan rate because they did not make a lump sum payment.

Rate and Charges by Rate type (\$000's)

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

	2018.19 - Yr1	2019.20 - Yr2	2020.21 - Yr3	2021.22 - Yr4	2022.23 - Yr5	2023.24 - Yr6	2024.25 - Yr7	2025.26 - Yr8	2026.27 - Yr9	2027.28 - Yr10
Gen Type Rates & Charges										
Blenheim Res/Rural	5,934	6,171	6,493	6,799	7,017	7,263	7,549	7,766	8,020	8,277
Blenheim Com/Ind	3,587	3,742	3,910	4,055	4,249	4,453	4,729	4,828	5,033	5,218
Blenheim UAC	8,856	9,197	9,563	9,835	10,140	10,457	10,754	11,118	11,464	11,772
Blenheim Geo Area	18,377	19,110	19,966	20,689	21,406	22,173	23,033	23,712	24,517	25,267
Blenheim Vicinity Res/Rural	6,709	7,014	7,417	7,784	8,049	8,292	8,588	8,822	9,081	9,331
Blenheim Vicinity Com/Ind	303	315	329	339	350	360	371	380	390	401
Blenheim Vicinity UAC	2,676	2,780	2,890	2,965	3,053	3,123	3,184	3,265	3,334	3,387
Blenheim Vicinity Geo Area	9,689	10,109	10,637	11,088	11,452	11,775	12,143	12,467	12,805	13,119
Picton Res/Rural	1,615	1,699	1,763	1,835	1,902	1,954	2,038	2,067	2,130	2,185
Picton Com/Ind	687	685	680	700	722	741	780	780	803	823
Picton UAC	2,071	2,162	2,230	2,297	2,339	2,407	2,433	2,509	2,546	2,605
Picton Geo Area	4,374	4,545	4,672	4,831	4,963	5,101	5,251	5,356	5,478	5,613
Picton Vicinity Res/Rural	341	356	375	394	407	418	433	444	456	468
Picton Vicinity Com/Ind	23	24	25	25	26	27	27	28	29	30
Picton Vicinity UAC	304	317	328	339	347	357	361	373	378	386
Picton Vicinity Geo Area	668	697	728	759	780	802	821	845	863	884
General Rural Res/Rural	6,420	6,784	7,173	7,505	7,756	7,983	8,261	8,477	8,722	8,954
General Rural Com/Ind	136	143	150	154	159	164	169	173	178	182
General Rural UAC	2,570	2,675	2,791	2,865	2,955	3,020	3,067	3,147	3,213	3,250
General Rural Geo Area	9,127	9,602	10,114	10,524	10,870	11,167	11,497	11,797	12,112	12,386
Sounds Admin Rural Res/Rural	424	445	476	504	519	530	546	561	574	589
Sounds Admin Rural Com/Ind	19	20	21	22	22	23	24	24	25	25
Sounds Admin Rural UAC	554	578	603	618	638	652	659	677	690	697
Sounds Admin Rural Geo Area	998	1,043	1,100	1,143	1,179	1,205	1,229	1,262	1,289	1,311
Gen Type Rates & Charges	43,232	45,105	47,217	49,034	50,650	52,224	53,973	55,439	57,063	58,579

	2018.19 - Yr1	2019.20 - Yr2	2020.21 - Yr3	2021.22 - Yr4	2022.23 - Yr5	2023.24 - Yr6	2024.25 - Yr7	2025.26 - Yr8	2026.27 - Yr9	2027.28 - Yr10
Roading Rates & Charges										
French Pass	28	28	28	28	28	28	28	28	28	28
Keneperu	35	35	35	35	35	35	35	35	35	35
Roading Rates & Charges	63	63	63	63	63	63	63	63	63	63
Wairau Valley River Works Rates										
Wairau Valley River Works Rates	4,020	4,218	4,471	4,805	5,191	5,548	5,822	6,095	6,378	6,709
Sewerage Rates / Charges										
Combined Sewerage Scheme Rates & Charges	7,892	8,655	9,374	9,901	10,557	11,434	12,125	12,941	14,132	14,598
Groveton Sewerage	92	92	92	77	77	77	77	77	77	77
Renwick Sewerage	30	30	30	30	30	30	30	15	-	-
St Andrews Sewerage	-	-	27	55	55	55	56	64	72	72
Sewerage Rates / Charges	8,014	8,777	9,524	10,064	10,720	11,597	12,288	13,097	14,281	14,748
Water Supply Rates & Charges										
Combined Water Scheme	7,175	7,712	8,160	8,604	8,855	9,159	9,534	9,872	10,068	10,304
Awatere Water	740	807	913	963	981	998	865	820	835	845
Flaxbourne Irrigation	1	268	362	459	1,817	2,025	2,037	2,048	2,060	2,074
Riverlands Water	301	305	626	935	953	972	969	966	962	959
Southern Valleys' Irrigation	1,605	1,620	1,634	1,649	1,664	1,681	1,697	1,805	1,244	775
Water Supply Rates & Charges	9,822	10,712	11,694	12,611	14,270	14,835	15,102	15,510	15,169	14,958
Refuse & Kerb Recycling Collection										
Refuse & Kerb Recycling Collection	1,435	1,470	1,524	1,577	1,613	1,652	1,691	1,713	1,737	1,786
Miscellaneous rates										
Tourism Charge	190	193	196	200	203	207	210	214	218	223
Energy Efficiency Rate	325	400	450	400	380	360	350	325	325	325
Landscape	3	3	4	4	4	5	5	5	6	6
Picton Forum	5	5	5	5	5	5	5	5	5	5
Pool Inspection	91	93	94	96	99	101	103	106	108	111
Miscellaneous rates	613	694	749	705	691	677	674	655	662	669
Agency										
Tua Marina Hall/Waikakaho Charge	2	2	2	2	2	2	2	2	2	2
Agency	2	2	2	2	2	2	2	2	2	2
TOTAL RATES & CHARGES	67,202	71,042	75,245	78,862	83,201	86,599	89,616	92,575	95,356	97,516

Rates and Charges – By Activity

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

Rates and Charges by Activity Group (\$000's)											
Group		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
People	Democratic Process	2,969	3,143	3,241	3,181	3,360	3,443	3,386	3,545	3,614	3,567
	Arts	618	620	706	790	795	800	803	803	807	809
	Heritage	473	485	479	481	484	488	490	491	494	496
	Community Safety	112	115	119	124	129	134	139	143	149	153
	Grants and Donations	745	698	706	711	717	725	730	733	739	745
	Events Management	228	233	239	244	250	257	263	269	276	283
	Smart + Connected Communities	147	153	157	161	165	170	175	179	184	189
	Energy Efficiency	325	400	450	400	380	360	350	325	325	325
	Recreation	46	47	47	47	47	48	48	48	48	48
	Passenger Transport	166	246	178	183	196	194	202	214	214	221
	Library Services	2,304	2,365	2,428	2,504	2,574	2,538	2,585	2,644	2,720	2,800
	Emergency Management	522	531	538	545	554	568	579	589	601	613
Community Facilities	Cemeteries	393	415	432	443	456	469	481	492	503	515
	Memorials	117	120	124	127	131	135	140	147	124	127
	Street berms, trees and plots	600	621	638	653	679	688	884	721	741	761
	Halls	347	406	414	420	428	436	443	449	456	465
	Public Conveniences	1,142	1,194	1,245	1,285	1,315	1,334	1,352	1,373	1,394	1,411
	Reserves	5,219	5,511	5,741	5,992	6,134	6,512	6,815	7,118	7,336	7,648
Swimming Pools	1,475	1,509	1,555	1,593	1,637	1,683	1,727	1,770	1,823	1,874	
Roads and footpaths		10,099	10,502	10,987	11,398	11,933	12,451	12,992	13,448	14,042	14,441
Flood protection	River Leases	(147)	(147)	(147)	(147)	(147)	(147)	(147)	(147)	(147)	(147)
	Rivers Outside Wairau Floodplain	290	296	303	309	316	324	331	337	345	352
	Wairau Floodplain Drainage	1,013	1,093	1,247	1,459	1,678	1,797	1,827	1,862	1,912	1,992
	Wairau Floodplain Rivers	3,154	3,272	3,371	3,494	3,660	3,897	4,142	4,380	4,613	4,864

Rates and Charges by Activity Group (\$000's)											
Group		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Sewerage - Combined		8,014	8,777	9,524	10,064	10,720	11,597	12,288	13,097	14,281	14,748
Storm water	Blenheim	1,438	1,515	1,579	1,622	1,670	1,775	1,874	1,971	2,085	2,199
	Other	568	595	596	609	635	646	676	667	684	699
Water	Combined	7,175	7,712	8,160	8,604	8,855	9,159	9,534	9,872	10,068	10,304
	Awatere Rural (POE)	740	807	913	963	981	998	865	820	835	845
	Riverlands	301	305	626	935	953	972	969	966	962	959
Waste	Landfills	85	89	92	94	97	100	106	109	112	115
	Refuse Collections	1,435	1,470	1,524	1,577	1,613	1,652	1,691	1,713	1,737	1,786
	Transfer Stations	567	582	597	611	628	646	663	678	697	717
	Waste Minimisation	878	931	964	989	1,016	1,041	1,063	1,084	1,110	1,113
Environmental Management	Environmental Policy	1,271	1,289	1,326	1,354	1,389	1,426	1,461	1,490	1,527	1,568
	Environmental Science and Monitoring	3,737	3,967	4,484	5,020	5,183	5,203	5,342	5,449	5,597	5,725
	Environmental Protection	769	840	940	1,035	1,085	1,115	1,146	1,176	1,211	1,245
	Resource Consents	893	930	962	988	1,018	1,050	1,079	1,106	1,138	1,170
Regulatory	Building Control	649	529	505	552	545	596	586	636	628	679
	Environmental Health	190	195	203	207	209	214	218	219	221	226
	Biosecurity (Pest Management)	1,324	1,456	1,596	1,629	1,670	1,715	1,757	1,793	1,840	1,889
	Dog Control	125	128	132	135	139	143	146	149	153	157
	Other Animal Control	15	15	17	18	18	19	19	20	20	20
	Harbours	915	987	1,041	1,072	1,103	1,147	1,233	1,305	1,302	1,364
Regional Development	Economic Development	747	776	808	802	824	848	870	890	915	940
	Marketing and Tourism	1,095	1,115	1,139	1,159	1,182	1,208	1,231	1,251	1,278	1,302
	Research Centre	265	270	275	280	286	292	298	302	309	315
	Irrigation Schemes	1,606	1,888	1,996	2,109	3,481	3,706	3,734	3,853	3,304	2,850
	Parking	43	43	43	35	27	27	27	26	26	26
Agency rates		2	2	2	2	2	2	2	2	2	2
Total Activity Rates		67,202	71,042	75,245	78,862	83,201	86,599	89,616	92,575	95,356	97,516



Part 5: Policies

- **Revenue and Financing Policy**
- **Rates Remission and Postponement Policies**
- **Engagement and Significance Policy**
- **Statement on Contributions to Decision-Making Processes by Māori**

Revenue and Financing Policy

1. The Revenue and Financing Policy provides a summary of Council’s funding policies in respect of both operating expenses and capital expenditures. Council reviews its funding policy at least every three years. The last review was completed prior to the initiation of the 2018-28 Long Term Plan (LTP), and changes adopted are detailed in paragraph 12.
2. Sources of funds available to Council are as follows:
 - General rates.
 - Targeted rates.
 - Lump sum contributions.
 - Fees and charges.
 - Interest and dividends from investments.
 - Borrowing.
 - Proceeds from asset sales.
 - Development contributions.
 - Financial contributions.
 - Grants and subsidies.
 - Other sources permitted by statute.
3. Council’s Revenue and Expenditure Policy deals with the revenue and financing mechanisms at a “Sub-Activity” level. Sub-Activities are a sub-set of “Activities”, which in turn are a sub-set of “Activity Groups” using two examples:
 1. *One of Council’s Activity Groups is “People”.*
One of People’s Activities is “Community Support”.
One of Community Support’s Sub-Activities is “Grants and Donations”.
 2. *One of Council’s Activity Groups is “Community Facilities”.*
One of Community Facilities’ Activities is “Reserves”.
4. In determining which funding sources were appropriate, Council gave consideration to the following matters in relation to each activity to be funded:
 - The community outcomes to which the activity primarily contributes;

- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
 - The period in or over which those benefits are expected to occur; and
 - The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
 - The costs and benefits, including consequences, for transparency and accountability, of funding the activity distinctly from other activities; and
 - The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.
5. Prior to determining the “Residual amount to be funded by General-type Rates”, Council identified all other funding sources appropriate to each activity. These other sources, and the approach taken by Council are listed in the paragraph 9 table, which highlights the funding sources for every Council activity and any sub-activity which may exist. The table shows the rating tools which Council has determined to be fair and equitable for each activity.

Fees and Charges

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

Grants and Subsidies

These are sought and applied for whenever they are available.

General Revenues

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

General-Type Targeted Rates and Charges

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

Separate differential categories are utilised for general-type rates and charges, and these are specified in each year's Funding Impact Statement. Council currently has six geographic areas and three categories of land use for each of these areas.

Separate Targeted Rates and Charges

Targeted rates and charges are levied to meet the full cost of water and sewerage schemes, refuse and recycling collections, defined roading improvements, defined marketing and tourism activities, and for other services where Council has been requested to levy such rates. In these instances Council believe separate targeted rates are the most equitable funding mechanism based of the benefits assessed for the targeted area.

Council has adopted differential land value rates to fund the debt servicing requirement of the Combined sewerage and water schemes, which takes account of the median land values for each scheme; and of funding operating costs by way of a common uniform annual charge for the Combined sewerage scheme and a differential uniform annual charge for the Combined Water Scheme. The most significant benefits derived from these combined single sewerage and water funding schemes are a smoothing of rating spikes in smaller schemes and better cash flow management through the timing of capital works.

Note:

The combined sewerage and water rates and charges do not include the initial debt servicing requirements for any new schemes not paid by lump sum contributions.

6. The following explanations will give readers an understanding of terminology used in this policy statement. Unless otherwise specified, the term:
 - Uniform Annual Charge (UAC) or Charge refers to a targeted rate of a uniform amount calculated on each separately used or inhabited part of every rating unit; or for some charges, on every rating unit.
 - General-type targeted Rates are rates that are targeted to a particular geographic rating area or a differential rating area group. (These rates are based on the land value of each property).
 - General-type targeted Charges are charges that are targeted to a particular geographic rating area. (These charges are set differentially for the six geographic areas as a fixed amount on every separately used or inhabited part of a rating unit).
 - Separate targeted Rates are rates that are targeted to a particular area of benefit. e.g. Water, Sewerage. (Separate targeted rates are based on

the land value of each property other than Wairau Valley River Works Rates and the Kenepuru Road Rate which are levied on capital value, or the Southern Valleys' Irrigation Loan Rate and the Flaxbourne Community Irrigation Scheme Loan Rate which are based on irrigable hectares) or the Energy Efficiency rates which are based on the service amount.

- Separate targeted Charges are charges that are targeted to a particular area of benefit e.g. Water, Sewerage.
- Land values, capital values or rating units refers to rateable land values, rateable capital values or rateable rating units as the case may be.
- Residual Rate Funding Percentages refer to the residual amount to be funded, after allowance for sources of funds other than rates.
- Funding relationship weightings refer to a methodology for allocating the various general-type rates and charges where the highest weighting is always expressed as 100.
- (Where a weighting shows as zero, there is no contribution from that area, but where a weighting shows as a number between zero and 100 (e.g. 85), that area will pay a rate or uniform charge (as the case may be) of 85% of any area that has a weighting of 100.
- If all areas have a weighting of 100, the rate in the dollar or uniform charge (as the case may be) will be the same for all areas).
- Council has the following definition to determine what constitutes a "separately used or inhabited part of a rating unit":

Definition

- A separately used or inhabited part of a rating unit includes any portion inhabited or used by the owner or a person other than the owner who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement.

For the purposes of this definition:

- A SUIP includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.
- A rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

- Vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'.

Examples of the application of the definition

- Where a rating unit has two separately used parts, whether or not actually occupied at any particular time, they will be treated as two SUIPs.

Residential	Residential	= 2 SUIPs
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- Where a rating unit contains both a commercial or industrial type use, and a residential or rural type use they will be treated as two SUIPs.

Commercial or Industrial	Residential or Rural	= 2 SUIPs
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- Where a number of different businesses are located on one rating unit, each separate business will be assessed as a SUIP.

Commercial	Commercial	= 2 SUIPs
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Exceptions to the definition

- Predominantly residential rating units where the owner of the unit resides and operates a business (including a homestay or farmstay activity) from the same rating unit will be charged as being one SUIP.

Owner operated business	Predominant Use – Owner occupied residential	= 1 SUIP
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- Where two dwellings are located on a farm, vineyard, forestry or horticultural block, the first dwelling is considered an integral part of the farm, vineyard, forestry or horticultural block and every additional dwelling is assessed as a SUIP.

Two Residential	Rural	= 2 SUIPs
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- Motels, and hotels used for commercial rental and dwellings used by owners or managers of a hotel or motel are treated as one business use even though each accommodation unit may be capable of separate use.

Motel	Dwelling	= 1 SUIP
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- The Council has adopted the following differential rating categories for general-type rates:

Residential or Rural

All land used for a private residence and all land used for rural purposes. "Private residence" excludes rest homes and residential establishments that provide residential care. It also excludes all forms of commercial accommodation.

"Rural purposes" means any agricultural, horticultural or pastoral purpose and includes the keeping of bees, poultry or livestock. This group will include all rating units not otherwise categorised within a specified differential category.

Forestry is included in this category for the purposes of the General Works and Services Rate.

Commercial or Industrial

All land used for a commercial or industrial purpose. "Commercial purposes" includes but is not limited to, any trade or service or activity undertaken or provision of facilities, by any person with a view to making a profit irrespective of whether a profit is actually made, or charging any fee or deriving any other consideration in relation to the trade or service or activity or provision. "Industrial" includes a business, manufacturer, undertaking, or service associated with the production of any type of goods. For the purposes of the General Works and Services Rate, this differential category includes residential rest homes and residential establishments that provide residential care and all forms of commercial accommodation as well as rating units otherwise assessed as "utilities".

Commercial accommodation includes but is not limited to the provision of accommodation for a fee or other consideration with the exemption of:

- Properties where the principal purpose is the provision of longstay accommodation ie: 28 days or more.
- Properties that provide accommodation for five or less people.
- Properties that were originally constructed as residential properties that provide accommodation for six or more, which are included in the homestay or farmstay category.

Homestay or Farmstay

Includes all rating units that are used for a homestay or farmstay activity on land predominantly used for residential or rural purposes, where a Building Act or Resource Consent was required for such a use.

Revenue and Financing Policy

Utilities

Land used for an essential service such as water, electricity, gas, telecommunications or sewerage.

Multiple Land Uses

The Council will partition a rating unit where there are two or more land uses that fit into different differential rating categories except for predominantly residential properties where the owner of the commercial/industrial operation resides on the same rating unit.

Property Valuation System

7. Independent property valuations are provided to Council, under contract, by Quotable Value Ltd. The Marlborough District was last revalued on 1 July 2017 and the new values apply from the 2018-19 rating year.

Compliance with Financial Management Requirements

8. The “Activities” that comprise the eleven “Activity Groups” of People, Community Facilities, Roads and Footpaths, Flood Protection and Control, Sewerage, Stormwater Drainage, Water Supply, Solid Waste Management, Environmental Management, Regulatory and Regional Development are listed in the following tables together with a summary of Council’s consideration of whether activities contribute to Council outcomes:

8.1 **Operating Expenses Funding Policy**

The following table summarises Council’s possible Operating Expenses Funding Policy at an Activity level:

Group	Activities	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	No	No	No	Yes	Yes
	Culture and Heritage	Yes	No	Yes	No	No	No	Yes	Yes
	Housing for Seniors	No	Yes	No	No	No	No	Yes	Yes
	Community Support	Yes	Yes	Yes	No	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	No	No	No	Yes	Yes
	Emergency Management	Yes	No	Yes	No	No	No	Yes	Yes
Community Facilities		Yes	Yes	Yes	No	No	No	Yes	Yes
Roads and Footpaths		Yes	Yes	Yes	No	No	No	Yes	Yes
Flood Protection and Control		Yes	Yes	Yes	No	No	No	Yes	Yes
Sewerage		Yes	Yes	No	No	No	No	Yes	Yes
Stormwater Drainage		Yes	Yes	Yes	No	No	No	Yes	Yes
Water Supply		Yes	Yes	No	No	No	No	Yes	Yes
Solid Waste Management		Yes	Yes	Yes	No	No	No	Yes	Yes
Environmental Management	Environmental Policy	Yes	No	Yes	No	No	No	No	Yes
	Environmental Science and Monitoring	Yes	Yes	Yes	No	No	No	Yes	Yes
	Resource Consents	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Protection	Yes	Yes	Yes	No	No	No	No	Yes
Regulatory	Biosecurity (Pest Management)	Yes	Yes	Yes	No	No	No	Yes	Yes
	Building Control	Yes	Yes	Yes	No	No	No	No	Yes
	Environmental Health	Yes	Yes	Yes	No	No	No	No	Yes
	Animal Control	Yes	Yes	Yes	No	No	No	Yes	Yes
	Harbours	Yes	Yes	Yes	No	No	No	No	Yes
Regional Development		Yes	Yes	Yes	No	No	No	Yes	Yes

8.2 **Capital Expenditure Funding Policy**

The following table summarises Council’s possible Capital Expenditure Funding Policy at an Activity level: The utilisation order of the various funding sources is detailed in paragraph 10 Funding of Capital Requirements.

Group	Activity	Targeted Rates	Fees and Charges	Interest and Dividends from Investments	Borrowing	Proceeds from Asset Sales	Development Contributions and/or Financial	Grants and Subsidies	Other Sources
People	Democratic Process	Yes	No	Yes	Yes	Yes	No	Yes	Yes
	Culture and Heritage	Yes	No	Yes	Yes	No	No	Yes	Yes
	Housing for Seniors	No	No	No	Yes	Yes	No	Yes	Yes
	Community Support	Yes	No	Yes	Yes	No	No	Yes	Yes
	Library Services	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Emergency Management	Yes	No	Yes	Yes	Yes	No	Yes	Yes
	Community Facilities	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Roads and Footpaths	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
	Flood Protection and Control	Yes	Yes	Yes	Yes	No	No	Yes	Yes
	Sewerage	Yes	Yes	No	Yes	No	Yes	Yes	Yes
	Stormwater Drainage	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
	Water Supply	Yes	Yes	No	Yes	No	Yes	Yes	Yes
	Solid Waste Management	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Environmental Management	Environmental Policy	Yes	No	Yes	Yes	No	No	No	Yes
	Environmental Science and Monitoring	Yes	No	Yes	Yes	No	No	Yes	Yes
	Resource Consents	Yes	No	Yes	Yes	No	No	Yes	Yes
	Environmental Protection	Yes	No	Yes	Yes	No	No	Yes	Yes
Regulatory	Biosecurity (Pest Management)	Yes	No	Yes	No	No	No	Yes	Yes
	Building Control	Yes	No	Yes	No	No	No	No	Yes
	Environmental Health	Yes	No	Yes	No	No	No	No	Yes
	Animal Control	Yes	Yes	Yes	Yes	No	No	No	Yes
	Harbours	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	Regional Development	Yes	No	Yes	Yes	No	No	No	Yes

8.3 Prior to determining the funding basis for each activity, Council gave consideration to the following matters which are summarised below at an Activity level: (Table 9 on page 311 further identifies the rate funding basis at a Sub-Activity level).

- **Community Outcomes to which Activities Contribute:**

Council Activities / Community Outcomes	Governance	Environment	People	Economy	Connectivity	Living
Democratic Process	✓		✓	✓		✓
Culture and Heritage	✓		✓	✓		✓
Community Housing	✓		✓		✓	✓
Community Support	✓	✓	✓		✓	✓
Library Services	✓		✓	✓		✓
Emergency Management	✓	✓	✓	✓		✓
Community Facilities	✓	✓	✓	✓	✓	✓
The Provision of Roads and Footpaths		✓	✓	✓	✓	✓
Flood Protection and Control Works		✓	✓	✓	✓	✓
Sewerage Including Treatment and Disposal		✓		✓		✓
Stormwater Drainage		✓	✓	✓		
Water Supply		✓		✓		✓
Solid Waste Management	✓	✓	✓	✓	✓	✓
Environmental Policy	✓	✓	✓	✓	✓	✓
Environmental Science and Monitoring	✓	✓	✓	✓		✓
Resource Consents	✓	✓		✓		✓
Environmental Protection	✓	✓	✓	✓		
Biosecurity		✓	✓	✓		✓
Building Control		✓		✓		✓
Environmental Health	✓		✓	✓		✓
Animal Control	✓	✓	✓		✓	✓
Harbours	✓	✓	✓	✓	✓	✓
Regional Development	✓	✓	✓	✓	✓	✓

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

Democratic Process	The democratic process is a public benefit available to the community at large.
Culture and Heritage	The Council contributes towards these activities for the benefit of all, as it views arts and culture as essential to the health and well-being of society. It believes that a strong community is knowledgeable of its heritage and also preserves and respects the achievements of the past.
Housing for Seniors	The social and economic position of individuals creates the need for community housing.
Community Support	The Council supports the community by ensuring that the public has access to a broad range of recreational, arts, cultural, social opportunities, Passenger Transport including Total Mobility and community safety thereby meeting individuals' and businesses' desire to be safe and have their assets protected. Council service costs for energy efficiency projects will be recovered over a number of years by a voluntary targeted rate on properties that obtain a service.
Library Services	This activity is potentially beneficial to all as it provides individuals with the opportunity to develop a lifestyle that enhances learning and creates recreational, cultural and social opportunities.
Emergency Management	Individual users of hazard information benefit from knowledge of hazards that directly affect them and learning how to mitigate the effects. Regional and national communities benefit directly from the maintenance of a response capability; knowledge of hazards; and measures to mitigate and contain harmful effects.
Community Facilities	The Council provides community facilities to allow residents to enjoy access to a wide range of recreational, cultural and social activities.

Roads and Footpaths	Users of the roading network create the need for maintenance from the number of trips that are made and the type of vehicle is used. The subsidies that the Council receives from New Zealand Transport Agency are funded through petrol taxes and road user charges that reflect the volume of use by each road user. The level of subsidies received does not, however equate to the Council's view of the public/private benefit split. Hence the balance must be rate funded. 'Areas of benefit' will be established for the purpose of funding seal extensions. The 'area of benefit' will fund the cost of seal extension.
Flood Protection and Control	The Council plans flood protection to best to protect life and property in the floodplain and to preserve or enhance the environment and amenity values of river corridors. The ratepayers in the floodplain (residents and businesses) in the area directly affected by the planning and subsequent works benefit directly through avoiding the risk of floods and potentially through increased property value. Owners and providers of infrastructure (telephone, roads, rails etc) also benefit directly by avoiding damage to their assets. Ratepayers in the surrounding economic 'catchment' adjacent to the floodplain benefit indirectly through their integration with the area affected by the flood protection scheme. The regional community also benefits indirectly through protection of their means of access around the region.
Sewerage	People who are connected to the sewer schemes are creating the need for the Council to undertake work to minimise the damage to the District's waterways. It is considered appropriate for these people to fund the work through targeted rates. Developers who are adding to the demands placed on schemes which require the Council to undertake new capital works related to growth will also contribute to these costs.
Stormwater Drainage	Owners of developed properties require that there are systems for the collection and disposal of stormwater. Developers who are adding to the demands placed on schemes which require the Council to undertake new capital works related to growth will also contribute to these costs.

Water Supply	Ratepayers who are connected to the water schemes are creating the need for the Council to undertake work relating to the availability of potable water. It is considered appropriate for these people to fund the work through targeted rates. Developers who are adding to the demands placed on schemes which require the Council to undertake new capital works related to growth will also contribute to these costs.
Solid Waste Management	Council provides waste management services for public health reasons and to protect the environment. Benefits apply directly to those who are in an area which has kerbside refuse or kerbside refuse and recycling collection services. The Council considers that properties that receive, or will receive, a waste collection service should be responsible for funding expenditure relating to collection and those that dispose of refuse at the transfer stations should pay a disposal fee.
Environmental Policy	People and organisations in the Community benefit from sound policy development, reviews and planning to enable the sustainable management of the District's resources.
Environmental Science and Monitoring	The Community is the primary beneficiary of this activity as the information collected provides the basis for monitoring and reporting, sound policy development, reviews and planning. It should be noted that an increasing proportion of this activity is undertaken for national benefit.
Resource Consents	Persons or organisations applying for services require the Council to undertake work and this is reflected in user charges with a portion of public benefit.
Environmental Protection	Environmental health compliance benefits all through having a clean, healthy environment.
Biosecurity (Pest Management)	The management of pests is essential for the District's continued prosperity, environmental sustainability and health.
Building Control	Persons or organisations applying for services require the Council to undertake work and this is reflected in user charges.
Environmental Health	Environmental health compliance benefits all through having a clean, healthy environment.
Animal Control	The activity protects the public from aggressive or straying animals.

Harbours	Recreational harbour users benefit directly by avoiding natural and other hazards e.g. collisions. They benefit directly from a clean marine environment and shorter duration of pollution. Swimmers and other recreational harbour users benefit directly from effective management of the harbour and marine environment by enjoying safe, less congested waterways and by avoiding other hazards. Commercial shipping and commercial fishing owners and operators benefit directly by avoiding natural and other hazards e.g. collisions; they also enjoy a direct commercial benefit. They also benefit directly from a clean marine environment and through shorter duration of pollution, thus avoiding delays and loss of business.
Regional Development	Part of this activity is physically undertaken by Destination Marlborough and the Marlborough Research Centre Trust. Both of these organisations are Trusts to which Council makes contributions. They are important partners for the Council in assisting the District to achieve economic development outcomes, in particular attracting visitors, residents and investment to Marlborough, adding value to Marlborough enterprises and enriching the quality of life for Marlborough residents. The remainder of this activity (Economic Development, Parking and Irrigation) is provided by Council to support economic activity in the District.

• **Costs and Benefits of Funding the Activity Distinctly from Other Activities:**

Democratic Process	Costs associated with Democracy have been separated for reasons of transparency and accountability and is predominantly funded from general-type charges.
Culture and Heritage	Council funding is provided from general-type rates and charges as it is considered that all residents benefit from the well-being gained from creative pursuits and it is believed that it is beneficial to have a strong community which is knowledgeable of its heritage, and preserves and respects the achievements of the past.
Housing for Seniors	Appropriate rentals are set to recover the costs associated with providing community housing.

Community Support	Council provides grants and donations for social and community development groups and assists community groups to access funds for other (non-Council) sources. It works with specific sectors of the community including youth, and the older community, helps to provide liaison between community organisations, develops partnerships with and between central government and non-governmental organisations for the benefit and well-being of Marlborough residents and contributes to community safety. Council service costs for energy efficiency projects will be recovered over a number of years by a targeted rate on properties that obtain a service. The benefit of identifying passenger transport and total mobility distinctly is that it enables appropriate user charges to be calculated for this service. The Council accepts, however that user charges cannot fully fund the actual costs of the upkeep of the facilities and the shortfall is funded by way of general-type rates and charges and other external revenue.
Library Services	There is private benefit for those that use the library services, however the Council considers that there are wide community benefits from ensuring only minimal charges are imposed.
Emergency Management	The significance of ratepayers predominantly funding this activity is an assurance of having a safer and secure community which benefits all.
Community Facilities	The benefit of identifying community facilities distinctly is that it enables appropriate user charges to be calculated for applicable facilities. The Council accepts, however that user charges cannot fully fund the actual costs of the upkeep of the facilities and the shortfall is funded by way of general-type rates and charges.
Roads and Footpaths	This activity benefits the whole community either directly or indirectly through the transport of people and/or goods and is predominantly funded from General-type rates, subsidies and grants and other receipts.
Flood Protection and Control	The activity, being an essential service to the District, benefits all, although some more than others. Therefore varying rates apply across the District that take account of benefits provided. Gravel extraction and quarry operations are 100% funded from user charges.

Sewerage	The benefit of funding sewerage distinctly is that only those in the area of benefit will contribute to the funding.
Stormwater Drainage	The benefit of funding drainage distinctly is that only those within urban drainage areas will contribute to their funding and rural drainage systems will be funded by rural areas.
Water Supply	Water supplies are funded distinctly from other activities because only those within the supply area fund the scheme costs.
Solid Waste Management	Where benefits are identified to specific users it is appropriate that user charges and targeted rates are set to match the private benefit received with the public benefit funded by general-type charges.
Environmental Policy	The benefit is the knowledge that the environment is being managed appropriately and concerns are being addressed. The community benefits through the sustainable management of the region's resources with some parts of the community benefiting from particular activities. As a result while the majority is funded by general type rates and charges, particular areas of benefit/individuals may be separately charged.
Environmental Science and Monitoring	The benefit is the knowledge that the environment is being monitored appropriately and concerns are being addressed. The community benefits through the sustainable management of the region's resources with some parts of the community benefiting from particular activities. As a result while the majority is funded by general type rates and charges, particular areas of benefit/individuals may be separately charged.
Resource Consents	Charges can be administered cost effectively. Funding is partly user charges and the remainder, rate funded. There is no alternative funding mechanism that would be a reasonable substitute.
Environmental Protection	Charges can be administered cost effectively. Funding is partly user charges and the remainder, rate funded.
Biosecurity (Pest Management)	The benefit is the knowledge that Biosecurity issues are being managed appropriately and concerns are being addressed. Funding is by general-type rates.

Building Control	Charges can be administered cost effectively. Funding is partly user charges and the remainder, rate funded. There is no alternative funding mechanism that would be a reasonable substitute.
Environmental Health	Charges can be administered cost effectively. Funding is partly user charges and the remainder, rate funded. There is no alternative funding mechanism that would be a reasonable substitute.
Animal Control	Animal Control is required as a result of dog and animal ownership. In the main the activity is funded by owners and the remainder funded by roading contributions and rates.
Harbours	Recreational harbour users, commercial shipping and commercial fishing owners and operators benefit directly by this activity. As Port Marlborough users benefit from the activity, it is levied a charge. The balance is funded predominantly from general type rates.
Regional Development	The benefit of these activities is to promote the continued economic development of the District as a whole and is funded from general-type, a targeted tourism rate and parking revenue. Irrigation supply is funded distinctly from other activities because only those within the supply area fund the scheme costs.

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

Democratic Process	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective decision making and leadership for the community, and through effective public information.
Culture and Heritage	The overall impact is significant in terms of promoting cultural enrichment, and giving residents the opportunity to gain valuable knowledge of their heritage.
Housing for Seniors	Significant impact on the social well-being of the community.

Community Support	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of promoting cultural enrichment and opportunities for residents to participate in community life. The health and wellbeing of the community benefits from energy efficiency initiatives.
Library Services	The provision of libraries contributes to the economic, social and cultural well-being of the community by providing individuals with the opportunity to enhance learning and contributes to the well being of the community.
Emergency Management	Significant impact on the social, economic, cultural and environmental well-being of the community through maintaining readiness to respond to adverse events, and assisting with the health, safety and well-being of the community.
Community Facilities	Significant impact on the social, economic and cultural well-being of the community, in terms of promoting cultural enrichment and opportunities for residents to be involved in community life.
Roads and Footpaths	An efficient road transport network has a significant impact on the social, economic and environmental well-being of the community.
Flood Protection and Control	Adequate river protection has a significant impact on the social, economic and environmental well being of the community.
Sewerage	Significant positive impact on the social, economic and environmental well being of the community. Treatment and disposal will protect the health of the community and the environment from adverse effects of untreated or uncontrolled effluent disposal.
Stormwater Drainage	An adequate drainage system has a significant impact on the social, economic and environmental well-being of the community.
Water Supply	Water is a necessity of life and the supply of water has a significant impact on the social, economic and environmental well-being of the community.
Solid Waste Management	An adequate refuse collection and disposal system has a significant impact on the social, economic and environmental well-being of the community.

Environmental Policy	Significant impact on the social, economic and environmental well-being of the community through protecting the sustainability of the community.
Environmental Science and Monitoring	Significant impact on the social, economic and environmental well-being of the community through protecting the sustainability of the community.
Resource Consents	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective public information and applying due diligence in processing and maintaining compliance.
Environmental Protection	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective public information and applying due diligence in processing and maintaining compliance.
Biosecurity (Pest Management)	Significant impact on the social, economic and environmental well-being of the community through protecting the sustainability of the community.
Building Control	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective public information and applying due diligence in processing and maintaining compliance.
Environmental Health	Significant impact on the social, economic, cultural and environmental well-being of the community in terms of providing effective public information and applying due diligence in processing and maintaining compliance.
Animal Control	The diligent policing of this activity has a significant impact on the social and economic, well-being of the community.
Harbours	Significant impact on the social, economic and environmental well-being of users of the waterways.
Regional Development	Significant impact on the social, economic, cultural and environmental well-being of the community.

• **Distribution of Benefits**

Group	Activity	District-wide	Targeted area	Individuals
People	Democratic Process	100%		
	Culture and Heritage	100%		
	Housing for Seniors			100%
	Community Support	100%		
	Library Services	20%		80%
	Emergency Management	100%		
	Community Facilities	50%	50%	
	Roads and Footpaths	80%		20%
	Flood Protection and Control	20%	80%	
	Sewerage		100%	
	Stormwater Drainage		100%	
	Water Supply		100%	
	Solid Waste Management	10%	90%	
Environmental Management	Environmental Policy	60%	20%	20%
	Environmental Science and Monitoring	60%	20%	20%
	Resource Consents	40%		60%
	Environmental Protection	40%		60%
Regulatory	Biosecurity (Pest Management)	80%	20%	
	Building Control	20%		80%
	Environmental Health	40%		60%
	Animal Control	20%		80%
	Harbours	10%	50%	40%
Regional Development	Regional Development (Economic Development, Marketing and Tourism and Research Centre)	80%	20%	
	Business Improvement District		100%	
	Regional Development (Parking)	20%		80%
	Regional Development (Irrigation)		100%	

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

1. Funding of Expenditure by Activity

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

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

Table 9 Residual Rate Funding Basis

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %" "	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
People	Democratic Process	Democratic Process (excluding Boards/Forums)		*	0	100	0	0	
		Picton Forum			0	0	0	100	
	Culture and Heritage	Arts: Marlborough Art Gallery Grants				40	60	0	0
		Arts: Other Grants				40	60	0	0
		Heritage: Marlborough Historical Society Grants				40	60	0	0
		Heritage: Other Grants				40	60	0	0
		Museums – Picton				100	0	0	0
		Museums: Renwick				100	0	0	0
		Museums – Rural				100	0	0	0
	Housing for Seniors		*		0	0	0	0	
	Community Support	Community: Grants and Donations				40	60	0	0
		Community: Recreation				0	100	0	0
		Community: Safer Community	*	*		40	60	0	0
		Community: Security Cameras				100	0	0	0
		Energy Efficiency Initiatives				0	0	100	0
		Smart and Connected Communities				40	60		
		Events Management				0	100	0	0
	Passenger Transport				100	0	0	0	
	Library Services		*		0	100	0	0	
	Emergency Management			*	40	60	0	0	

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Community Facilities	Cemeteries		*	*	0	100	0	0
	Halls	Group 1 - Awarua Park			100	0	0	0
		Group 2 - Waitaria			100	0	0	0
		Group 3 - Gen Rural Halls			100	0	0	0
		Group 4 - Blenheim			100	0	0	0
		Group 5 - Fairhall Hall			100	0	0	0
		Group 7 - Wairau Road C/Centre			100	0	0	0
		Group 8 – Queen Charlotte College			100	0	0	0
		Group 9 - B/Vic. Halls			100	0	0	0
	Memorials	Cleghorn Rotunda			100	0	0	0
		Picton			100	0	0	0
		Seymour Square			100	0	0	0
		Town Centre Clock			100	0	0	0
		Other			100	0	0	0
	Public Toilets				0	100	0	0
	Reserves	Group 1a - Bln Neighbourhood	*		1	99	0	0
		Group 1b - B/V Neighbourhood	*		1	99	0	0
		Group 2a - Ptn Neighbourhood	*		1	99	0	0
		Group 2b - P/V Neighbourhood			1	99	0	0
		Group 3 - WV Domain			1	99	0	0
		Group 4 - Bln Vicinity Domains	*		4	96	0	0
		Group 5 - Endeavour Park/Waitohi Domain	*		4	96	0	0
		Group 6 - A&P/Horton Park	*		10	90	0	0
		Group 7 - Athletic Park/Oliver Park	*		10	90	0	0
		Group 8 - Bobs Bay/Picton Foreshore etc	*		40	60	0	0
		Group 9 - Churchward Park			28	72	0	0
		Group 10 - Rural Domains	*		4	96	0	0
		Group 11 - Nelson Square			28	72	0	0
		Group 12 - Pollard/Seymour/Riverside	*		40	60	0	0
		Group 13 - Wither Walkway etc			40	60	0	0
	Group 14 - Rural Reserves			100	0	0	0	
Group 15 - Misc Leased Reserves	*		100	0	0	0		
Street Trees, Berms and Plots				100	0	0	0	

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
	Street Trees, Berms and Plots (Separate Targeted Rates)	Landscaping (Urban 1)			0	0	0	100	
		Landscaping (Urban 2)			0	0	0	100	
		Landscaping (Rural 1)			0	0	0	100	
		Landscaping (Rural 2)			0	0	0	100	
	Swimming Pools	Aquatic Centre	*		3	97	0	0	
		Awatere	*		3	97	0	0	
		Picton	*		3	97	0	0	
Roads And Footpaths	Subdivisional Works		*		100	0	0	0	
	Roading Network		*	*	100	0	0	0	
	Roading Related Works		*		100	0	0	0	
	Roads: Small Township Upgrades (Blenheim Vicinity)				100	0	0	0	
	Roads: Small Township Upgrades (General Rural)				100	0	0	0	
	CBD Works	Blenheim		*	100	0	0	0	
		Picton		*	100	0	0	0	
	Targeted	French Pass Road				0	0	0	100
		Kenepuru Road				0	0	100	0
		Other Roads (as approved)				0	0	0	100
		Other Roads (as approved)				0	0	100	0
Flood Protection and Control	Rivers in Wairau Valley District - (Separate Targeted Rate)		*		0	0	100	0	
	Rivers outside WV Rating District		*		100	0	0	0	

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs" %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Sewerage - (Targeted Rates)	Combined Sewerage Scheme	Capital (includes Blenheim, Grovetown, Renwick, Spring Creek, Picton, Seddon and Havelock)	*	*	0	0	100	0
		Operating (includes Blenheim, Grovetown, Renwick, Spring Creek, Picton, Seddon and Havelock)			0	0	0	100
	Loans – No Lump Sum	Grovetown Sewerage			0	0	100	0
		Renwick Sewerage			0	0	100	0
		St Andrews Sewerage			0	0	100	0
	Riverlands	Riverlands Industrial (Tradewaste)	*		0	0	0	0
Water Supply: Combined Water Scheme (Separate Targeted Rates)	Blenheim, Havelock, Picton, Koromiko and Renwick	Capital	*	*	0	0	100	0
		Metered			0	0	100	0
		UAC			0	0	0	100
	Seddon Water	Metered	*	*	0	0	100	0
		UAC			0	0	0	100
	Wairau Valley	Metered	*	*	0	0	100	0
		UAC			0	0	0	100
	Commercial Metered Water	Blenheim, Havelock, Picton, Picton Onsold, Renwick, Seddon and Wairau Valley			0	0	100	0
	Rural Awatere Water	Metered	*	*	0	0	100	0
		UAC			0	0	0	100
	Riverlands Water	Metered	*				100	

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %" "	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %	
Solid Waste Management	Blenheim/Picton (Residential) Refuse and Kerbside Recycling Collection (Separate targeted rates) and any additional areas for which the service is offered.				0	0	0	100	
	Blenheim/Picton (Residential) and Commercial/Industrial) Refuse Collection (Separate targeted rates) and any additional areas for which the service is offered				0	0	0	100	
	Sounds Area Waste Projects				0	100	0	0	
	Landfills, Transfer Stations, Waste Minimisation			*		0	100	0	0
Environmental Management	Environment Policy				80	20	0	0	
	Environment Science and Monitoring			*	80	20	0	0	
	Resource Consents	Resource Consents		*		100	0	0	0
		Hearings		*		0	100	0	0
		Legal Section				100	0	0	0
Environmental Protection			*		100	0	0	0	
Regulatory	Biosecurity (Pest Management)	Biosecurity: Regional Pest Control		*	*	100	0	0	0
		Bovine TB Control		*	*	100	0	0	0
	Building Control	Building Control		*		100	0	0	0
		LIM Section		*		100	0	0	0
		Pool Inspection				0	0	0	100
	Environmental Health			*		0	100	0	0
	Animal Control	Dog Control		*		100	0	0	0
		Other Animal Control		*		100	0	0	0
Harbours			*		100	0	0	0	
Regional Development	Parking	Blenheim		*		100	0	0	0
		Picton		*		0	100	0	0
	Economic Development					100	0	0	0
	Events					100	0	0	0
	Business Improvement District					0	0	100*	100**
	Marketing and Tourism					100	0	0	0
	Tourism (separate targeted rates)					0	0	0	100
	Research Centre					100	0	0	0
	Flaxbourne Irrigation	Capital – No Lump Sum			*	0	0	100	0
		Metered		*		0	0	100	0

Group	Activities/ Sub-activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
	Southern Valleys' Irrigation	Capital – No Lump Sum		*	0	0	100	0
		Metered	*		0	0	100	0
	Other Developments				100	0	0	0

** Final % between separate targeted rate and separate targeted Uniform Annual Charge (UAC) will be determined following the approval of each Business Improvement District (BID) under Council's BID Policy and the subsequent referendum by affected ratepayers in each possible BID area. The sum percentage of targeted rate plus UAC will not exceed 100%.

Non-Group Activities	Allocation of costs to geographic areas, land use categories and other targeted rates	Fees and Charges (*) where applic.	Grants and Subsidies (*) where applic.	General-type Targeted "Rates" %	General-type Targeted Charges "UACs %"	Separate Targeted Rates %	Separate Targeted Charges "UAC's" %
Forestry		*		100	0	0	0
Land Development		*		100	0	0	0
Rental Housing		*		100	0	0	0
Commercial Leases		*		100	0	0	0
River Leases		*		100	0	0	0
MDC Holdings				100	0	0	0
Land Subdivision Reserve Grants		*		0	0	0	0
Agencies				0	0	0	100
Special Revenues				100	0	0	0
General Revenues (allocated on the basis of gross general-type rates and charges)		*		variable	variable	0	0

Funding of Capital Requirements

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

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

General Revenue Sources

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

These include:

Dividends and Interest from Investments

- Funded to specified Reserves for particular purposes or events (eg: Emergency Events Reserve).
- Used to subsidise general-type rates and charges by way of general revenue allocation.
- Used to fund interest and funding costs on external borrowings.

Petroleum Tax

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

Asset Sale Proceeds

- Proceeds from the sale of non- activity assets are used to fund the forestry and asset sales reserve.

Development and Financial Contributions

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

Forestry Income

- Currently used to fund the forestry and asset sales reserve which is used to fund projects as determined by Council.

Changes to Existing Funding Policy

12.1 Following an in-depth review of its Revenue and Financing Policy, Council initiated a number of funding changes that will take effect from 1 July 2018.

The review included the following issues:

- Consideration of the background to the existing funding policies.
- A review of user charges.
- An examination of the provisions of the Local Government (Rating) Act 2002.
- The appropriateness of the existing geographic areas for levying general-type rates and charges.
- The appropriateness of retaining Geographic Rating Areas paying a defined percentage of total General Rates and Charges.
- The advantages and disadvantages of using either Land Value or Capital Value for levying general-type rates. (The current system is based on property land values).
- Review of the “funding relationship weightings system” (see explanation of this in Terminology), to ensure that appropriate funding allocations are made to take account of the Financial Management considerations outlined in section 101 of the Local Government Act 2002.

12.2 In this Plan Council has funded Depreciation and Debt Servicing Costs on the following basis:

- (i) Depreciation has been fully funded for all assets with the following exceptions:

Revenue and Financing Policy

- Roads, where funding has been adjusted to take account of NZ Transport Agency financial contributions.
- Halls, Convention Centre, reserves, drains, river channels, retards and Taylor Dam as it is planned that these assets are either maintained in perpetuity, or their replacement is not certain because of changing community needs.
- Southern Valleys' Irrigation Scheme, where funding is capped at current levels in accordance with practice established following community consultation.
- Activities with loans as well as a high value of non-depreciable assets, as below.

(ii) Debt Servicing Costs have been funded from depreciation reserves with the following exceptions:

- In activities with loans as well as a high value of non-depreciable assets debt servicing costs are fully funded from revenues and/or reserves and depreciation is not funded.
- Where there is a specific rate or dedicated part of any rate to meet debt servicing costs.

12.3 The Geographic Areas are described in Part 4 - Funding Impact Statement on pages 286 to 287 .

Changes

12.4 Council reviewed the appropriateness of Geographic Rating Areas paying a target percentage of total General Rates and Charges. The Council considers it is now time to remove these percentages to enable the rates to be set in a way that is a fairer reflection of the benefits accruing to the different groups of ratepayers. The majority of the community will not be significantly impacted by their removal. The exception is the Picton Vicinity Rating Area and Council has introduced a new Remissions Policy to remit a proportion of the increase for three years to smooth its impact.

12.5 Review of the “funding relationship weighting system”. Changes in weighting have occurred:

- Pest Management to reflect the development of a Regional Pest Management Plan guided by the Biosecurity Act1993 and National Policy Direction for Pest Management.

- Roading to reflect that as a network roads have the ability to potentially benefit each Ratepayer equally with a weighting of 100 except for Sounds Admin Rural with a weighting of 25.
- Economic Development and Tourism and Events to reduce the Commercial/Individual weightings.
- Transferring Smart and Connected Communities from Economic Development to Community Support where weightings better reflect the benefits accruing to the different groups of ratepayers.

12.6 A review of the Wairau Valley River Works Rates. Council has modified the weightings of the various Wairau Valley Rivers' groups to adjust for disproportionate valuation movements arising from the 2017 District wide revaluation.

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

12.7 Council may from time to time introduce a Business Improvement District (BID) rate where a BID has been formed in accordance with the Council BID Policy, and the Council accepts (through consultation with affected parties) that it is appropriate to fund the activity by targeted rates.

Rates Remission and Postponement Policies

Rates Remission Policy

This policy was prepared pursuant to sections 102 and 109 of the Local Government Act 2002 for consultation using the special consultative procedure detailed in the same Act.

Community, Sporting and Other Organisations

Objective of the Policy

To facilitate the ongoing provision of community services or recreational opportunities for the residents of the Marlborough District Council where there is no statutory provision in Schedule 1 Part 2 of the Local Government (Rating) Act 2002.

The purpose of granting rates remission to an organisation is to:

- Assist the organisation's survival; and
- Make membership of the organisation more accessible to the general public, particularly children, youth, young families, aged people, and economically disadvantaged people.

Conditions and Criteria

The land must be owned by the Council or owned, occupied or leased by an organisation (with liability for rates), which is used exclusively or principally for sporting, recreation, or community purposes.

The organisation must not operate for private pecuniary profit.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Organisations making application should include the following documents in support of their application:

- Statement of Objectives;
- Most recent financial accounts (preferably audited);
- Details of any leases (where applicable);
- Information on activities and programmes;

- Details of membership or clients.

Application

Generally, the Policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

The Policy shall apply to such organisations as approved by the Council (or Council Officers with delegated authority) as meeting the relevant criteria.

Remissions to any qualifying organisation shall be on the basis of a 50% reduction in rates and charges except that no remission will be granted on targeted rates/charges for water supply, sewerage disposal or refuse collection, or areas used for bars.

Land Protected for Natural, Historic or Cultural Conservation Purposes

Objective of the Policy

To preserve and promote natural resources and heritage, to encourage the protection of land for natural, historic or cultural purposes.

Conditions and Criteria

Ratepayers with rating units which have some feature of cultural, natural or historic heritage which is voluntarily protected may qualify for remission of rates under this part of the Policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for targeted rates covering water supply, sewerage disposal or refuse collection will not qualify for remission under this part of the Policy.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Applications should be supported by documentary evidence of the protected status of the rating unit eg; a copy of the Covenant or other legal mechanism.

In considering any application for remission of rates under this part of the policy the Council will consider the following criteria:

Rates Remission and Postponement Policies

- The extent to which the preservation of natural, cultural or historic heritage will be promoted by granting remission of rates on the rating unit.
- The degree to which features of natural, cultural or historic heritage are present on the land.
- The degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land.

Application

The extent of any remission shall be determined by the Council or its delegated officer[s] on a case by case basis.

In granting remissions under this part of the Policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Residential Land in Commercial or Industrial Areas

Objective

To ensure that owners of residential rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and the former authorities.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must:

- Be situated within an area of land that has been zoned for commercial or industrial use. (Ratepayers can determine how their property has been zoned by inspecting the Marlborough Sounds Resource Management Plan and the Wairau/Awatere Resource Management Plan, copies of which are available from either the District Administration Office, the Picton Service Delivery Centre, or on Council's website www.marlborough.govt.nz).
- Be listed as a "residential" property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the District Administration Office, or obtain that information from the rate records on Council's website www.marlborough.govt.nz.

Application

Following triennial revaluation Council will direct its valuation service provider to prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the District. Ratepayers should note that the valuation service provider's

decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

The extent of any remission shall be determined by the Council or its delegated officer(s) and will be based on valuations supplied by its valuation service provider.

Land Affected by Natural Disaster

Residential Land Affected by Natural Disaster

Objective of the Policy

To enable rate relief to be provided where the use that may be made of any land used for a private residence has been detrimentally affected by natural disaster.

Conditions and Criteria

Council may remit wholly or in part, any rate or charge made and levied in respect of the land, where it considers it to be fair and reasonable to do so.

All applications must be on the prescribed form.

Application

The extent of any remission shall be determined by the Council or its delegated officer[s].

General -Type Uniform Annual Charges and Targeted Charges on Non-Contiguous Pastoral Rating Units

Objective of the Policy

To provide relief from General-type Uniform Charges and Targeted Charges on rural pastoral land which is non-contiguous, provided it is farmed as a single entity.

Conditions and Criteria

Non-contiguous pastoral units may qualify for a remission of uniform annual general charges and targeted rates calculated as a fixed amount per rating unit where Council agrees that the economics of each farm property are inter-dependent on the other. The ratepayer will remain liable for at least one uniform annual general charge and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Only one residential unit can exist on the qualifying rating units except where the farm contains accommodation on a rent free basis for the owner or staff associated with the farm.

Rates Remission and Postponement Policies

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Council or its delegated officer[s] shall determine whether the criteria are met.

General -Type Uniform Annual Charges and Targeted Charges on Contiguous Rating Units in Separate Ownership, Used Jointly as a Single Entity

Objective of the Policy

To limit the incidence of multiple charges where a farming or other business entity consists of a number of contiguous rating units with different owners.

Conditions and Criteria

Each rating unit must be leased to the operator for a term not less than five years.

The operator must provide Council with a statutory declaration confirming that each unit will be operated as part of the entity.

The ratepayer will remain liable for at least one uniform annual general charge-type and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

The extent of any remission shall be determined by the Council or its delegated officer[s].

Limitation of General-Type Uniform Annual Charges and Targeted Charges in Certain Circumstances

Purpose of Policy

To limit the incidence of General-Type Uniform Annual Charges and targeted rates calculated as a fixed amount per rating unit in certain circumstances.

Conditions and Criteria

Council will assess the General-Type Uniform Annual Charges and targeted rates [calculated as a fixed amount per rating unit] on the basis of every separately used or inhabited part of a rating unit but, the following situations will be deemed not to create a separately used or inhabited part of a rating unit:

In the case of a farm, orchard, other horticultural type property, or business:

- Where the farm, orchard, horticultural operation, or business contains additional accommodation on a rent free basis for the owner, or staff associated with the farm, orchard, horticultural operation or business.

In the case of a rating unit that contains one additional separately inhabited unit or dwelling, occupied by family members:

- Where members of the owner's family inhabit the separate part of the property on a rent free basis.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Application

Council will remit any rates in excess of those payable under this policy.

Urban Residential 2 Greenfields Land in Rural Areas

Objective

To ensure that owners of residential rating units situated in rural areas are not unduly penalised by the zoning decisions of Council.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must:

- Be situated within an area of land that has been zoned 'Urban Residential 2 Greenfield Zone' in the Wairau-Awatere Resource Management Plan (Ratepayers can determine how their property has been zoned by inspecting the Wairau/Awatere Resource Management Plan, copies of which are available from either the District Administration Office or on Council's website www.marlborough.govt.nz).
- Remain unsubdivided ie; subdivision title has not been granted.

Rates Remission and Postponement Policies

- Continue, for any remaining unsubdivided area, to have a land use that's consistent with the rural character that existed on approval of the new zone on 18 September 2014.

Application

All rating units located within the 'Urban Residential 2 Greenfield Zone' will be rated on the basis of the underlying land being zoned Rural 3.

Following triennial revaluation Council will direct its valuation service provider to prepare a valuation that will treat the rating unit as if it were a comparable rating unit in zoned Rural 3. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

The extent of any remission shall be determined by the Council or its delegated officer(s) and will be based on valuations supplied by its valuation service provider.

Subdivisions That Create Four or More but Less than Ten Rating Units

Objective of the Policy

To provide a positive development incentive to commercial subdividers by remitting general-type uniform charges on unsold subdivided land without an occupied dwelling or commercial building, for a maximum period of three years.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must remain in the subdivider's name.

Remission will not apply to water, sewerage or other targeted rates calculated as a fixed amount per rating unit.

Remission will cease on those rating units which are sold. Remission will also cease on rating units which remain unsold after three years of the lots being created.

The ratepayer will remain liable for at least one uniform annual general-type charge and one set of each type of targeted rate calculated as a fixed amount per rating unit.

Application

Council or its delegated officer[s] shall determine whether the criteria are met.

Subdivisions That Create Ten or More Rating Units

Objective of the Policy

To provide a positive development incentive to commercial subdividers by remitting general-type rates and uniform charges on all unsold subdivided land without an occupied dwelling or commercial building (*other than any balance of land*) for a maximum period of five years. This policy only applies to subdivisions that are deposited after 1 July 2009.

Conditions and Criteria

To qualify for remission under this part of the Policy, the rating unit must remain in the subdivider's name.

Remission will not apply to water, sewerage or other targeted rates calculated as a fixed amount per rating unit.

Remission will cease on those rating units which are sold. Remission will also cease on rating units which remain unsold after five years of the lots being created.

The ratepayer will remain liable for all rates and charges on the unsubdivided lot (balance of land).

Application

Council or its delegated officer[s] shall determine whether the criteria are met.

Rate Penalties

Objective of the Policy

To enable Council to remit penalties where:

- payment has not been received by the penalty date, due to circumstances outside the ratepayer's control; or
- it is deemed equitable to remit the penalty for other reasons.

Conditions and Criteria

Each application will be considered on its merits and remission may be granted where it is considered just and equitable to do so.

The Council will consider remission of rate penalties where an application is made and meets any of the following criteria:

Rates Remission and Postponement Policies

- payment has been late due to significant family disruption. [Significant family disruption would include death, illness, or accident of a family member]; or
- the ratepayer is able to provide evidence that their payment has gone astray in the post, or the late payment has otherwise resulted from matters outside their control; or
- penalties have arisen through processing errors in Council's records or an outstanding balance has arisen as a result of a shortfall caused by the operation of an agreed payment plan; or
- the ratepayer provides a reasonable explanation of the circumstances which caused the late payment, and this is the first occasion on which late payment has occurred.

Application

The extent of any remission will be determined by the Council or its delegated officer[s].

Water Losses

Objective of the Policy

To provide ratepayers with a measure of relief, by way of partial rates remission where, as a result of the existence of a water leak on the property which they occupy, the payment of full water rates is inequitable.

Conditions and Criteria

This Remission Policy does not apply to Council's irrigation water supplies (Southern Valleys' Irrigation Scheme and Riverlands Irrigation Scheme). There will be no refunds for water losses for irrigation supplies.

The existence of a significant leak on the occupied property has been established and there is evidence that steps have been taken to repair the leak as soon as possible after its detection.

Application

Council will calculate the volume of water lost based on average water consumptions during similar periods of previous years.

When an application for water rates remission is approved pursuant to this policy, the amount of the remission will depend on when the leak is repaired.

If the leak is repaired before the following scheduled reading interval, the remission will be equivalent to the assessed volume of water that has been lost through the leak, since the scheduled reading interval prior to the leak being discovered; or

If the leak is not repaired before the following scheduled reading interval, the remission calculation will be assessed on the next scheduled reading interval; or

Where there are extenuating circumstances, Council or its delegated officer[s] may extend the period for a re-assessment of the water rate.

A property displaying ongoing leakage showing likely system failure of the pipe network within the property will be provided with no more than three remissions for water loss.

The maximum remission for any one water loss will be \$3,000 unless there are extenuating circumstances verified by the Operations and Maintenance Engineer.

Council or its delegated officer[s] shall determine whether the criteria are met.

Extreme Financial Hardship

Objective of the Policy

To enable Council to grant remission, for cases of extreme financial hardship, on a case by case basis, of all or part of the rates.

Conditions and Criteria

Council may remit rates in accordance with the policy where the application meets all of the following criteria:

- The ratepayer(s) must be the current occupier(s) of the rating unit which must be solely used for their personal residential purposes.
- The Council must be satisfied that extreme financial hardship exists or would be caused by requiring payment of the whole or part of the rates.
- The ratepayer[s] must provide any evidence that Council deems appropriate to support the claim of extreme financial hardship.
- The ratepayer[s] must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Applications received during a rating year will be applicable from the commencement of the following rating year. All applications must be on the prescribed form and will not be backdated.

Rates Remission and Postponement Policies

Application

Applications for remissions shall be considered by the Council or its delegated officer[s].

Sundry Remissions

Objective of the Policy

To remit rates and charges that are the result of fundamental errors; or where the balance owing is considered uneconomic to recover; or where the amount levied is unable to be recovered pursuant to sections 67-76 of the Local Government (Rating) Act 2002, or where Council or its delegated officer(s) consider the levy impractical to recover; or where Council considers it equitable in the particular circumstances to remit rates.

Conditions and Criteria

The extent of any remission shall be determined by the Council or its delegated officer[s].

Picton Vicinity Geographic Rating Area Remissions

Objective of the Policy

To provide a three year transition from 1 July 2018 for properties in the Picton Vicinity Geographic Rating Area receiving an increase of over 40% in their Geographic Area General Works and Services Rates and Charges as a result of Council adopting the Policy change contained in the 2018-28 Long Term Plan Consultation Document.

Conditions and Criteria

A remission will apply to the Geographic Area General Works and Services Rates and Charges for the properties in the Picton Vicinity Geographic Rating Area on the following basis:

2018-19 rating year 100% of the 2017-18 increased Geographic Area General Works and Services Rates and Charges resulting from Council adopting the Policy change contained in the 2018-28 Long Term Plan Consultation Document.

2019-20 rating year 67% of the 2017-18 increased Geographic Area General Works and Services Rates and Charges resulting from Council adopting the Policy change contained in the 2018-28 Long Term Plan Consultation Document.

2020-21 rating year 34% of the 2017-18 increased Geographic Area General Works and Services Rates and Charges resulting from Council adopting the Policy change contained in the 2018-28 Long Term Plan Consultation Document.

Remission will cease on 30 June 2021.

Application

The extent of any remission shall be determined by the Council or its delegated officer[s].

Rates Postponement Policies

Extreme Financial Hardship

Objective of the Policy

To assist ratepayers experiencing extreme financial hardship.

Conditions and Criteria

All applications must be on the prescribed form.

When considering whether extreme financial circumstances exist, all of the ratepayer[s] personal circumstances will be relevant.

The Council must postpone rates in accordance with the Policy where the application meets all of the following criteria:

The ratepayer[s] must be the current occupier[s] of the rating unit which must be solely used for their personal residential purposes.

The Council must be satisfied that the ratepayer[s] is/are unlikely to have sufficient funds left over after the payment of rates, for normal health care, appropriate provision for maintenance of his/her home and chattels at an adequate standard, as well as making provision for normal day to day living expenses.

The ratepayer[s] must not own any other rating units or investment properties or other realisable assets.

The ratepayer[s] must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Even if rates are postponed, as a general rule the ratepayer[s] will be required to pay the first \$645 of the annual rate levy.

The Council may add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the Council's administration and financial costs.

Rates Remission and Postponement Policies

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

Any postponed rates will be postponed until:

- The death of the ratepayer[s]; or
- The ratepayer[s] ceases to be the owner or occupier of the rating unit; or
- The ratepayer[s] ceases to use the property as his/her residence; or
- A date determined by the Council in any particular case.

At any time, the applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this Policy by paying the postponed rates or any part thereof.

Application

Postponed rates will be registered as a Statutory Land Charge on the rating unit's title.

Applications for rate postponements shall be considered by the Council or its delegated officer[s].

Residential Ratepayers aged 65 and over

Objective of the Policy

To offer ratepayers aged 65 years and over a facility to unlock the equity in their residential property by postponing all or part of their rates to a future date, at no cost or risk to Council.

Conditions and Criteria

All applications must be on the prescribed form.

Rates postponement is available on properties that are occupied by the ratepayer applicant(s) as their principal place of residence. Holiday homes are not eligible.

Property that is Maori freehold land is not eligible for postponement as councils do not have adequate rights to recover postponed or overdue rates on Maori freehold land.

Postponement is available to applicant(s) who are the legal owners of their property or who live in a property owned by a family trust. Units in retirement villages held under licences to occupy and any other arrangement where the applicant is not the registered owner are only eligible for postponement if the amount of the rates for the

unit/dwelling that is lived in is clearly identified for rating purposes (i.e. separately rated), and that the full benefit of the postponement is passed on to the resident.

Postponement is available only for ratepayers age 65 or over. In the case of the couple, at least one applicant must be of that age.

Applicants must have at least one "decision facilitation" interview with a decision facilitator engaged by Council, to ensure that independent advice has been provided on the implications of the postponement offer.

The application will require any mortgagee's consents and a decision facilitator completion certificate before a formal postponement offer is made by Council.

Rates may be postponed until:

- The death of the ratepayer(s) (the Council will allow up to 12 months for any resolution of estate or trust affairs required to enable repayment); or
- The ratepayer(s) ceases to be the owner of the rating unit; or
- The rating unit ceases to be the principal place of residence of the ratepayer(s) – this means that if the ratepayer(s) moves out of the home into residential care, technically the postponed rates become due and payable. In practice, if the council is satisfied that the principal reason for moving out is to go into care, the postponement will remain in place.

The Council will offer full postponement unless testing the expected outcome through the council's actuarial model suggests that equity on expected repayment (the death of the applicant or the survivor of joint applicants) would be less than 20%. If that is the case, then postponement entitlement will be based on the maximum proportion projected to leave a minimum of 20% equity available at the end of the postponement period.

The property must be kept insured to its full value and evidence of this produced annually.

Postponed rates and any part thereof may be paid at any time. Applicants may elect to postpone a lesser amount than the maximum they would be entitled to under the council's policy.

If accrued rates and charges reach 80% of the value of the property, the Council will not postpone any further rates but instead require that all further rates are paid as they fall due. Accrued rates and charges will remain payable only on an event of repayment (eg; death, sale) and will continue to accrue interest and other annual charges.

Rates Remission and Postponement Policies

One-off costs to the ratepayer will relate to the initial postponement application fee, a contribution to the facilitation process, and any other incidental fees and charges relevant to the particular application.

Other costs to the ratepayer (or their estate) will be the amount of the postponed rates and charges, interest on the accumulated postponement amount, an annual administration fee to cover external management and the scheme's operating costs, and a reserve fund levy to meet unsecured postponements.

All of the above fees and charges will be added to the postponed rates.

Legal Fees – if an applicant wishes to consult a lawyer, the applicant will need to meet the costs of doing so.

Application

Postponed rates will be registered as a Statutory Land Charge on the rating unit's title.

Applications will be considered by delegated officers in accordance with the scheme's criteria.

Maori Freehold Land

Remission and Postponement of Rates on Maori Freehold Land

Objectives of the Policy

Section 102(2)(e) of the Local Government Act 2002 requires Council to adopt a policy on the remission and postponement of rates on Maori freehold land; section 108 and Schedule 11 set out the matters to be considered.

Conditions and Criteria

Council has reviewed the matters set out in section 108 and Schedule 11 and has decided that the appropriate policy is to consider applications for remission or postponement of rates on Maori freehold land in terms of the policies adopted by Council regarding remissions and postponements of rates on other land.

Engagement and Significance Policy

Purpose

The decisions Council make affect its communities on a daily basis. The purpose of this policy is to let the community know how and when they can expect to be engaged informed/consulted in Council's decision-making processes. This policy will tell you:

- When the community can expect to be engaged (consulted) with;
- What decisions Council and the community think are particularly significant (important);
- How Council will assess the significance (importance) of the decisions.
- How the community can expect to be engaged (consulted) with;

Definitions

For purposes of this policy, unless otherwise stated, the following definitions shall apply:

Term	Definition
Affected person	Is a person directly affected by a decision of Council
Community	<p>A group of people—</p> <ul style="list-style-type: none"> • living in the same place; or • having a particular interest or characteristic in common; or • owning property in the same place. <p>It includes interested parties, affected people and key stakeholders.</p>
Decision	Refers to all the decisions made by or on behalf of Council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of council decisions will not be considered significant).
Engagement	The process of involving the community in decision-making (see engagement levels and methods matrix)
Proposal	Decision to be made by Council on a specific issue, asset or activity.
Significance	In relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as

Term	Definition
	<p>assessed by the local authority, in terms of its likely impact on, and likely consequences for:</p> <ul style="list-style-type: none"> • the district or region; <ul style="list-style-type: none"> • any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter; • the capacity of the local authority to perform its role, and the financial and other costs of doing so.
Strategic Asset	<p>The assets and groups of assets in terms of s.90(2) that Marlborough District Council considers to be strategic are:</p> <ul style="list-style-type: none"> • The local roading network as a whole. • District storm water networks. • District water supply networks. • District sewerage networks. • River control assets. • Shares in MDC Holdings Ltd. • Commercial forestry known as Marlborough Regional Forestry. • Senior housing

Statements

Community engagement helps to strengthen the legitimacy of decisions. It enables communities to influence decisions and it increases the accountability of Council. It ensures the community are aware and can respond to Council proposals based on a range of knowledge, views and values.

When Council has a proposal, it needs to decide whether and how to engage (consult) with the community, individuals or particular interest groups. Council has to apply the principles of engagement set out in the Local Government Act 2002 when deciding what process to follow when consulting on a particular proposal. Council will use this policy when deciding how to consult or engage.

Engagement and Significance Policy

This policy is in four parts:

- (a) Engagement - describes when Council will engage with the community;
- (b) Significance - describes how Council decides if a proposal is significant (important). The level of significance (together with other factors set out in this policy) then determines what level of engagement is required;
- (c) Details on community preferences about engagement and the Engagement Levels and Methods Matrix; and
- (d) A brief description of the Special Consultative Procedure.

Engagement with Māori

Council has a current policy on engagement with M. ori, the Māori Capacity Development Policy, made under section 81 of the Local Government Act 2002. Council will continue to engage with Māori under that Policy. Council and Marlborough’s tangata whenua iwi are reviewing the basis on which they interact. This review is likely to result in a dedicated Māori engagement policy.

Engagement

Council is committed to effective engagement with Marlborough’s communities on what matters to them. In return people expect to have the opportunity to be involved and have their say.

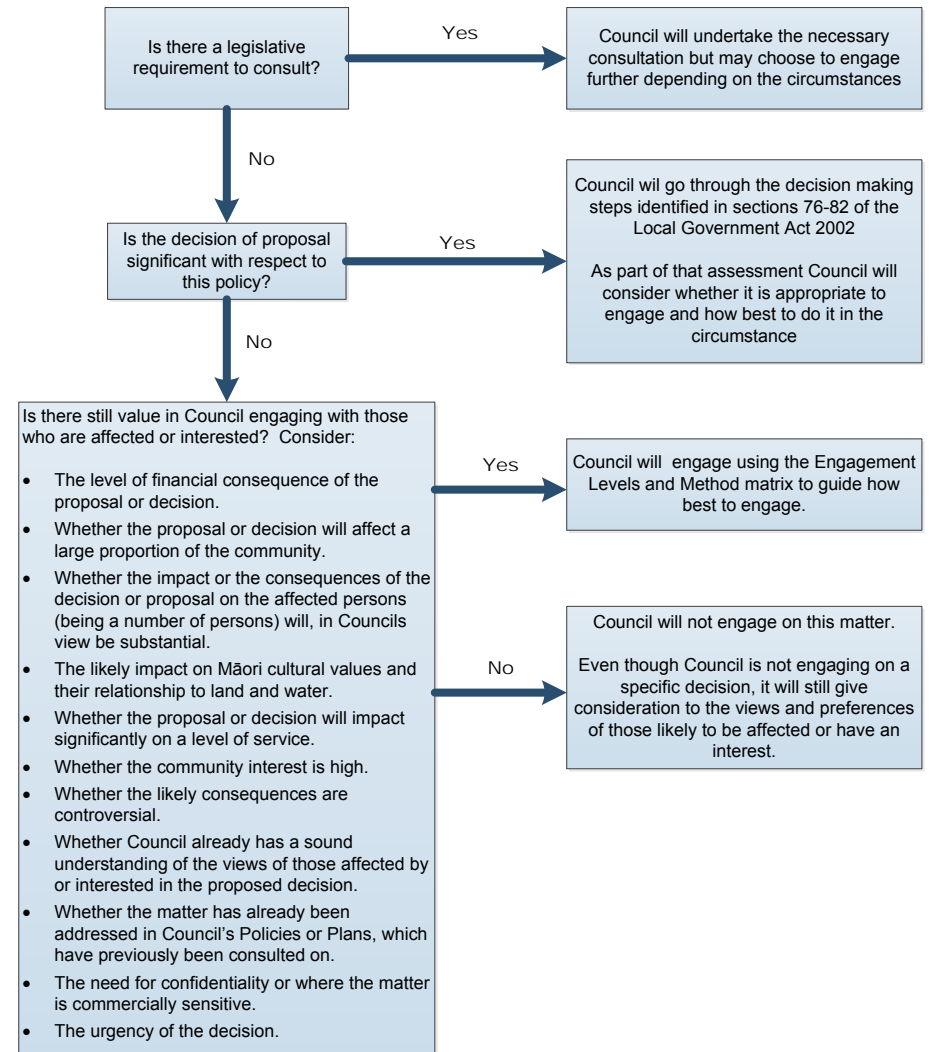
This part of the policy describes:

- (a) The process to determine whether Council will engage with the community?
- (b) When Council will not engage with the community.
- (c) Feedback on decisions made.

Unless engagement is required by statute, it is open to Council to decide whether engagement is required in order to determine community views, and if so, the nature and extent of consultation

If the proposal or decision is affected by a number of the considerations below it is more likely to have a higher need of engagement.

Process to Determine Whether Council will Engage with the Community



When Council will not Engage with the Community

There are times when it is not necessary, appropriate or possible to engage with the community on a proposal or decision. These include:

- (a) On decisions to take (or not take) enforcement action in a particular case (even where the matter may be highly significant under this Policy (for example, where the matter has high public interest)).
- (b) In emergency situations where an immediate response is necessary.
- (c) On administrative matters (for example, tendering and contracting, delegations, appointments (staff, commissioners, directors, and trustees), insurance and risk management).

Feedback on Decisions Made

Council will make sure that the public is told what choices and decisions were made and why. Council will endeavour to directly contact everyone who had input or made a submission. Council may use the media or the Council website to let people know.

Significant Proposals and Decisions

This part of the Policy describes:

- (a) The criteria or procedures Council will use to assess significance
- (b) The approach Council will take to determining the significance of proposals and decisions. How significant a proposal or decision is has a direct impact on the level of consultation required.

Marlborough District Council will consider any decisions concerning the following as significant:

- (a) Expenditure on issues, assets, or other matters (not including strategic assets) that represent more than 10% of Council's total budgeted annual income.
- (b) Any transfer of ownership or control to or from the Council, or the construction, replacement or abandonment, of a strategic asset as defined by the Act or listed in this policy.
- (c) Reducing Council's shareholding in any Council Controlled Organisation and Joint Operating Committee below 100% of the shareholding held as at 30 June 2018.
- (d) Entry into any partnership with the private sector to carry out a significant activity.
- (e) Whether an affected asset is a strategic asset within the meaning of the Act or listed in this policy.

Degrees of significance will be determined after consideration of the following criteria:

- (a) Whether an affected asset is a strategic asset within the meaning of the Act or listed in this policy.
- (b) The extent to which there is, or is likely to be, a change in the level of service in carrying out any significant activity.
- (c) The extent to which there is, or is likely to be, a change in the capacity of the Council to provide any significant service or carry out any significant activity.

Engagement Levels and Methods Matrix

This part of the Policy details community preferences for engagement and the engagement levels and methods matrix.

Community Preferences for Engagement

Many interest groups and communities already effectively engage with Council on an on-going basis. Council will continue to support existing community and interest groups in engaging with Council.

Council has established the "Smart and Connected" programme which brings together industries and interest groups to better manage their futures. The Smart and Connected economic strategy aims to create a relationship between Council and the community to promote the vision for Marlborough.

Council will look for other opportunities for communities and interest groups to engage with Council in this way. These opportunities may be single-issue or ongoing. They may involve establishing forums for communities and new Smart and Connected Cluster groups. These forums and groups allow people to express their views to Council on matters affecting them, allows Council to provide information of interest to them, and Council can assist them to make decisions for their future development.

Before the Council makes a significant decision, Council will consult the public, following the principles set out at section 82 of the LGA. In practice, this means that we will—

- (a) identify people who will be affected by or have an interest in the decision;
- (b) provide them with reasonable access to relevant information in an appropriate format on the process and scope of the decision;
- (c) encourage people to give their views;

- (d) give people a reasonable opportunity to give their views in an appropriate way;
- (e) listen to, and consider those views, with an open mind; and
- (f) after the decision, provide access to the decision and any other relevant material.

Council will use a variety of methods of engagement. The methods will vary greatly in accordance with the significance of the decision to be made in accordance with this policy and more than one method may be used over time on one project.

Engagement Levels and Methods Matrix

Level	Inform	Consult	Involve	Collaborate	Empower
What does it involve	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened	Two-way communications designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision making	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision making	Working in partnership to develop an understanding of all issues and interests to work out alternatives and identify preferred solutions. Sharing of resources (e.g. people) for a common purpose.	The final decision making is in the hands of the public. Under the LGA 2002, the Mayor and Councillors are elected to make decisions on behalf of their constituents
Types of issues that we might use this for	Water restrictions	Rates review	Smart & Connected Leadership Groups	Resource Management Plan Review	Election voting systems (MMP, STV or first past the post)
Tools Council might use	Websites Social media Information flyer Public notices Public meetings Community papers	Formal submissions and hearings, focus groups, surveys (for example, phone and web—based polling surveys)	Workshops Focus groups	External or joint working groups (involving community experts or stakeholders)	Binding referendum Local body elections
When the community can expect to be involved	Council would generally advise the community once a decision is made	Council would advise the community once a proposal is determined by Council and would generally provide the community with at least 4 weeks to participate and respond	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process	Council would generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered	Council would generally provide the community with a greater lead in time to allow them time to be fully involved in the process

Note: the tools described in each column may also include tools described to the left of that column

Brief Description of the Special Consultative Procedure

The special consultative procedure is an open invitation to the public to be involved in decision making. It is used when the issue to be decided on affects the whole of Marlborough or all ratepayers and residents in Marlborough are likely to be interested in the decision to be made. It is a formal process that is set out in the Local Government Act 2002. The main steps in the process are:

- (a) Council issues a statement of proposal which is open for the community to provide views. It remains open for at least a month. The community can make a submission on the proposal.
- (b) Council will hold a hearing if the community want to present their views in person.
- (c) Council makes a decision on the proposal taking into account the views expressed.
- (d) The process can take four to six months (or even longer) to complete.
- (e) Council will provide an opportunity for people to present their views in a manner that enables spoken (or NZ sign language) interaction between the person and Council, if requested.
- (f) Council may allow a person to present their views by audio or audio-visual link, if requested.
- (g) Council will ensure that the consultation documents are accessible to the public and that the fact the proposal is open for consultation widely known (for example, on Council's website).

Statement on Contributions to Decision-making Processes by Maori

Introduction

Council provides a wide range of services which make important contributions to the many communities in Marlborough. People should have the opportunity to participate in decisions about those services that affect them.

Context

Council recognises the uniqueness accorded to Māori as tangata whenua.

There are a wide range of Māori, iwi, hapū, business and community organisations in the Marlborough District as well as social and cultural organisations.

Māori make up more than 10% of the population of the Marlborough region (2013 Census), of which a significant number are mana whenua. Iwi authorities are an increasingly significant component of the Marlborough economy, following Te Tau Ihu Tiriti settlements.

There are nine iwi groups within Marlborough, who have completed Te Tiriti settlements. Most of these iwi have interests across Te Tau Ihu o Waka a Māui—

- Ngāti Kuaia, Rangitāne o Wairau, and Ngāti Apa ki te Rā Tō (from the *Kurahaupō* waka)
- Ngāti Koata, Ngāti Rārua and Ngāti Toa (from the *Tainui* waka)
- Te Ātiawa (from *Aotea* or *Kurahaupō*)
- Ngāi Tahu (Ngāti Kuri hapū)
- Ngāti Tama ki te Tau Ihu (Tainui/Taranaki)

Marlborough's tangata whenua iwi have all signed Deeds of Settlement with the Crown to address breaches of Te Tiriti o Waitangi. The historic claims of each of Marlborough's tangata whenua iwi have now been settled.

Council recognises and respects the Crown's responsibility to take appropriate account of the principles of Te Tiriti, and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

Contributions to Decision-making

Council is charged with the responsibility to promote opportunities for Māori and tauwiwi (other members of the public) to contribute to its decision-making processes.

These obligations apply to all Māori in the district. Council acknowledges that Māori other than tangata whenua may be resident in the area.

In the normal course of things, Council engages with the iwi authorities that have settled.

A number of key themes emerge from the various pieces of legislation including:

- (a) in Council decision-making processes:
 - i. To consider Te Tiriti o Waitangi principles;
 - ii. Facilitating iwi participation;
 - iii. Recognising and understanding Māori cultural values and perspectives including mātauranga Māori (Māori knowledge), tikanga Māori (Māori principles and protocols); and kaitiakitanga (Māori guardianship);
- (b) Council's duty to contribute to Māori capacity and to enable and promote Māori well-being as part of a comprehensive and effective long-term strategy of the Council; and
- (c) the Māori contribution to the social, economic, environmental, and cultural well-being of Marlborough.

Council has identified three main areas on which it needs to focus:

- (a) Assist Māori to build capacity to engage with Council;
- (b) Developing contributions to decision-making processes by iwi;
- (c) Building Council capacity.

Assist Iwi to Build Capacity

Council needs to find out how it can help with resourcing so that iwi can better engage in Council processes and decision-making.

To do this, Council needs to understand from iwi:

- What are their aspirations
- What are their expectations of Council

Statement on Contributions to Decision-Making Processes by Māori

Council has historically provided assistance to iwi through their Tiriti settlement negotiation processes. Council provides information to iwi on infrastructure provision and various economic development opportunities. However, post-settlement there may be more that Council can do.

Together we can assess what iwi need to be able to fully participate in Council decision-making processes.

Council Decision-making

Iwi are entitled to be involved in Council decision-making across Council. This requires us to develop relationships of mutual respect, co-operation and goodwill.

Council will engage with iwi to ensure that its decision-making processes provide opportunities for iwi to take part.

Strong on-going personal relationships and structural arrangements can assist with this.

Regular relationship meetings with key iwi stakeholders allow Council and iwi at governance and management levels to focus on long-term strategic engagement, understanding each other's goals and aspirations.

Council will also review how iwi can have influence at the governance level.

In particular, Council continues to -

(a) Invite iwi authorities to take part in its annual and three-yearly strategic

planning to develop the Annual Plan and the Long-Term Plan;

- (b) Have positions available for iwi on Council's main standing committees;
- (c) Consult on new and revised bylaws and other regulatory or planning instruments;
- (d) Attend and assist to organise the Cook Strait Forum; and
- (e) Engage with iwi over Policy statements and Plans under the RMA.

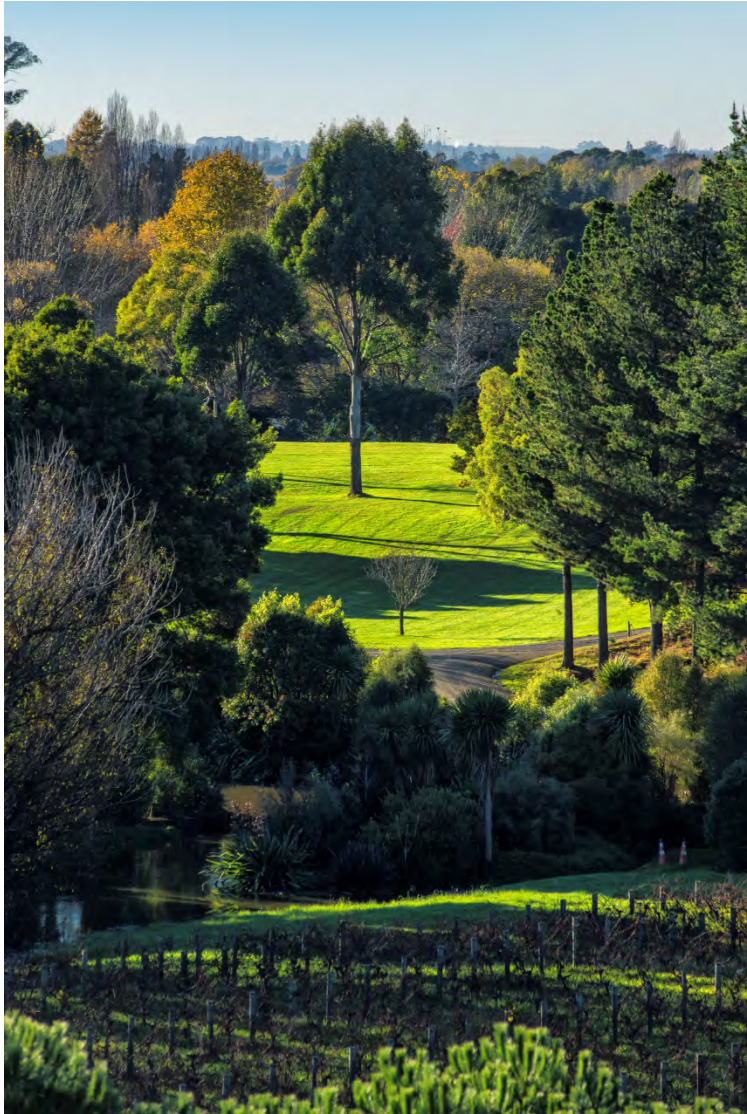
Build Council Capacity

Council needs to have a good understanding of Māori in our community, their aspirations and expectations. Knowing about and respecting tikanga, kawa, tē reo, tē Ao Māori will aid in developing relationships for effective engagement.

Council can do some basic things that will make staff and Councillors more at ease in moving in a Māori world.

Council will -

- Train staff and Councillors in Council's obligations, basic te reo, tikanga, and an understanding of tē Ao Māori; and
- Develop resources for Councillors and staff when engaging in the Māori world.
- Promote appreciation and understanding of tē Ao Māori



Part 6: Audit Report

- **Audit Report**

Audit Report



Marlborough District Council's 2018-28 Long-Term Plan Independent Auditor's Report

I am the Auditor-General's appointed auditor for Marlborough District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 28 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 18 to 21 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;

- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, and an assurance report on certain matters in respect of the Council's Debenture Trust Deed, we have no relationship with or interests in the Council or any of its subsidiaries.



Andy Burns, Audit New Zealand
On behalf of the Auditor-General,
Christchurch, New Zealand



Appendices

- **Council Committees and Members**
- **Ward Boundaries**
- **Council Staff Structure**
- **MDC Directory**
- **Glossary of Terms**

Council Committees and Members

For this term of Council, the following Committee structure (and membership) was put into place on 26 October 2016. It has three standing committees, a joint committee with Kaikoura District Council, three statutory committees and eight sub-committees. Pursuant to Section 41(a)(5) of the Local Government Act 2002 the Mayor is a member of each Committee of Council.

ASSETS & SERVICES COMMITTEE

This Committee is responsible for all infrastructure including roads; road safety (including walking and cycling strategies); parking; sewerage; water; stormwater; rivers and drainage; waste management (including recycling); reserves; halls; cemeteries; public toilets; and civil defence and emergency management.

Clr Terry Sloan - Chairperson	Clr Geoff Evans - Deputy
Clr Jenny Andrews	Clr Brian Dawson
Clr Michael Fitzpatrick	Clr Mark Peters
Mayor John Leggett	Iwi representative (Richard Hunter)

Civil Defence Emergency Management Group (Statutory Committee)

The delegation to act as this Group (formed in accordance with the Civil Defence and Emergency Management Act 2002) is given to the Assets and Services Committee. The Assets and Services Committee (acting as the Group) is responsible for overseeing the development, maintenance, monitoring and evaluation, and implementation of the Group Plan required by section 17(1)(i) of the Civil Defence and Emergency Management Act 2002.

Clr Terry Sloan – Chairperson	Clr Geoff Evans – Deputy
Clr Jenny Andrews	Clr Brian Dawson
Clr Michael Fitzpatrick	Clr Mark Peters
Mayor John Leggett	Iwi representative (Richard Hunter)

Parking Sub-Committee

The focus of this Sub-Committee is Council’s parking portfolio.

Clr Brian Dawson - Chairperson	Clr Michael Fitzpatrick
Mayor John Leggett	

Regional Transport Committee (Statutory Committee)

This Committee prepares for approval by Council the Regional Land Transport Plan [the Plan], or any variations to the Plan and provides Council with any advice and assistance in relation to its transport responsibilities. The Committee must adopt a policy that determines significance in respect of variations made to the Plan (under s18D of the Land Transport Management Act 2003 [the Act]) and the activities that are included in the Plan (under s16 of the Act).

Membership of the Committee (refer s105 of the Act) is limited to four persons representing Council; and one person representing the New Zealand Transport Agency.

Clr Terry Sloan – Chairperson	Clr Geoff Evans – Deputy
Clr Brian Dawson	Clr Michael Fitzpatrick
New Zealand Transport Agency representative (Jim Harland)	

PLANNING FINANCE & COMMUNITY COMMITTEE

This Committee is responsible for the Marlborough Environment Plan; implementation of Growing Marlborough and ‘Smart and Connected’ Economic Development Strategies; CBD and Small Township Revitalisation programmes; Destination Marlborough; Picton Forum; Sounds Advisory Group; LTP; Annual Plan; Annual Report; audit issues; Council Subsidiaries; risk management; community and social issues; youth, elderly and access issues; culture and heritage; social policies (ie; gaming and psychoactive substances policies); grants and donations; sister cities; libraries; customer services; democratic process; general administration; health and safety; and property management.

Clr Trevor Hook - Chairperson	Clr Mark Peters - Deputy
Clr Jenny Andrews	Clr Jamie Arbuckle
Clr Cynthia Brooks	Clr Brian Dawson
Clr Michael Fitzpatrick	Clr Gerald Hope
Clr David Oddie	Clr Laressa Shenfield
Clr Nadine Taylor	Mayor John Leggett

Audit and Risk Sub-Committee

The focus of this Sub-Committee is to oversee the audit of Council's Annual Report and Annual/LTP and consider and report as necessary on the findings of any audit management report.

Ian Marshall CA (Independent External Member) - Chairperson
Clr Mark Peters
Mayor John Leggett
Clr Trevor Hook
Clr David Oddie

Grants Sub-Committee

This Sub-Committee carries out Council's partnership with Creative New Zealand and SPARC (Sport and Recreation New Zealand) to ensure local arts funding and rural travel funding are available to the Marlborough area. The Sub-Committee has delegated authority for the allocation of funds under both schemes. In addition the Sub-Committee has delegated authority for consideration of Marlborough District Council Community Grants and Council's Arts and Heritage Grants, with recommendations being made to Council for consideration.

Clr Jenny Andrews – Chairperson
Sports Trust appointee – Karen Hartshorne
Community representatives – Patricia Clay, Graeme Duncan, Graeme Haymes, Cheryl Thompson
Two iwi representatives (to be advised)
Clr Nadine Taylor
Arts Sector appointee – Kate Parker

Housing for Seniors Sub-Committee

The focus of this Sub-Committee is Council's Housing for Seniors portfolio.

Clr Cynthia Brooks – Chairperson
Clr Gerald Hope
GreyPower Marlborough representative (Philip Hunnissett)
Clr Jenny Andrews
Clr Mark Peters

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 Gerald Hope – Chairperson
Clr Nadine Taylor
Community representatives (Cathie Bell, Jennie Hopkins, Margaret Porteous, Lily Stewart, Alistair Sowman, Margaret Western)
Clr Trevor Hook

Youth Sub-Committee

The focus of this Sub-Committee is issues related to youth in the community.

Mayor John Leggett– Chairperson
Clr Laressa Shenfield
Clr Jenny Andrews

ENVIRONMENT COMMITTEE

This Committee is responsible for environmental science and monitoring; monitoring of consents; enforcement and prosecution policies; biosecurity; animal control; building control; resource consent processing; dangerous goods; fencing of swimming pools; food and health monitoring; and harbour management.

Clr David Oddie – Chairperson
Clr Jamie Arbuckle
Clr Trevor Hook
Clr Nadine Taylor
Rural representative (Ross Beech)
Clr Gerald Hope – Deputy
Clr Cynthia Brooks
Clr Laressa Shenfield
Mayor John Leggett

Animal Control Sub-Committee

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

Clr Jamie Arbuckle – Chairperson
Clr Laressa Shenfield
Clr Nadine Taylor

Resource Hearing Sub-Committee

This Committee makes decisions on applications for resource consents (each consent is heard by a Committee made up of a Chairperson and two members).

Clr Cynthia Brooks – Chairperson
Clr David Oddie
Clr Nadine Taylor
Clr Jamie Arbuckle
Clr Laressa Shenfield

Conduct Review Committee

This Committee is established per the Code of Conduct. The Committee manages compliance with the Code of Conduct and with any statutory obligations.

Mayor John Leggett - Chairperson
Clr Cynthia Brooks
Independent member (to be advised)
Clr Jenny Andrews
Clr Terry Sloan

District Licensing Committee (Statutory Committee)

This Committee considers and determines applications, pursuant to the Sale and Supply of Alcohol Act 2012 [the Act], for: licences and manager's certificates; renewals of licences and manager's certificates; temporary authorities to carry on the sale and supply of alcohol in accordance with s136 of the Act; the variation, suspension, or cancellation of special licences; the variation of licences (other than special licences) unless the application is brought under s280 of the Act; with the leave of the chairperson for the licensing authority, to refer applications to the licensing authority; and conduct inquiries and to make reports as may be required of it by the licensing authority under s175 of the Act. This Committee is also responsible for hearing and deciding on applications to Council's Gambling Venue Policy pursuant to the Gambling Act 2003.

Mayor John Leggett – Chairperson

Two members appointed by the Chairperson from the following:

Clr Laressa Shenfield - Deputy Chairperson	Hamish Beard Liz Hawthorne
Graeme Barsanti (Commissioner for the period 10/08/17 to 30/06/18)	Graeme Horsley Margaret McHugh Peter Sommerville

APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES

MDC Holdings Limited and Marlborough Airport Limited.

Mayor John Leggett - Director

Chair of Planning Finance and Community Committee – Clr Trevor Hook - Director

Clr Mark Peters – Director

Chief Executive – Mark Wheeler – Director

Port Marlborough NZ Limited

Manager, Corporate Finance - Martin Fletcher - Director

Marlborough Regional Forestry

Marlborough Regional Forestry is a joint committee of Marlborough District Council and the Kaikoura District Council. Council owns 88.62% of the forestry estate and Kaikoura District Council owns the remaining 11.38%. The primary aim of production forest management is to create a resource that will maximise utilisation and provide the best financial return from the predominantly radiata pine forests.

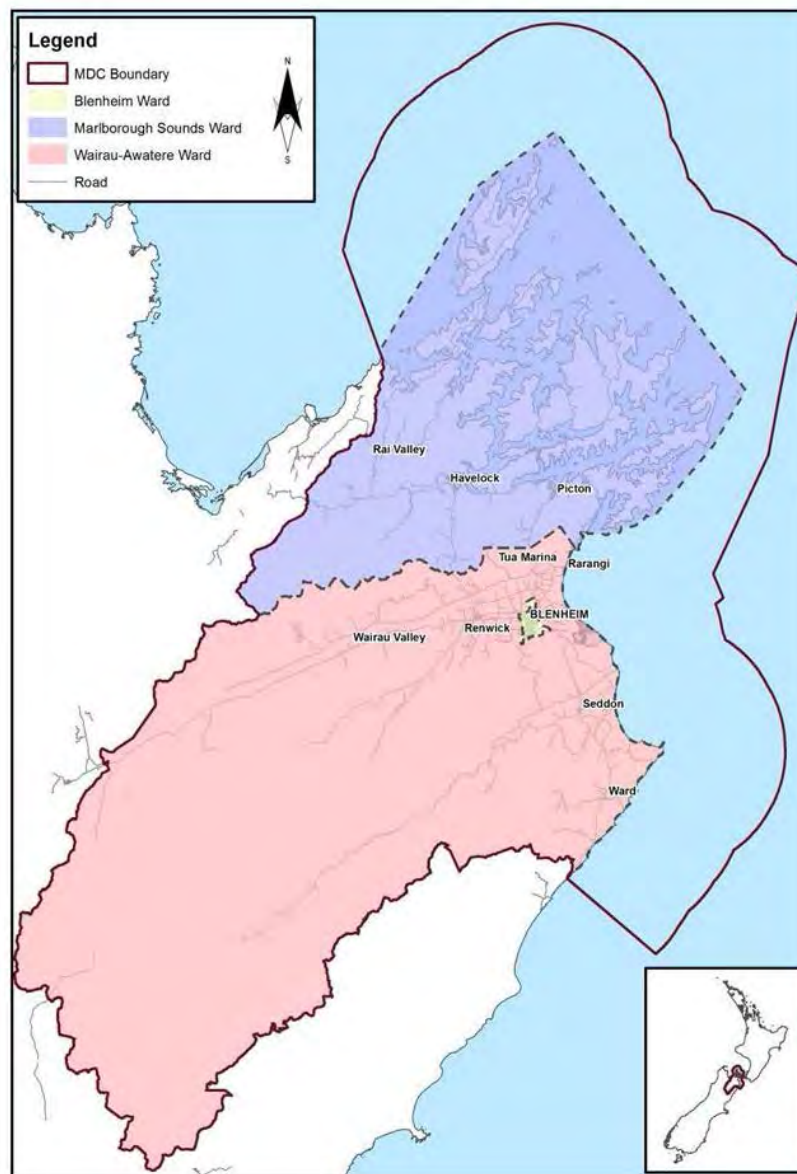
Clr Gerald Hope - Chairperson

Mayor John Leggett

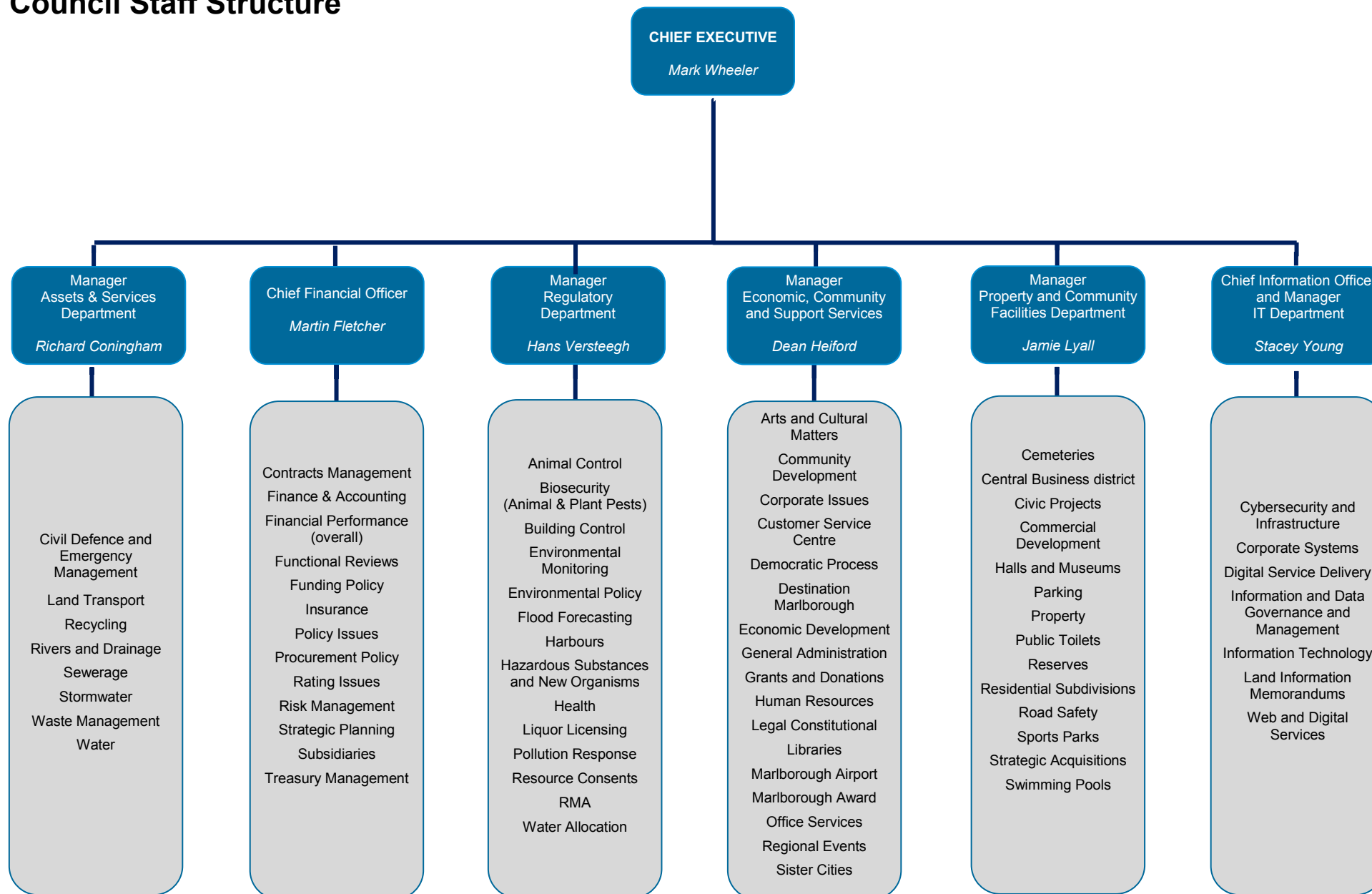
Kaikoura District Council representative

Forestry representative – Leo Jelinek

Ward Boundaries



Council Staff Structure



MDC Directory

MDC Directory

Contact Details

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

Facsimile: (03) 520 7496

Email: mdc@marlborough.govt.nz

Web: www.marlborough.govt.nz

Addresses

District Administration Building

15 Seymour Street, Blenheim 7201

Picton Service Delivery Centre (includes Library)

2 Dublin Street, Picton 7220

Harbour Control

Mariner's Mall, Picton

Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

Works and Operations Depot

Wither Road, Blenheim

Reserves Depot

Pollard Park, Blenheim

Solicitor

P J Radich of Radich Law, Blenheim

Bankers

Bank of New Zealand, Blenheim

Westpac, Blenheim

Auditor

Andy Burns, Audit New Zealand, Christchurch on behalf of the Auditor General

General Statistics

Population (Census count March 2013)	46,302
Population (Usually Resident March 2013)	43,416
Inter-Census Population Movement	(+) 2.0%
District Area	17,517 square kilometres

as at 30 June 2017

Rateable Land Value	\$7, 539,824,550
Rateable Capital Value	\$15,538,464,800
Number of Rate Assessments	26,154

Glossary of Terms

Accruals	These are similar to accounts payable in that they are expenses incurred during the current year for which payment has not been made and invoices have not yet been recovered.
Activity	Means a good or service provided by, or on behalf of, a local authority or a Council-controlled organisation eg: water supply, transport networks.
Allotment	Has the meaning given to it in S218(2) of the Resource Management Act 1991.
Allotment Area	Is the total land area of an allotment.
Applicant	Is the person/persons that apply for resource consent, building consent or service connection.
Asset Management Plan	Means Council documents outlining how each main asset class will be managed, upgraded and expanded as required.
Asset Sales	Refers to the sale of MDC assets eg: cars, property.
Borrowings	This is the amount of external loans.
Capital Expenditure	Means the cost of capital works for network infrastructure, reserves and community infrastructure.
Catchment	Means the area served by a particular infrastructure investment.
Charge	These are referred to in the Local Government (Rating) Act 2002 as targeted rates and are calculated as a fixed amount per rating unit.
Commercial	Means any activity involving commercial transactions, or providing commercial or administrative services, and includes, non-school activities, offices and banks; but excludes premises or activities involving industrial manufacture or production and retail trade.
Community Facilities	Means reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with S199 of the Local Government Act 2002.
Community Infrastructure	Means the following assets when owned, operated or controlled by a territorial authority: <ul style="list-style-type: none"> (a) Community centres or halls for the use of a local community or neighbourhood and the land on which they are or will be situated; (b) Play equipment that is located on a neighbourhood reserve; (c) Toilets for use by the public.
Community Outcomes	Means the outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions.
CV	Capital Value.
Departmental Management	Allocation of Departmental Manager costs to activities.
Development	Means: <ul style="list-style-type: none"> (a) Any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but (b) Does not include the pipes or lines of a network utility operator.
Development Contribution	Means a contribution: <ul style="list-style-type: none"> (a) Provided for in a development contributions policy included in the Long Term Plan of a territorial authority; and

- (b) Calculated in accordance with the methodology; and
Comprising-
 - (i) Money; or
 - (ii) Land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or
 - (iii) Both.

Development Contributions Policy	Means the policy on development contributions adopted under section 102(1).
District	Means the District of a territorial authority.
District Wide	Applies to every property in the District.
Equity	Represents the net worth of the MDC if all assets were sold for the values recorded and the liabilities were extinguished.
Financial Contributions	Has the same meaning as financial contributions in S108(9)(a)-(c) of the Resource Management Act 1991.
Financial Strategy	Means Council's Financial Strategy included in the Long Term Plan.
General Revenues Applied	Share of revenues generated by Council as a whole as compared to a specific activity eg: interest and dividends.
Geographic Areas	The District is divided up into six geographic areas for the purpose of funding general works and services. The geographic areas are Blenheim, Blenheim Vicinity, Picton, Picton Vicinity, General Rural and Sounds Admin Rural.
Goods and Services Tax (GST)	Means goods and services tax under the Goods and Services Tax Act 1985.
Greenfields Area	Are defined as those areas where building capacity exists on the perimeter of the city.
Gross Floor Area (GFA)	Means, for the purposes of development contributions, the sum of the area of all floors of all buildings on any site measured from the exterior faces of the exterior walls, or from the centre lines of walls separating two abutting buildings but excluding: <ul style="list-style-type: none"> • Carparking. • Loading docks. • Vehicle access and manoeuvring areas/ramps. • Plant and equipment enclosures on the roof. • Service station canopies. • Pedestrian circulation space in an enclosed retail shopping centre. • Any foyer/Lobby or a primary means of access to an enclosed retail shopping centre, which is accessed directly from a public place.
Household Equivalent Unit (HEU)	Means an average residential dwelling occupied by a household of average size.
Impervious Surface Area	For the purpose of development contribution Impervious Surface Area (ISA) means the area of any site which is not capable of absorbing water and includes any area which: <ul style="list-style-type: none"> • Falls within the definition of coverage. • Is covered by decks.

- Is occupied by swimming pools.
- Is used for parking, manoeuvring or loading of motor vehicles.
- Is paved with a continuous surface with a run-off coefficient of greater than 0.45.

Increase (Decrease) in Reserves Increase in reserves are generally surpluses on operations. Decrease from reserves assist to fund capital expenditure.

Industrial

Means:

- (a) Any premises used for any industrial or trade purposes; or
- (b) Any premises used for the storage, transfer, treatment, or disposal of waste materials or for other waste-management purposes, or used for composting organic materials; or
- (c) Any other premises from which containment is discharged in connection with any other industrial or trade process.
- (d) Any activity where people use materials and physical effort to:
 - Extract or convert natural resources.
 - Produce goods or energy from natural or converted resources.
 - Repair goods.
 - Store goods. (ensuing from an industrial process)

Infrastructural Assets

These are the fixed assets that are not generally regarded as tradable and which provide a continuing service to the community - such as reserves and parks, toilets, memorials, roads, bridges and wharves, water and sewerage schemes.

Infrastructure Strategy

Means Council's Strategy setting out the principal long term (30 years) infrastructure requirements of the District.

LGA

Means the Local Government Act 2002.

Loans/Debt

Refers to the raising of internal loans for capital items, such as a sewerage or water scheme.

Local Authority

Means a regional Council or territorial authority.

LTP

Means 2018-2028 Long Term Plan.

LTP 2018-19

These are the \$ values budgeted for 2018-19 in the LTP.

LV

Land Value.

Network Infrastructure

Means the provision of roads and other transport, water, wastewater, and stormwater collection and management.

Network Utility Operator

Has the meaning given to it by section 166 of the RMA

Non-Residential Development

Means any activity in a non-residentially zoned area, excluding rural areas, or where the predominant activity is not residential or rural.

Operational Assets

These are tangible assets that are generally regarded as tradable, such as buildings and improvements, library books, office equipment, plant and machinery, land and forestry crops.

Other Revenue

Revenue specifically generated by the activity.

Overhead Allocation

The allocation of Customer Services, Office Services, Human Resources, General Management, Information Management Services and Corporate Finance net costs.

Glossary of Terms

Prepayments	Amounts paid to creditors by the MDC in the current year that relate to future years.
Property Value	For rating purposes this refers to either the “land” or “capital” value of a property.
Rate/Rates	The Local Government (Rating) Act 2002 defines Rate – <ul style="list-style-type: none"> (a) means a general rate, a targeted rate, or a uniform annual general charge that is set in accordance with subpart 2 of Part 1; and (b) includes a penalty added to a rate in accordance with section 58; but (c) does not include a lump sum contribution.
Residential Development	Means any activity in a residentially zoned area or where the predominant activity is not non-residential or rural.
RMA	Means the Resource Management Act 1991.
Resource Management Plan	Means the Wairau/Awatere Resource Management Plan and the Marlborough Sounds Resource Management Plan.
Section Management	Allocation of Section Manager costs when they are responsible for more than one activity.
Service Catchment	Means the same as catchment.
Service Connection	Means a physical connection to a service provided by, or on behalf of, a territorial authority.
Statement of Cashflows	This describes the cash effect of transactions and is broken down into three components: operating, investing and financing activities.
Statement of Financial Performance	This can also be referred to as the Income Statement, Profit and Loss Statement, or the Operating Statement. It shows the financial results of various MDC activities at the end of each period as either a surplus or deficit. It does not include asset purchases or disposals.
Statement of Financial Position	This shows the financial state of affairs at the end of each period. It can also be referred to as the Balance Sheet.
Subdivision	Has the same meaning as section 218 of the Resource Management Act 1991.
Subsidies	Amounts received from other agencies for the provision of services eg: NZTA roading subsidies.
Third Party Funds	Means funding or subsidy, either in full or in part, from a third party eg: subsidies for the roading network.
Unit of Demand	Means the measure of demand for community facilities.
User Charges	The charges levied for use of MDC services eg: building consent fees, health inspections.
Working Capital	This is the remainder left when the value of current liabilities is deducted from the value of current assets. It is a measure used to indicate the short-term solvency of an entity.