



**MARLBOROUGH  
DISTRICT COUNCIL**  
Te Kaunihera ā-Rohe o Wairau

# Annual Report

2019-2020



# Role of Annual Report

This Annual Report has been prepared to enable readers to assess the Marlborough District Council's 2019-20 performance against the policies, activities, objectives, performance targets and financial details contained in its 2019-20 Annual Plan.

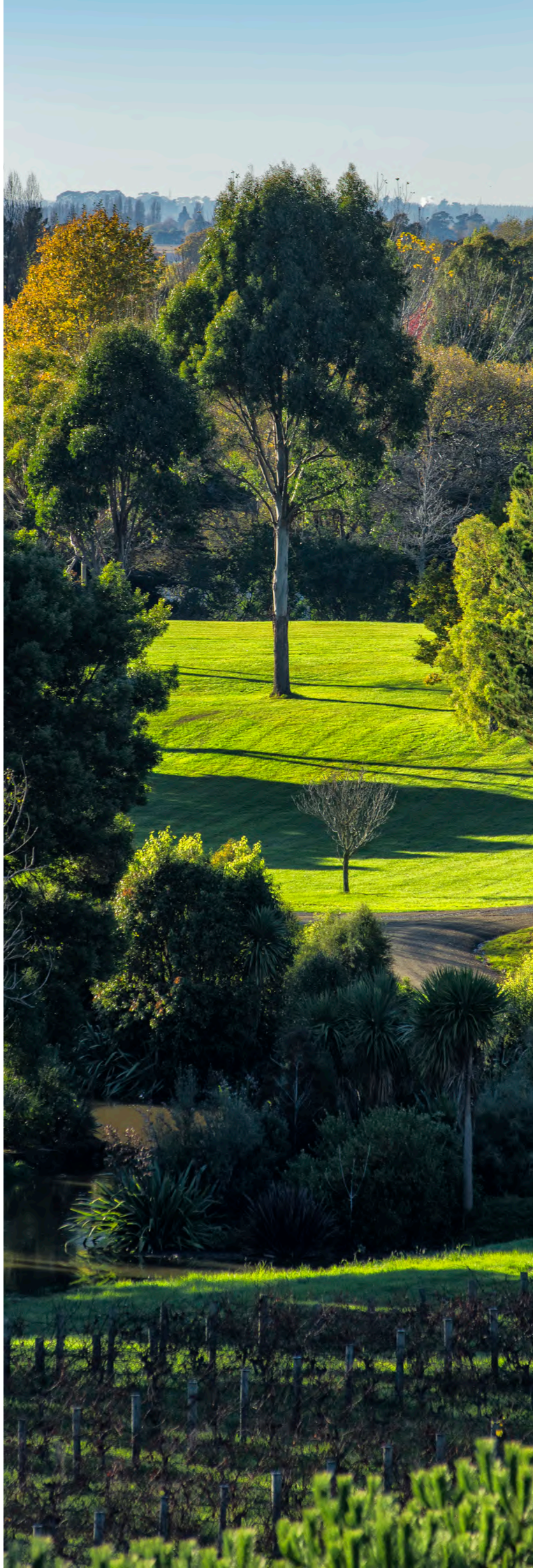
An Annual Report is required by Section 98 of the Local Government Act 2002. Financial and non-financial information is required to be included for each Activity.

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

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## Part 1: Executive Summary

- Mayor's Report
- Elected Council Members as at 30 June 2020
- Key Achievements and Performance Overview
- Financial Overview
- Annual Report Disclosure Statement for Year Ended 30 June 2020



## Mayor's Report

Looking back on the last 12 months is sobering - it has been a year like no other in our lifetimes. No-one could have predicted the impacts of the coronavirus pandemic on the regional, national and global economy, and on our livelihoods and way of life.

I am very proud of the way Marlborough District Council responded to the Covid-19 emergency. We worked alongside our community, key industries and agencies to help lead a path through to recovery. Covid-19 has had a huge impact on everyone's lives and many Council services and facilities were directly affected by the lockdown. Some, like water supply,

continued as essential services, while others, including our many community facilities, were forced to close their doors.

I'd like to thank my fellow Councillors, Chief Executive Mark Wheeler and our hard working staff, and the entire Marlborough community. By working together and following the health advice and lockdown guidance we helped to get Marlborough through the emergency response. The impacts are on-going of course but I want to give particular thanks to our health workers, the Police, welfare agencies, supermarket staff, accommodation providers, farmers and food producers, the wine industry, our Emergency Management team, Te Rōpū a Manaaki a Iwi and all of the volunteer community agencies who worked to keep us safe.

Councillors and staff played a key role in the Covid-19 response. Through the work of The Economic Action Marlborough (TEAM) group and initiatives by this Council, we were able to undertake a wide range of economic recovery initiatives and quickly produced an economic recovery plan encompassing 60 projects and initiatives aimed at offsetting the initial impacts of the lockdown on Marlborough businesses and jobs. The plan was developed by TEAM and brought together industry, government, iwi and business organisations, supported by Council. To assist, a special fund of \$865,000 was established and a further fund of \$1.2M was provided to ensure the continued viability of our essential community organisations and community facilities. Other initiatives included introducing free parking in Blenheim and Picton, funding a 'buy local' campaign and the waiving of footpath licence fees.

The Council also recognised the importance of continued investment in Marlborough's economy. To that end, we continued the development of our capital works programme. Between the time that Covid-19 restrictions were lifted on 9 June and the Assets and Services Committee meeting of 20 August 2020, Council had awarded contracts for \$65.8M of new works. It also implemented an expedited tendering process that accelerated the awarding of contracts and gave a preference to local contractors, who still had to demonstrate that they had the capability, capacity and cost competitiveness to undertake the works. It was particularly pleasing to see a local contractor's bid to build the new Blenheim Library and Art Gallery succeed.

After careful consideration, we were able to keep this year's rates increase to just 1.88%, below the local government cost index (inflation rate) of 2.2%. This was a significant reduction from the 5.92% signalled in our 2018-28 Long Term Plan. We recognised the impacts of Covid-19 on peoples' pockets and sought to keep this year's increase to an absolute minimum.

I'm pleased to report again that this year's independent survey of resident satisfaction indicates our community is generally happy with the services it receives, with 71% satisfied. Marlborough District Council is ahead of New Zealand councils' benchmark for satisfaction on almost all services measured.

Despite the pandemic, there have been some positive highlights this year. In October we purchased land at 1 High Street, Blenheim for the new Marlborough District Library and Art Gallery. Architects Warren and Mahoney completed the concept plan, progressing the building's floor plan and concept design, which became available for public viewing in June. The designs certainly have the 'wow' factor - the building will undoubtedly be a game changer for Blenheim, bringing people into town and revitalising the CBD and downtown area. The current library has 17,900 visitors a month - that will only increase with a stunning new, multifunctional venue.

The Government's Covid-19 recovery fund decision to provide \$11M towards the library and art gallery building - over half the construction cost - was very welcome, as was their support for a number of other Marlborough projects, including fast-tracking the Picton Ferry Precinct Redevelopment Project, funding \$18m towards the Whale Trail cycle and walkway from Picton to Kaikōura, and \$3M for Wairau River flood protection works.

It was pleasing to see the report presented to Council last September showing there will be a good supply of zoned land suitable for housing over the coming years, primarily in the North West of Blenheim. The sewer upgrade required to support much of this residential development has been successfully tendered and is now underway.

The proposed Waitohi/Picton port precinct redevelopment to support two new Interislander ferries is going to bring major change to the town. Significant investment is required to construct the

necessary port facilities for the new ferries and Council is working hard with KiwiRail and Waka Kotahi NZ Transport Agency on their design and feasibility. There will be a special consultative process to ensure the community's views are taken into account on this investment.

This was also a year of considerable progress in improvements to water supply in our townships. Notably, Seddon's boil water notice was lifted and households there finally got safe drinking water on tap, the culmination of a long-running drinking water investment. In Renwick, construction began on a new water main pipeline and reservoir, while the installation of water meters for Havelock and Renwick households was close to completion by the end of the financial year. In Blenheim, good progress was made with the stormwater network upgrade, reducing flood risk and enabling more residential land to be opened up in the North West of town.

Developing partnerships beyond the region has enabled Council to advance work on various fronts this year, ranging from a year-long study into Picton's air quality in conjunction with NIWA, two new projects to tackle the region's waste with funding from the national Waste Minimisation Fund, to extended LiDAR mapping of the Marlborough Sounds, working with Land Information New Zealand (LINZ).

In December we welcomed a major announcement that the Te Hoiere/Pelorus River catchment will benefit from a share of central Government funding and support. Te Hoiere/Pelorus is the first river in the South Island to receive a portion of the funds to help restore priority catchments.

In February, the Proposed Marlborough Environment Plan decision document was released during a special ceremony at Omaka Marae, marking the culmination of over two years' work by the hearings panel, submitters and Council staff and many years of preparation prior to that. The plan brings three of the region's major management plans, the Marlborough Regional Policy Statement, the Marlborough Sounds Resource Management Plan and the Wairau-Awatere Resource Management Plan, into a single document, and sets out the rules around appropriate activities in Marlborough's urban, rural and coastal environments. More than 1,300 submissions were made on the plan. This is the first fully integrated resource management plan produced by a council to emerge intact - a first for New Zealand and an achievement that shows our region as a leader in environmental planning.

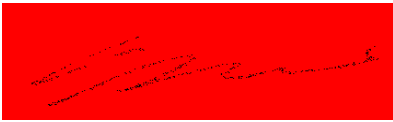
Council awarded a new roading contract as a 50/50 joint venture between Fulton Hogan and HEB Construction, which officially started on 1 April. The Marlborough Network Outcomes Contract is worth \$160M over seven years, and covers state highways and the local roads network, as well as footpaths. It's jointly funded by NZTA and Council.



In April a sporting fixture of a different kind got underway as work began at Lansdowne Park on the new \$4.3M sports hub. The multi-code shared space building will include facilities for netball, rugby union, touch rugby and softball.

The Council's strong financial management has been confirmed by S&P Global Ratings, with Council retaining its "AA Positive Credit Watch" long term credit rating. The assessment takes into account the financial position of the Council Group, which includes MDC Holdings Ltd, Port Marlborough NZ Ltd and Marlborough Airport Ltd.

In summary it was a year of extremes. The highlight for me personally was the way in which the whole community responded so positively to the challenge that Covid-19 forced upon us. By working together, Marlborough will bounce back. Together we are stronger.



John Leggett  
MAYOR

# Elected Council members



**Mayor John Leggett**



**Deputy Mayor Nadine Taylor**  
Marlborough Sounds Ward



**Councillor Barbara Faulls**  
Marlborough Sounds Ward



**Councillor Brian Dawson**  
Blenheim Ward



**Councillor Cynthia Brooks**  
Wairau Awatere Ward



**Councillor David Croad**  
Blenheim Ward



**Councillor David Oddie**  
Marlborough Sounds Ward



**Councillor Francis Maher**  
Wairau Awatere Ward



**Councillor Gerald Hope**  
Wairau Awatere Ward



**Councillor Jamie Arbuckle**  
Blenheim Ward



**Councillor Jenny Andrews**  
Blenheim Ward



**Councillor Mark Peters**  
Blenheim Ward



**Councillor Michael Fitzpatrick**  
Blenheim Ward



**Councillor Thelma Sowman**  
Blenheim Ward

# Key Achievements and Performance Overview

This section summarises:

- achievement against service performance and budgetary targets, for Council overall and for each Activity Group; and
- the significant achievements for each Activity Group over the year.

More information about service performance variances can be found in the Level of Service tables in Part 2 of this document.

The variances to budget are calculated using Note 2 Activity Expenditure figures (page 150). A more detailed explanation of the variances can be found below each Activity FIS tables in Part 2 of this document.

## Council Overall

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="color: green; font-weight: bold; font-size: 1.2em;">142</span>  <small>On track (100%)</small> </div> <div style="text-align: center;"> <span style="color: orange; font-weight: bold; font-size: 1.2em;">44</span>  <small>Almost achieved (≥ 80%)</small> </div> <div style="text-align: center;"> <span style="color: red; font-weight: bold; font-size: 1.2em;">28</span>  <small>Not achieved (&lt; 80%)</small> </div> </div> <p>Overall we achieved 142 (66%) of the 214 key performance indicators (KPI's) which indicate achievement of our performance targets.</p> <p>In addition 44 KPI's were almost (i.e. at least 80%) achieved.</p>	<div style="background-color: #FFD700; padding: 5px;"><b>Almost achieved</b></div> <p>The overall Activity spending was 7.5% (or \$8.3 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Increased Biosecurity contract costs in relation to the National Wilding Conifer Control programme which is funded by the Ministry for the Environment;</li> <li>• Unbudgeted demolition of building in preparation for the new Blenheim Library;</li> <li>• Emergency repairs on Wairau River stopbank between Waihopai and Tuamarina; and</li> <li>• Unbudgeted costs for completing the Container Return Scheme project which is funded by the Ministry for the Environment.</li> </ul>



## People

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green;">21</span>      <span style="color: orange;">14</span>      <span style="color: red;">4</span>            On track (100%)      Almost achieved (≥ 80%)      Not achieved (&lt; 80%)         </p> <p>We achieved 21 and almost achieved 14 of the 39 KPI's we set for this year.</p>	<p><b>Not achieved</b></p> <p>The overall Activity spending was 18.6% (or \$2.3 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Unbudgeted demolition of building in preparation for the new Blenheim Library;</li> <li>• Preliminary design costs for the new Blenheim Library budgeted as capital expenditure;</li> <li>• COVID-19 response and community support; and</li> <li>• Higher than anticipated uptake of Energy Efficiency services provided by the Community Support Activity.</li> </ul>

### Achievements

- Key Art and Heritage organisations in Marlborough were provided with operating grants.
- All Council owned Housing for Senior units will comply with NZ Healthy Home legislation once final extraction fan installation completes this major maintenance project.
- Engaged the wider community through Smart + Connected groups in Havelock, Renwick, Picton and Seddon which progressed projects including Renwick Village Green and Vineyard Trails and the Motuweka Community Pathway.
- The new District Library and Art Gallery facility moved a step closer with clearing of the site on the High / Symons / Wynen Street corner.
- Established Te Tauihu Emergency Management Structure which has reinforced how Iwi in Nelson and Marlborough and the two Civil Defence Groups can work collaboratively on joint initiatives including resilience, response and recovery.
- Added, adapted and supported services to safely meet the needs of the community during the COVID-19 lockdown, including provision of library books, food, transport, accommodation, firewood, information and a range of meetings on-line.



## Community Facilities

### Activities in this Group

This Activity Group comprises a single Activity: Community Facilities.

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="color: green; font-weight: bold; font-size: 1.2em;">10</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="color: orange; font-weight: bold; font-size: 1.2em;">2</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="color: red; font-weight: bold; font-size: 1.2em;">2</span>            Not            achieved            (&lt; 80%)         </div> </div>	<div style="background-color: #00a651; color: white; padding: 5px; font-weight: bold;">Achieved</div> <p>The overall Activity spending was 4.1% (or \$0.5 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Unbudgeted demolition of the A &amp; P park grandstand; and</li> <li>• Various costs in preparation for the Totaranui 250 celebrations.</li> </ul>

### Achievements

- Improved facilities in parks and open spaces across the region, including playground equipment, shelter, barbeques, picnic tables, planting, walkways and access, seating, power supply, car parking, water fountains, fencing and features.
- Awatere Memorial Hall earthquake repairs completed.
- Replaced CBD furniture including park benches, bins, bike stands, bollards and planter boxes.
- Sports Hub construction commenced at Lansdowne Park with planning underway for A&P Park; Seddon Domain changing rooms earthquake repairs were completed.
- Further developed Council Cemeteries by constructing new beams and shelters, restoring headstones and installing a new ashes garden at Fairhall.
- New toilet facility installed in Picton High Street carpark and Hodder, Awatere Valley.
- Installed disability facility for Picton Pool (Queen Charlotte College).
- Extended and upgraded a number of walking and cycling tracks and began Havelock Community Pathway and Waterfall Track in Havelock.
- Provided an annual spruce up to all war memorial sites and completed any repairs for ANZAC day.
- Continued tree planting and management.



## Roads and Footpaths

### Activities in this Group

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

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #28a745; border-radius: 50%; padding: 5px; color: white; font-weight: bold;">10</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffc107; border-radius: 50%; padding: 5px; color: white; font-weight: bold;">3</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #dc3545; border-radius: 50%; padding: 5px; color: white; font-weight: bold;">2</span>            Not            achieved            (&lt; 80%)         </div> </div> <p>We achieved 10 and almost achieved 3 of the 15 KPI's we set for this year.</p>	<div style="background-color: #28a745; color: white; padding: 5px; font-weight: bold;">Achieved</div> <p>The overall Activity spending was 0.3% (or \$0.1 million) below budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Lower roading emergency reinstatement works due to less than anticipated flood events.</li> </ul>

### Achievements

- Replacement of Aherns Bridge on Wakamarina Road, Taradale and Nopera Bridges on Kenepuru Road, Tollgate Bridge on Tennyson Inlet Road and Robin Hood Bay Bridge on Port Underwood Road completed.
- Safety Improvements and Traction seal on Boons Valley Road completed.
- \$10.35m of maintenance and renewal work saw 20,000 m<sup>3</sup> of gravel spread and 34.6 kms of chip seal renewed.
- \$1.1 million worth of reinstatement following the storm events of the 2019 winter.
- New footpaths in Oudenarde Street and Alma Street completed.
- Constructed 6.0km of seal extension on the Kenepuru Road.



## Flood Protection and Control Works

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green; font-weight: bold;">10</span>      <span style="color: orange; font-weight: bold;">1</span>      <span style="color: red; font-weight: bold;">2</span>                      On track (100%)      Almost achieved (<math>\geq 80\%</math>)      Not achieved (<math>&lt; 80\%</math>)                 </p> <p>We achieved 10 and almost achieved 1 of the 13 KPI's we set for this year.</p>	Not achieved
	<p>The overall Activity spending was 31.2% (or \$1.6 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Emergency repairs on Wairau River stopbank between Waihopai and Tuamarina;</li> <li>• Dredging of the Waikawa Stream; and</li> <li>• Repairs at the Southern Valley's Irrigation intake due to flood damage.</li> </ul>

### Achievements

- Completed 70% of the \$1.65m worth of repairs required following the series of smaller flood events in December 2019 that significantly exacerbated erosion damage at a number of sites in the state Highway 1 to Waihopai River confluence reach. On programme to be fully completed by the end of 2020.
- A 550m lower Ōpaoa River stopbank upgrade at the Haack property at Dillons Point Road was completed.
- The major storm water upgrade at Caseys Creek was completed.
- Construction of the Muller Road-Redwood street link part of the Town Branch storm water upgrade.
- Our annual Drainage asset maintenance programme was completed, including refurbishing and proactive maintenance of rural and town stormwater pump stations.



## Sewerage Including Treatment and Disposal

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green;">4</span>      <span style="color: orange;">1</span>      <span style="color: red;">2</span>                      On track    Almost    Not                      (100%)    achieved   achieved                      (≥ 80%)   (&lt; 80%)                 </p> <p>We achieved 4 and almost achieved 1 of the 7 KPI's we set for this year.</p>	<p><b>Achieved</b></p> <p>The overall Activity spending was 6.4% (or \$0.8 million) below budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Lower treatment costs caused by lower trade waste utilisation; and</li> <li>• Lower reticulation, infiltration and leaks maintenance. Council is currently re visiting how this area is managed.</li> </ul>

### Achievements

- The Blenheim Sewer Upgrade project has been tendered and will commence in late 2020, including upgrade of the McLauchlan Street pump station and the construction of a new treatment and overflow facility in Bomford Street.
- Investigation into process improvements and capacity upgrades at the Blenheim Sewer Treatment Plant is being undertaken.
- A new treatment plant in Havelock is planned and an appropriate site is being investigated.
- New sewer screens and flow metering have been installed at the Spring Creek wastewater transfer ponds.





## Stormwater Drainage

### Activities in this Group

This Activity Group comprises a single Activity: Stormwater.

Performance targets	Budget
<p> <span style="color: green; font-weight: bold;">5</span>      <span style="color: orange; font-weight: bold;">1</span>      <span style="color: red; font-weight: bold;">0</span>  <b>On track</b>      <b>Almost</b>      <b>Not</b>  <b>(100%)</b>      <b>achieved</b>      <b>achieved</b>                    (≥ 80%)      (&lt; 80%) </p> <p>We achieved 5 and almost achieved 1 of the 6 KPI's we set for this year.</p>	<p style="background-color: green; color: white; padding: 2px;"><b>Achieved</b></p> <p>The overall Activity spending was 6.4% (or \$0.8 million) below budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Lower treatment costs caused by lower trade waste utilisation; and</li> <li>• Lower reticulation, infiltration and leaks maintenance. Council is currently re visiting how this area is managed.</li> </ul>

### Achievements

- Drafted the Stormwater Management Area Plan (SMAP) for Springlands as part of the Blenheim Stormwater Management Strategy and supports the Resource Consent application for stormwater discharge in this specific area.
- Made progress in the second stage of the Town Branch Drain upgrade.
- On-going investigation and design for the upgrade and renewal of stormwater pipe and drains in Hampden.
- Applied a stormwater retention system to the greenfields Rose Manor subdivision enabling better control and treatment.



## Water Supply

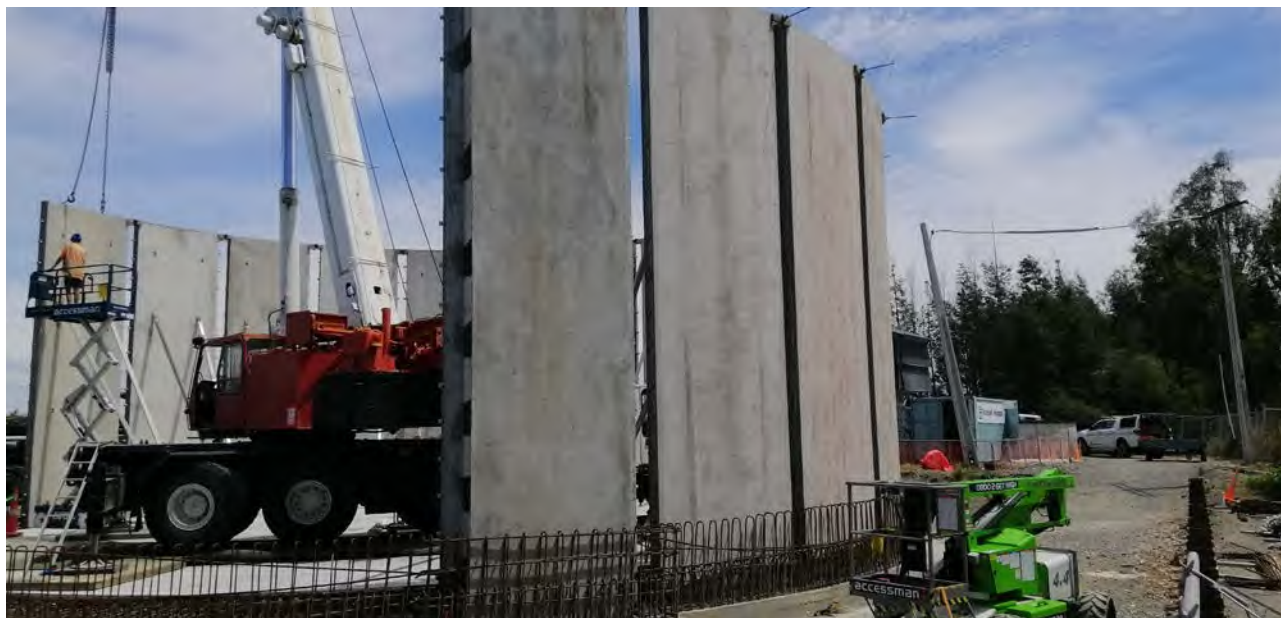
### Activities in this Group

This activity group comprises a single activity: Water Supply.

Performance targets	Budget
<p> <span style="color: green;">30</span>      <span style="color: orange;">4</span>      <span style="color: red;">4</span>            On track      Almost      Not            (100%)      achieved      achieved                             (≥ 80%)      (&lt; 80%)         </p> <p>We achieved 30 and almost achieved 4 of the 38 KPI's we set for this year.</p>	<b>Not achieved</b>
	<p>The overall Activity spending was 16.7% (or \$1.5 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Unbudgeted Erosion Control at the Awatere Head Works;</li> <li>• Higher than anticipated treatment costs due to higher chemical prices; and</li> <li>• Higher reticulation maintenance due to staff still finding earthquake damage.</li> </ul>

### Achievements

- Replaced water mains in Renwick, Redwood Street, Clifford Road, Ugbrook Street, Third Lane, Lewis Street and Weld Street.
- 100% of Renwick and 75% of Havelock water meters installed.
- Detailed design has commenced after assessment for suitable treatment options for Renwick completed.
- Investigations into additional sources of supply have been undertaken in Havelock and Wairau Valley Township.
- An alternate source of water for the Riverlands Industrial areas has been located and the property has been purchased.



## Solid Waste Management

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green; font-weight: bold;">4</span>                      On track                      (100%)                 </p> <p> <span style="color: gold; font-weight: bold;">3</span>                      Almost                      achieved                      (≥ 80%)                 </p> <p> <span style="color: red; font-weight: bold;">2</span>                      Not                      achieved                      (&lt; 80%)                 </p> <p>We achieved 4 and almost achieved 3 of the 9 KPI's we set for this year.</p>	<p style="background-color: red; color: white; font-weight: bold; padding: 5px;">Not achieved</p> <p>The overall Activity spending was 16.9% (or \$1.8 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Unbudgeted costs for completing the Container Return Scheme project which is funded by the Ministry for the Environment;</li> <li>• Increased contract costs and levy payments due to higher waste tonnage; and</li> <li>• Increased levies paid to the Ministry of the Environment because of increased waste tonnage.</li> </ul>

### Achievements

- Reinstated the waste sorting centre.
- Investigated feasibility options for the beneficial use of landfill gas.
- Completed the Repurposing Grape Marc project.
- Co-ordinated the Designing a Container Return Scheme for New Zealand project.
- Continued to progress the Hazardous Waste and Repurposing Centre project including small battery, paint, oil filter recovery and white goods repurposing.



# Environmental Management

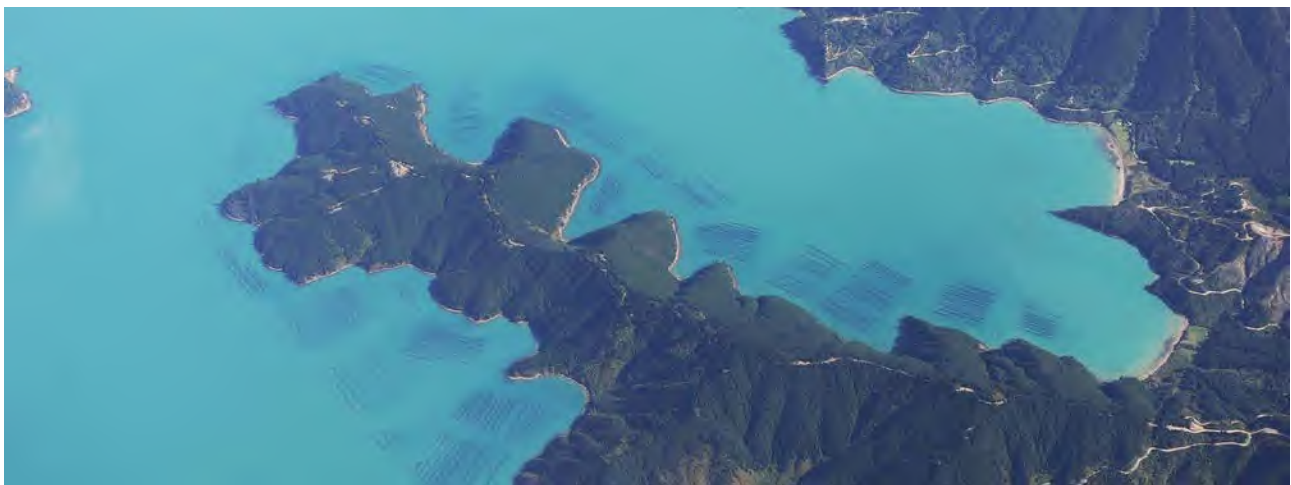
## Activities in this Group

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

Performance targets	Budget
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="background-color: #28a745; border-radius: 50%; padding: 5px; color: white; font-weight: bold;">15</span>            On track            (100%)         </div> <div style="text-align: center;"> <span style="background-color: #ffc107; border-radius: 50%; padding: 5px; color: white; font-weight: bold;">3</span>            Almost            achieved            (≥ 80%)         </div> <div style="text-align: center;"> <span style="background-color: #dc3545; border-radius: 50%; padding: 5px; color: white; font-weight: bold;">3</span>            Not            achieved            (&lt; 80%)         </div> </div>	<div style="background-color: #28a745; color: white; padding: 5px; font-weight: bold;">Achieved</div> <p>The overall Activity spending was 3.7% (or \$0.4 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Higher than expected consultancy for a major marine farm application due to expertise required; and</li> <li>• Higher than expected Environmental Protection legal expenses relating to enforcement orders and prosecutions which were partially off-set by compliance infringements fee revenue.</li> </ul>

## Achievements

- Assisted the Hearings Panel in its decision making process which involved considering 1,322 submissions (180 of which were presented over 54 days) covering 17,521 points.
- The Hearings Panel, which sets its own process and timeframes, delivered its decision to the Council at Omaka Marae on 20 February 2020. In a significant milestone for the Council, the decision was publicly notified the next day.
- Provided to the Council recommendations for allocating coastal space and managing the effects of marine farming (following the work of the Aquaculture Review Working Group).
- Completed Taylor River catchment Improvement project, with 2754m fencing installed as well as a total of 20,776 plants planted along waterways.
- Progressed the Te Hoiere landscape scale catchment restoration Project in the Rai, Pelorus and Kaituna Valleys; including initial community consultation, formation of the Project Governance and Steering Group, and the production of an Indicative Business Case to back central government funding bids and set a framework moving forward to develop a Catchment Enhancement Plan.



## Regulatory

### Activities in this Group

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

Performance targets	Budget
<p> <span style="color: green; font-weight: bold;">31</span>      <span style="color: orange; font-weight: bold;">6</span>      <span style="color: red; font-weight: bold;">3</span>            On track (100%)      Almost achieved (<math>\geq 80\%</math>)      Not achieved (<math>&lt; 80\%</math>)         </p> <p>We achieved 31 and almost achieved 6 of the 40 KPI's we set for this year.</p>	<p style="background-color: red; color: white; padding: 2px;"><b>Not achieved</b></p> <p>The overall Activity spending was 15.9% (or \$1.4 million) above budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Increased Biosecurity contract costs in relation to the National Wilding Conifer Control programme which is funded by the Ministry for the Environment; and</li> <li>• Legal fees in regards to legal cases currently in progress which were also higher than budgeted.</li> </ul>

### Achievements

- Continued biosecurity management of a number of invasive species and started some new operational programmes including for willow-leaved hakea and woolly nightshade on Rangitoto ki te Tonga/D'Urville Island.
- Progressed the coordination of significant investment into controlling wilding conifers in the region by establishing a Regional Steering Group.
- The new Renwick Dog Park was completed and officially opened.
- Resolved the recommendations provided by the Transport Accident Investigation Commission following the grounding of the Azamara Quest in 2016.
- Completed an overhaul of the Harbour Safety Management System and posted the core documents that outline and explain the system on the MDC website, along with a revised Harbour Safety Plan.
- Completed a hydrographic survey of Havelock Channel due to concerns raised by the Marine Farming sector as to channel depth.
- An oil spill response exercise was undertaken in May 2020 under the Level 3 COVID-19 restrictions and the Marlborough Regional Oil Spill Response Plan was fully revised.



## Regional Development

### Activities in this Group

This Activity Group comprises a single Activity: Regional Development.

Performance targets	Budget
<p> <span style="color: green;">2</span>      <span style="color: orange;">6</span>      <span style="color: red;">4</span>                      On track (100%)      Almost achieved (≥ 80%)      Not achieved (&lt; 80%)                 </p> <p>We achieved 2 and almost achieved 6 of the 12 KPI's we set for this year.</p>	<p style="background-color: green; color: white; padding: 2px;"><b>Achieved</b></p> <p>The overall Activity spending was 6.4% (or \$0.4 million) below budget. This is mostly due to:</p> <ul style="list-style-type: none"> <li>• Lower than budgeted Southern Valley's irrigation pump station and reticulation expenses;</li> <li>• Commercial event grants not yet invoiced;</li> <li>• Legal expenditure less than anticipated; and</li> <li>• Lower than budgeted finance costs due to delays delays in the Flaxbourne Irrigation Scheme capital programme.</li> </ul>

### Achievements

- Council's economic development team led the Marlborough economic response to the Covid-19 pandemic. The TEAM Group comprised public and private sector representatives and iwi, and it published its first report on 22 May 2020 – one of the first regions in NZ to complete a report. The report detailed sixty projects to address the impact of Covid-19 and identified how the pandemic had initially impacted the local economy.
- Bragato Research Institute opened a new purpose built world leading research winery in January 2020.
- Participated in the Te Taihu Intergenerational Strategy development process with other partners across the Top of the South Island.
- Completed replacement of kerbside parking meters with Pay by Plate meters, giving more flexibility by allowing debit and credit cards, coin and App payments.
- The Resource Consent application for the Flaxbourne Irrigation scheme was lodged on 28 August 2020.



# Financial Overview

This section gives an overview of Council’s financial results identifying the main revenue sources, operating expenditure and capital expenditure and compares actual results to the budget contained in the 2019-20 Annual Plan (pages 79 – 98). For a more comprehensive set of explanations refer to “Part 3: Financial Statements” note 31 – Variances explanations.

In contrast, due to legislative requirements, the comments made below each Funding Impact Statement (FIS) in “Part 2: Our Business” compares actual results to the budget contained in the 2018-28 Long Term Plan (LTP) (pages 236-263). Although not a requirement we have added the 2019-20 Annual Plan budget to the FIS tables for completeness.

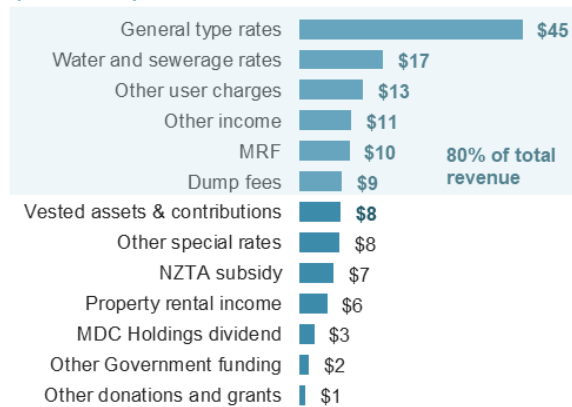
## Revenue Sources

While general type and water and sewerage rates make up 44% of Council’s income, each Activity has its own mix of income sources.

Budgeted revenue was \$124.3 million and actual \$140.7 million – an extra \$16.4 million. The top two contributors to this increase are:

- revaluation gains for Marlborough Regional Forestry (MRF) mainly due to increase in crop value (\$6.6 million) and Council’s investment property under Other income (\$2.5 million); and
- the value of vested assets due to current progress of subdivision works in Marlborough (\$3.9 million).

Revenue sources (in millions)



## Operating Expenditure

Operational expenditure is the cost of providing the level of service in a given year and includes finance costs and depreciation and amortisation on assets. Depreciation is the measure of consumption of an asset over its lifetime. Those who benefit from the use of an asset should contribute towards its cost/consumption.

Council’s operating expenditure relates predominantly to Council’s Activities. Non-activity related expenses include items such as MRF expenditure and fair value movement in swaps.

Budgeted operating expenditure was \$118.8 million and actual \$131.5 million – \$12.7 million higher. The top contributors to this increase are:

- fair value movement in swaps of \$3.2 million which has increased due to decline in interest rates;
- expenditure for the National Wilding Conifer Control programme (\$1.3 million) and Container Return Scheme (\$0.6 million) both off-set by government contribution.

Expenditure by Activity (in millions)



- loss on assets disposed/impaired of \$2.7 million, including decommissioned buildings (\$1.5 million) and water reticulation assets (\$0.6 million); and
- flood damage repairs in the Wairau River (\$1.3 million).

## Council Surplus

Overall, Council continues in very good financial health as evidenced by the “AA Positive Credit Watch” - a long term credit rating provided by S&P Global Ratings that enables access to lower cost of finance. The assessment takes into account the financial position of the Council Group, which includes MDC Holdings Ltd, Port Marlborough NZ Ltd and Marlborough Airport Ltd.

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

However, Council’s \$9.2 million surplus does not represent an *operating surplus* as it is determined in accordance with accounting conventions and includes revenue that can only be used for capital expenditure, vested asset transfers and non-cash revaluations.

The surplus includes:

- non-cash values like vested assets (\$5.1 million) and revaluation gains (\$9.8 million):
  - vested assets, under Other revenue, are typically the value of infrastructure (roads, water, sewerage, stormwater etc) that are transferred to Council following a subdivision. Council in turn maintains and replaces these assets; and
  - revaluations, under Gains, include mainly the revaluation of Council’s forestry assets (\$6.6 million) which relies on the log price at the time of harvest;
- Dividends received from MDC Holding Ltd (\$3.2 million), under Other revenue, which are used to fund Reserves. Council’s Reserves have been largely allocated to designated capital projects;
- Development and financial contributions (\$3.2 million) and subsidies and grants (\$8.3 million) which are legally required to fund specific capital as compared to operating items; and
- Rates designated for debt repayment.

For the year ended 30 June	Council	
	2020 Actual \$000s	2020 Budget \$000s
<b>REVENUE</b>		
Rates	68,113	67,694
Water supply rates	2,571	2,339
Subsidies and grants	8,310	11,024
Contributions	3,173	4,083
Gains	9,813	9
Interest revenue	1,457	2,618
Other revenue	47,230	36,554
<b>Total revenue</b>	<b>140,667</b>	<b>124,321</b>
<b>EXPENDITURE</b>		
Personnel costs	24,267	24,466
Finance costs	5,958	4,779
Depreciation	26,285	26,304
Other expenses	74,988	63,263
<b>Total Operating Expenditure</b>	<b>131,498</b>	<b>118,812</b>
<b>Surplus</b>	<b>9,169</b>	<b>5,509</b>

## Capital Spending

Capital spending buys assets to meet demand, improve or replace the service to ratepayers. Major projects are highlighted on the “Key Achievements and Performance Overview” in Part 1 of the Annual Report whilst the FIS in Part 2 provides a breakdown of the revenue sources and the application of capital funding for each Council Activity.

Projects with a value of \$68.5 million were planned together with a further \$43 million of projects continuing from the previous year, a total of \$111.5 million. Actual spending was \$42.5 million.

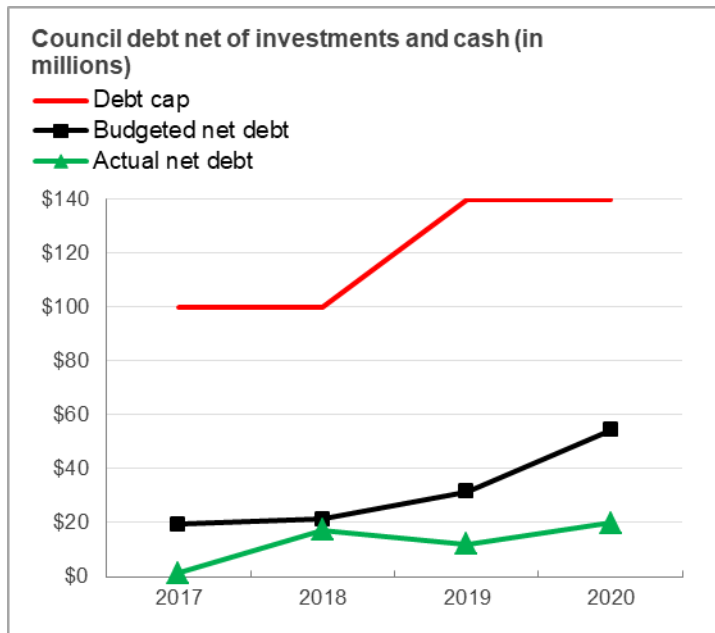
The primary reasons capital expenditure was below budget were:

- delayed Flaxbourne irrigation as the project was being reconsidered to meet the best outcome for the scheme users. The Resource Consent for the project was lodged on 28 August 2020;
- delays in the tender process for the Blenheim sewerage upgrades. This process is now completed with construction due to commence in late 2020;
- delays in the Blenheim Sewer Treatment Plant as further investigation was required in regards to process improvement and capacity;
- delays in the construction of Lansdowne Park sports hub. Works began in April 2020; and
- delays in Roads and Footpaths renewals due to Covid-19.



## Net Debt Levels

Council has set a “net debt cap” of \$140 million in its 2018-28 LTP. This amount represents the maximum debt deemed prudent by Council. As can be seen from the following graph Council is well below this “cap.”



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

		Policy limit	Actual	Compliance
Local Government Funding Agency Covenants	Net debt as a % of Total Revenue	< 250%	15.4%	yes
	Net Interest as a % of Total Revenue	< 20%	1.0%	yes
	Net Interest as a % of Rates Revenue	< 30%	1.7%	yes
	Liquidity	> 110%	200.1%	yes

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

It should also be noted Debt also only forms a very small proportion of Council’s total assets which have a value of over \$1.8 billion.

# Annual Report Disclosure Statement for Year Ended 30 June 2020

## What is the Purpose of this Statement?

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

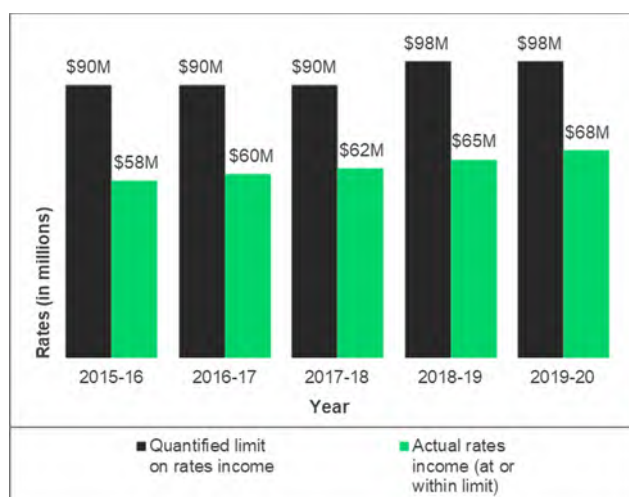
Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information including definitions of some of the terms used in this statement.

## Rates Affordability Benchmark

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

## Rates Income Benchmark

The following graph compares Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2020 is \$97.5 million.

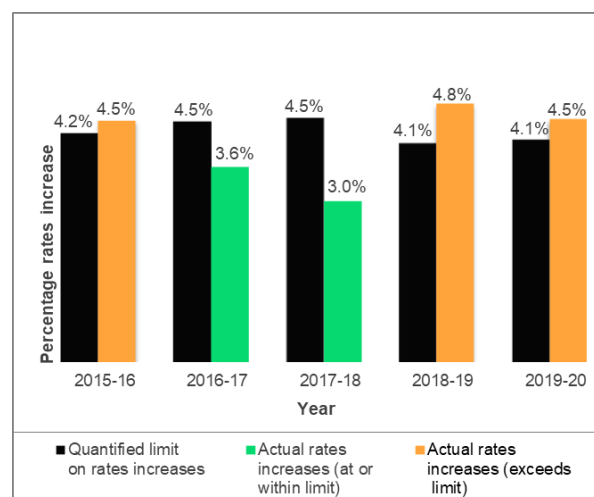


Note: Comparatives for actual rates income from 2015-16 to 2017-18 were restated to exclude targeted rates income due to Legislative requirements.

## Rates Increases Benchmark

The following graph compares Council's actual rates increases with a quantified limit on rates

increases contained in the Financial Strategy included in Council's Long Term Plan. The quantified limit is that rate increases will not exceed the Local Government Cost Index plus 2%. In 2019-20 Council had slightly exceeded the benchmark by 0.3%.



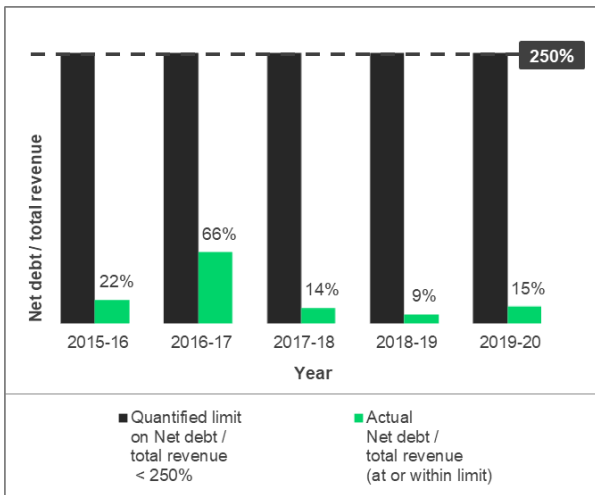
Note: Comparatives for actual rates increases were restated due to Legislative requirements. Council has previously reported as 'Actual rates increases' the percentage increase as published in Council's Annual Plans. However, this has now been corrected to show the increase in rates revenue between years as reported in the Statement of Comprehensive Revenue and Expense in Council's Annual Report.

## Debt Affordability Benchmark

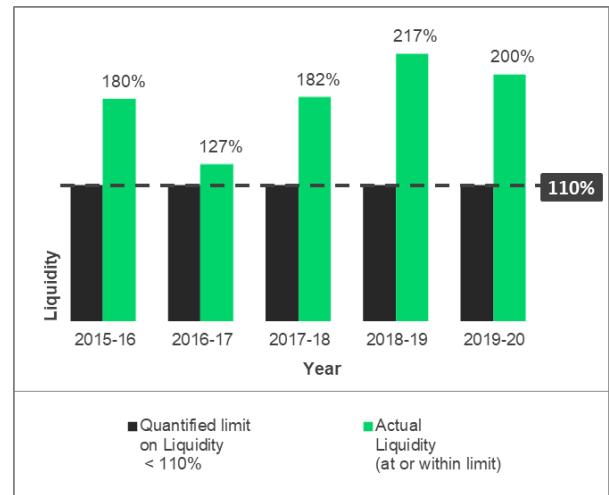
Council meets the rates affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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

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



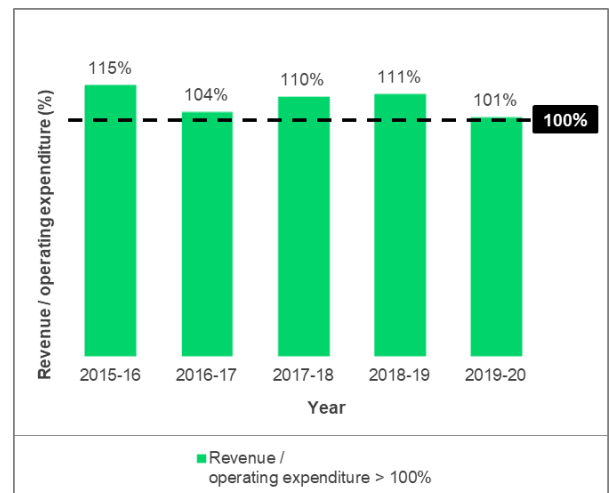
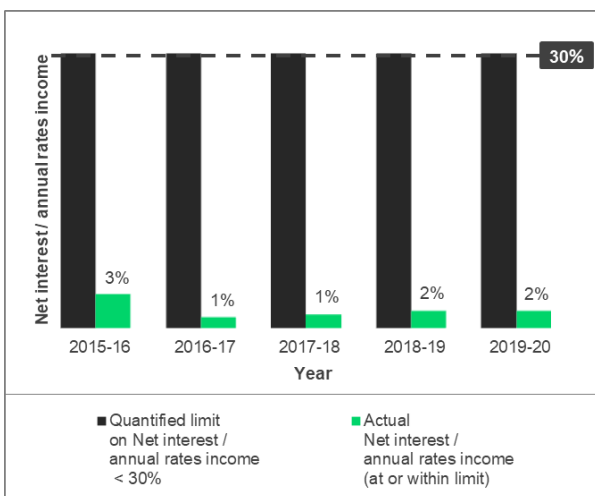
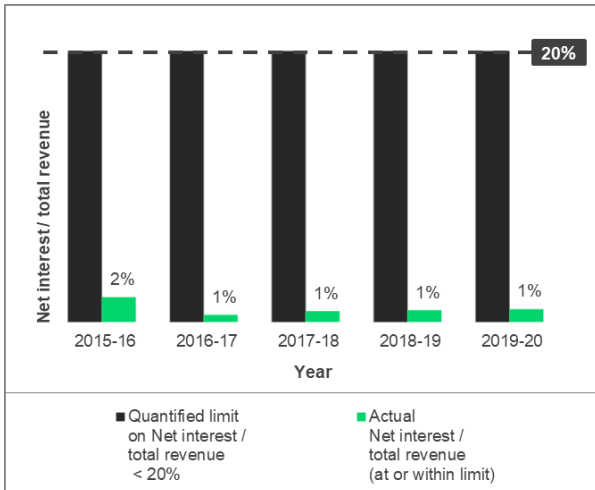
Note: Net debt is defined as a total consolidated debt less liquid financial assets and investments; Total revenue excludes development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment.



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

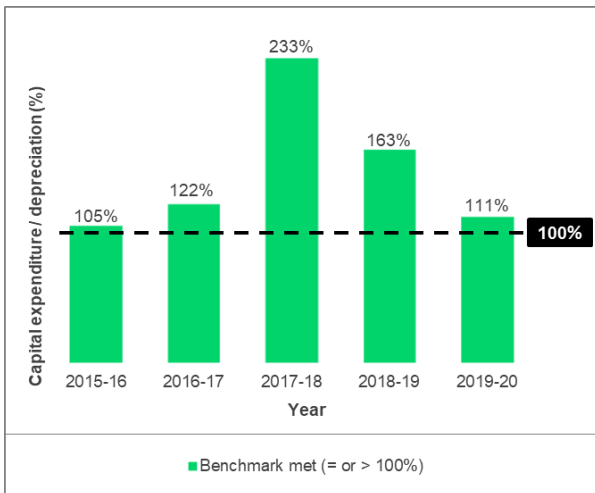
### Balance Budget Benchmark

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



### Essential Services Benchmark

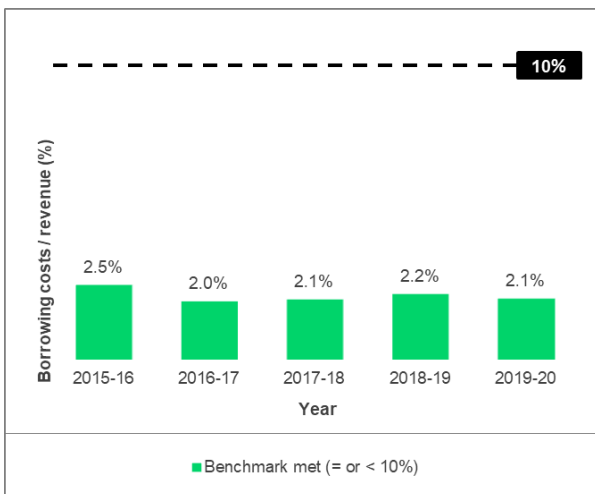
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.



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

### Debt Servicing Benchmark

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

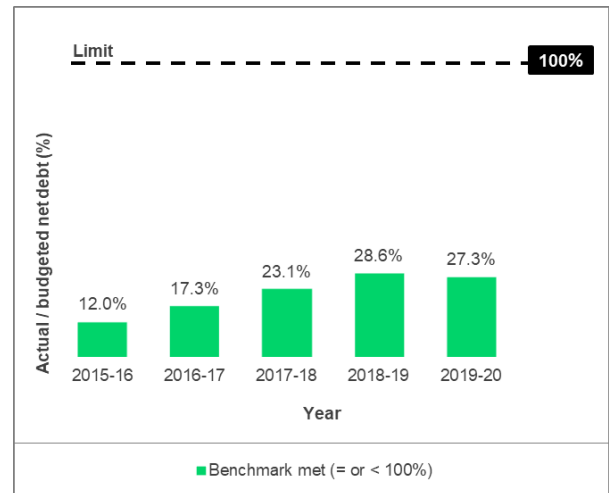


### Debt Control Benchmark

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

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

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

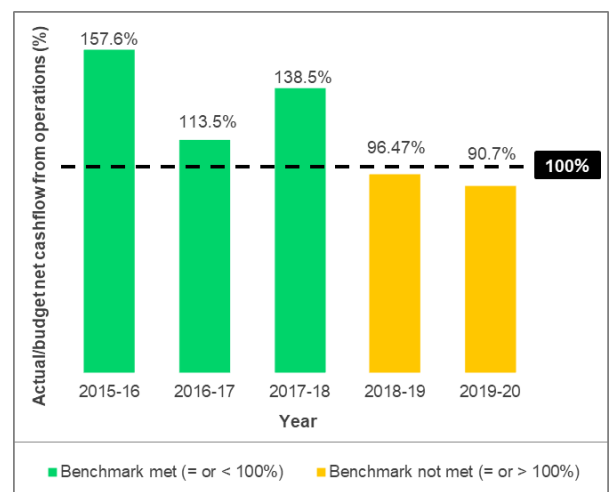


### Operations Control Benchmark

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

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

In 2018-19 the cashflow from operating activities was below budgeted because the Queen Street building was accounted as inventory and an operating cash outflow in actual while in Budget it was recognised under cashflows from investing activities. The Queen Street building was held in inventory for most of 2019-20, however, due to market uncertainties Council decided to keep the property and at the end of the financial year it was reclassified as investment property. In 2019-20 the main contributors to the underperformance against budget were unbudgeted contracts for the National Wilding Conifer Control programme and river maintenance, higher than budgeted MRF expenses and library preliminary design costs which were budgeted as part of the capital development costs but under Financial Reporting requirements were recognised as an operating cost in actuals.





## Part 2: Our Business

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

# Introduction

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

- (a) to enable democratic local decision-making and action, by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental and cultural well-being of communities in the present and for the future.

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

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

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

## 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.






















## Resident Satisfaction Survey

Council undertakes an annual survey of residents to identify their satisfaction with Council services. Most Council services have targets for resident satisfaction that are set in the Long Term Plan and reported each year in the Annual Report. The threshold for reporting any statistically significant differences was a p-value of 0.05 (corresponding to a confidence level of 95%).

While overall satisfaction with Marlborough District Council has remained consistently high in recent years, the satisfaction level this year decreased slightly to 71% from 73.8% in 2019. It is considered the general impact of COVID-19 and the uncertainties it created are a likely contributor to resident scoring.

Many of the most important services to Marlborough residents are performing well, with residents rating 37 out of 50 (74%) of Council services showing a satisfaction level of 60% or above.

## Satisfaction at a glance

		
Public Libraries	Drinking water	Car parking
MDC 2020: 83% / 7.6	MDC 2020: 83% / 7.5	MDC 2020: 60% / 6.0
MDC 2019: 91% / 8.2	MDC 2019: 87% / 8.0	MDC 2019: 61% / 6.0
NZB 2020: 79% / 7.5	NZB 2020: 64% / 6.5	NZB 2020: 52% / 5.6
		
Stormwater drainage	Animal control	Sports fields
MDC 2020: 72% / 6.5	MDC 2020: 77% / 6.9	MDC 2020: 87% / 7.5
MDC 2019: 71% / 6.7	MDC 2019: 74% / 6.9	MDC 2019: 85% / 7.5
NZB 2020: 58% / 6.0	NZB 2020: 61% / 6.4	NZB 2020: 77% / 7.3
		
Park and reserves	Waste management*	Swimming pools
MDC 2020: 88% / 7.7	MDC 2020: 73% / 6.9	MDC 2020: 86% / 7.6
MDC 2019: 85% / 7.6	MDC 2019: 71% / 6.7	MDC 2019: 88% / 7.7
NZB 2020: 79% / 7.2	NZB 2020: 57% / 5.9	NZB 2020: 63% / 6.4
		
Resource consent management	Building consent	Public toilets
MDC 2020: 53% / 5.6	MDC 2020: 55% / 5.7	MDC 2020: 76% / 6.8
MDC 2019: 49% / 5.5	MDC 2019: 50% / 5.7	MDC 2019: 72% / 6.5
NZB 2020: 36% / 5.2	NZB 2020: 40% / 5.4	NZB 2020: 58% / 6.0
		
Walkways and Cycleways	Roads**	Footpaths
MDC 2020: 81% / 7.4	MDC 2020: 52% / 5.4	MDC 2020: 58% / 5.8
MDC 2019: 82% / 7.4	MDC 2019: 56% / 5.9	MDC 2019: 64% / 6.3
NZB 2020: 62% (cycleways) / 6.4	NZB 2020: 45% / 5.1	NZB 2020: 53% / 5.7
		
Street lighting	Sewerage	Resource Recovery Centre
MDC 2020: 74% / 6.7	MDC 2020: 79% / 7.2	MDC 2020: 80% / 7.2
MDC 2019: 79% / 7.2	MDC 2019: 92% / 8.0	MDC 2019: 77% / 7.1
NZB 2020: 70% / 6.9	NZB 2020: 69% / 6.7	NZB 2020: 52% / 6.1
		
Cemeteries	Overall satisfaction	Communication
MDC 2020: 86% / 7.6	MDC 2020: 71% / 6.7	MDC 2020: 68% / 6.5
MDC 2019: 82% / 7.4	MDC 2019: 74% / 6.6	MDC 2019: 71% / 6.5
NZB 2020: 75% / 7.3	NZB 2020: 59% / 5.8	NZB 2020: 54% / 5.5

\* Includes Kerbside rubbish and Regional Waste Transfer stations

\*\* Includes sealed and unsealed roads



# Activity Group: People

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

## Activities in this Group:

- Democratic Process.
- Culture and Heritage (including support for the arts and museums).
- Housing for Seniors.
- Community Support (including events management, energy efficiency, passenger transport and total mobility, smart and connected communities and community safety).
- Library Services.
- Emergency Management Related Community Outcomes.

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



<b>MDC: Funding Impact Statement for 2019-20 for People Activity Group</b>				
	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	8,330	8,635	8,588	8,618
Targeted rates	325	400	403	500
Subsidies and grants for operating purposes	420	448	457	768
Fees and charges	36	38	39	16
Internal charges and overheads recovered	(0)	0	113	113
Local authorities fuel tax, fines, infringement fees and other receipts	2,264	2,394	2,329	2,301
<b>Total operating funding</b>	<b>11,375</b>	<b>11,915</b>	<b>11,929</b>	<b>12,316</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,018	6,218	6,361	7,839
Finance costs	126	150	114	137
Internal charges and overheads applied	2,925	3,053	3,273	3,383
Other operating funding applications	3,664	1,718	1,818	2,129
<b>Total applications of operating funding</b>	<b>12,733</b>	<b>11,139</b>	<b>11,566</b>	<b>13,488</b>
<b>Surplus (deficit) of operating funding</b>	<b>(1,358)</b>	<b>776</b>	<b>363</b>	<b>(1,172)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	10	10	10	23
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	432	423	(67)	956
Gross proceeds from sale of assets	-	-	-	162
Lump sum contributions	0	0	375	430
<b>Total sources of capital funding</b>	<b>442</b>	<b>434</b>	<b>318</b>	<b>1,571</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	1,000	3,061	275	2,426
Capital expenditure to improve the level of service	220	47	46	70
Capital expenditure to replace existing assets	425	620	384	352
Increase (decrease) in reserves	(2,561)	(2,519)	(24)	(2,449)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(916)</b>	<b>1,210</b>	<b>681</b>	<b>399</b>
<b>Surplus (deficit) of capital funding</b>	<b>1,358</b>	<b>(776)</b>	<b>(363)</b>	<b>1,172</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>12,733</b>	<b>11,139</b>	<b>11,566</b>	<b>13,488</b>
plus - Depreciation and amortisation	829	864	868	814
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	449
plus - Loss on impairment of fixed assets	-	-	-	-
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	0	(0)	(113)	(113)
<b>Expenditure as per note 2.</b>	<b>13,562</b>	<b>12,003</b>	<b>12,322</b>	<b>14,639</b>

#### Explanation of Variances

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

# Activity: Democratic Process

Operating costs of this Activity represent approximately 2.8% of total Activity expenditure.

## Related Community Outcomes

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

## What is this Activity About?

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






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

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

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

## What we did in 2019-20

- Six citizenship ceremonies were held with 138 people receiving citizenship. Due to COVID-19 restrictions three ceremonies were cancelled with a further 18 new citizens receiving their certificates directly from the Department of Internal Affairs.
- Meetings were convened according to Council's Standing Orders or, during COVID-19 Alert Levels 3 and 4, under the *COVID-19 Response (Urgent Management Measures) Legislation Act 2020*.

Levels of Service: Democratic Process				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.7	6.7		Actual score: 5.8 - almost on target. (Last year: 5.7 - almost on target).
<b>Provide a communications level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, 10 = "service delivered extremely well".	6.1	6.4		Actual score: 6.5 - on target. (Last year: N/A).
<b>Provide a service that is timely and responsive to residents needs.</b>				
% of agendas available to the public, by way of the website and counter enquiry, at least three working days prior to meetings.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Properly managed local elections.</b>				
Elections and polls will comply with the provision of the Local Electoral Act 2001 with no petitions for enquiry.	No petitions for inquiry.	No petitions for inquiry.		Actual score: No petitions for inquiry - on target (Last year: N/A).
<b>Public contribution to decision making process</b>				
% of Council items of business open to the public.	90%	90%		Actual score: 93.5% - on target. (Last year: 93.8% - on target).

<b>MDC: Funding Impact Statement for 2019-20 for Democratic Process</b>					
	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		2,969	3,143	3,149	3,160
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		-	-	-	-
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		228	291	318	311
<b>Total operating funding</b>		3,197	3,434	3,467	3,471
<b>Applications of operating funding</b>					
Payments to staff and suppliers	a.	1,527	1,730	1,707	1,601
Finance costs		-	-	-	-
Internal charges and overheads applied	b.	1,663	1,698	1,754	1,787
Other operating funding applications		7	7	6	5
<b>Total applications of operating funding</b>		3,197	3,434	3,467	3,394
<b>Surplus (deficit) of operating funding</b>		(0)	-	(0)	77
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		-	-	-	-
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		-	-	-	-
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		-	-	-	4
Increase (decrease) in reserves		(0)	-	(0)	73
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		(0)	-	(0)	77
<b>Surplus (deficit) of capital funding</b>		0	-	0	(77)
<b>Funding balance</b>		-	-	-	-
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		3,197	3,434	3,467	3,394
plus - Depreciation and amortisation		-	-	-	1
less - Internal charges and overheads recovered		-	-	-	-
<b>Expenditure as per note 2.</b>		3,197	3,434	3,467	3,395

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- a. Payments to staff and suppliers – lower than LTP due to the legal budget not being utilised.
- b. Internal charges and overheads applied – higher than LTP as overheads recovery were higher than anticipated.

# Activity: Culture and Heritage

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

## Related Community Outcomes

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

## What is this Activity About?

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

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

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

These include:

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

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

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

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



## What we did in 2019-20

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

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

Arts and heritage groups were further able to apply for Council Community Grants contestable funding under the Arts & Culture and Heritage categories with 10 grants being allocated to arts and heritage organisations totalling \$31,700.

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

<b>Levels of Service: Culture and Heritage</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2019-20 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.9	6.9		Actual score: 6.5 - almost on target. (Last year: 6.6 - almost on target).
<b>Manage Council's arts and heritage grants and third party providers to ensure service quality and value.</b>				
% of contract and grant requirements met.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).

## MDC: Funding Impact Statement for 2019-20 for Culture and Heritage

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		1,091	1,105	1,166	1,170
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		-	-	-	-
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		83	80	91	92
<b>Total operating funding</b>		<b>1,174</b>	<b>1,185</b>	<b>1,257</b>	<b>1,262</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	a.	108	8	68	110
Finance costs		3	3	-	-
Internal charges and overheads applied	b.	133	134	200	220
Other operating funding applications		2,906	1,062	1,086	1,056
<b>Total applications of operating funding</b>		<b>3,150</b>	<b>1,207</b>	<b>1,355</b>	<b>1,386</b>
<b>Surplus (deficit) of operating funding</b>		<b>(1,976)</b>	<b>(22)</b>	<b>(98)</b>	<b>(124)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(1)	(2)	-	-
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		<b>(1)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		-	10	10	-
Increase (decrease) in reserves		(1,977)	(33)	(108)	(124)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>(1,977)</b>	<b>(23)</b>	<b>(98)</b>	<b>(124)</b>
<b>Surplus (deficit) of capital funding</b>		<b>1,976</b>	<b>22</b>	<b>98</b>	<b>124</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>3,150</b>	<b>1,207</b>	<b>1,355</b>	<b>1,386</b>
plus - Depreciation and amortisation		6	6	6	6
<b>Expenditure as per note 2.</b>		<b>3,156</b>	<b>1,213</b>	<b>1,360</b>	<b>1,392</b>
<b>Operating expenditure</b>					
Arts		2,153	704	755	770
Heritage		1,002	509	606	622
<b>Capital expenditure</b>					
Heritage		-	10	10	-

### Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)

- a. Payments to staff and suppliers – higher than LTP due contributions towards the Totaranui 250 Celebrations.
- b. Internal charges and overheads applied – higher than LTP as overheads recovery were higher than anticipated.

# Activity: Housing for Seniors

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

## Related Community Outcomes

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

## What is this Activity About?

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

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







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

## What we did in 2019-20

As targeted in the Levels of Service table, the major maintenance projects which were progressed during the year were:

- Ensuring all units comply with the New Zealand Healthy Home legislation. The criteria include minimum standards for Heating, Insulation, Ventilation, Moisture & Drainage and Draught Stopping.
  - Insulation – Remedial works to bring all units in-line with national standards were undertaken. All units were certified as compliant.
  - Ventilation – Extraction fans were installed in kitchens and bathrooms. 97% of units completed.
  - Moisture & drainage – Underfloor ground moisture barriers were installed or upgraded where needed. Storm water sumps were installed to Renwick units for improved removal of surface water.
  - Draught stopping – Additional draught stopping installed where needed and where requested.
- Significant cladding repairs and painting carried out to 5 housing complexes.
- A complex-wide refurbishment of the kitchen space at a Redwoodtown complex.



Levels of Service: Housing for Seniors				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.8	7.0		Actual score: 5.8 - almost on target. (Last year: 6.2 - almost on target).
Tenant satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.1	8.0		Actual score: 8.2 - on target. (Last year: 8 - on target).
<b>Provide up-to-date record of Occupancy levels.</b>				
Minimum occupancy in units to be maintained.	98%	98%		Actual score: 99% - on target. (Last year: 99% - on target).
<b>Provide community housing reactive maintenance service in two categories.</b>				
<b>Urgent Unplanned Maintenance</b> <sup>1</sup> - % of unplanned maintenance completed within 24 hours of notification.	97%	98%		Actual score: 100% - on target. (Last year: 98% - on target).
<b>Non-Urgent Unplanned Maintenance</b> <sup>2</sup> - % of unplanned non-urgent maintenance completed within 20 working days of notification.	97%	90%		Actual score: 92% - on target. (Last year: 99% - on target).
<b>Provide an annual checklist of planned maintenance / projects as set out in budget and from Committee meetings.</b>				
% of planned maintenance/projects completed in financial year.	65%	98%		Actual score: 33% - not achieved. (Last year: 100% - on target). Projects overall more costly than budgeted - some have been deferred; COVID-19 lockdowns delayed completion of some work.

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

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

## MDC: Funding Impact Statement for 2019-20 for Housing for Seniors

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		-	-	-	-
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		-	-	-	-
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	a.	1,437	1,509	1,435	1,458
<b>Total operating funding</b>		1,437	1,509	1,435	1,458
<b>Applications of operating funding</b>					
Payments to staff and suppliers	b.	828	932	921	844
Finance costs		-	-	-	-
Internal charges and overheads applied		168	172	184	186
Other operating funding applications		13	14	20	15
<b>Total applications of operating funding</b>		1,009	1,118	1,125	1,045
<b>Surplus (deficit) of operating funding</b>		428	391	309	413
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		-	-	-	-
Gross proceeds from sale of assets	c.	-	-	-	162
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		-	-	-	162
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		175	-	-	-
Capital expenditure to replace existing assets	d.	155	155	-	-
Increase (decrease) in reserves		98	233	309	575
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		428	391	309	575
<b>Surplus (deficit) of capital funding</b>		(428)	(391)	(309)	(413)
<b>Funding balance</b>		-	-	-	-
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		1,009	1,118	1,125	1,045
plus - Depreciation and amortisation		309	320	330	341
plus - Loss on sale of fixed assets		-	-	-	13
<b>Expenditure as per note 2.</b>		1,318	1,438	1,455	1,400

### Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)

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

# Activity: Community Support

*Operating costs of this Activity represent approximately 3.1% of total Activity expenditure.*

## Related Community Outcomes

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

## What is this Activity About?

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

## Community Support and Development

Council acknowledges the needs of specific sectors in our community including our older people and youth. Council has worked in partnership with key organisations to establish the Positive Ageing. 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.

The volunteer sector, including non-government and not-for-profit organisations, underpins most of the delivery of community services in Marlborough. Council 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. Council has increased its funding to community organisations to support them through the impacts of COVID-19.

## Events Management

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

## Energy Efficiency

Council promotes warmer, healthier homes by offering an upfront residential funding service for retrofit insulation, clean heating, solar water heating and solar power.

## Passenger Transport and Total Mobility Scheme

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

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

## Smart and Connected Communities

Council has supported the establishment of community-led groups in four 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.

## Community Safety

Community safety is an important component of the "living" Community Outcome. Council has reviewed its role in community safety and has resolved to commit to longer term arrangements with the police and central government wherever possible. The Safer Communities Marlborough section of Council contributes to community well-being. This is presently with Restorative Justice initiatives.

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

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

## **What we did in 2019-20**

### **Positive Ageing**

Seniors Expo is held every second year so due again in 2021. Older Persons Forums continued to be held to share information and advocate for services for older people, some meetings held by zoom and email network sharing during COVID-19 restrictions. Positive Ageing profiles continued in the local papers highlighting positive older role models in our community. Age Friendly Community planning delayed due to COVID-19 restrictions.

### **Youth**

The Youth Council continued to meet monthly to provide a valuable voice for young people. During COVID-19 restrictions communication was held by zoom, email and social media networks. A key highlight was the completion of the youth mural in Picton showcasing youth talent and the Youth Civic Awards honouring the contribution of six young people who have contributed considerably to our community.

### **Volunteer Sector**

Volunteer Marlborough, under contract with Council, provided training to the not for profit sector to build capacity. Some of these trainings were postponed due to COVID-19 restrictions. The Strengthening Community Governance partnership project continued working in partnership with Volunteer Marlborough, Rata Foundation and Department of Internal Affairs with monthly training sessions being held along with completion of the Youth on Boards and Community Mentoring pilot projects with successful outcomes and recommendations for improving future opportunities.

### **Events Management**

Free community based events were delivered under contract with the Marlborough Festivals & Events Trust. These included the summer concert series, Blenheim Christmas parade, senior citizens concerts, Christmas festival, Southern Jam youth festival and the New Year celebrations. They attract up to 5000 attendees per event and received many positive comments from attendees. The children's theatre events were postponed due to COVID-19 restrictions.

### **Energy Efficiency**

This year a further 167 advances totalling \$936,452 were made for home insulation, solar water heating, clean heating solutions and solar power. Currently the amount advanced (net of repayments) is \$3.97million to 942 households. This was the first year when a group of ratepayers completed the full 9 years repayment of their energy efficiency rate, being 81 loans approved in 2010-2011.

### **Bus Service**

The Blenheim bus service transported 14,155 passengers during the year (22,652 in 2018-19). On 1 July 2019 the bus timetable was amended in response to legislative changes to the Employment Relations Act, which requires specific rest and meal break entitlements for bus drivers. These service changes effectively reduced the number of daily circuits from 6 to 4. Patronage was also severely impacted by the Covid-19 pandemic, particularly during the April-May 2020 period when level 3 and 4 restrictions were in place.

New trial bus services were introduced between Blenheim and Picton (August 2019), Blenheim and Renwick (February 2020) and a Blenheim commuter service (February 2020). All of these trial services were also heavily impacted by the Covid-19 restrictions. The trial services will all operate for an 18 month period (from the respective commencement dates) after which time an assessment will be made to either continue or discontinue those services.

### **Total Mobility Scheme**

The Total Mobility scheme funded 18,962 trips (19,457 in 2018-19), including 2,671 trips by wheelchair users (2,846 in 2018-19). Significantly reduced travel was recorded during the April-May 2020 Covid-19 restrictions but was largely offset by increased June travel, when the client share of the fare was 100% funded by NZTA up to the regional travel maximum. There are currently 1,049 persons registered in the scheme (931 in 2018/19).

## Smart and Connected Communities

Smart + Connected groups in Havelock, Renwick, Picton and Seddon were supported to engage the wider community and implement projects in key priority areas. Over the COVID-19 lockdown period all the groups assisted with providing information and help across their communities, as well as co-ordinating with other organisations.

Highlights include the development of the Renwick Village Green and Renwick Vineyard Trails and the Motuweka Community Pathway in Havelock. Picton focused on bringing together key stakeholders to develop a strategic plan and in Seddon the group provided support for the new pump track and community hall.









## Community Safety








Restorative Justice Marlborough has provided Restorative Justice services to the Blenheim and Kaikoura District Courts funded by the Ministry of Justice.

Services provided this year are around 25% less than last year due to the impacts of the COVID-19 alert levels:

- 119 restorative justice referrals,
- 103 restorative justice pre-conference meetings,
- 10 restorative justice conferences.

Anti-graffiti measures and graffiti removal services were also provided.

Levels of Service: Community Support				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations (excludes passenger transport).</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
• Community Support.	6.8	6.8		Actual score: 6.5 - almost on target. (Last year: 6.5 - almost on target).
• Community Safety.	7.3	7.3		Actual score: 6.7 - almost on target. (Last year: not measured - not achieved).
• Events Management.	7.0	7.0		Actual score: 6.4 - almost on target. (Last year: 6.6 - almost on target).
<b>Manage Council's community grants and third party providers to ensure service quality and value.</b>				
Contract and grant requirements met.	100%	100%		Actual score: 100% - on target. (Last year: 100% on target).
<b>Manage third party providers to ensure service quality and value of community events.</b>				
Compliance with contract requirements.	100%	100%		Actual score: 90% - almost on target. (Last year: 100% - on target). Two events postponed due to COVID-19 restrictions will be delivered September 2020.
Participation numbers match targets in contracts.	98%	98%		Actual score: 60% - not achieved. (Last year: 100% - on target). Some events attendance impacted by COVID-19 and poor weather.
<b>Implement the Positive Ageing Accord.</b>				
Number of Older Persons Forums held annually. (minimum 10)	100%	100%		Actual score: 90% - almost on target. (Last year: 100% - on target). Some meetings held via Zoom or email during COVID-19 restrictions.
% of actions in Positive Ageing Accord Plan completed each year.	88%	88%		Actual score: 100% - on target. (Last year: 92% - on target). The Positive Ageing Accord Plan is fully implemented with no actions required in current year.

<b>Levels of Service: Community Support</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2019-20 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Implement Youth Initiatives Plan.</b>				
Number of Youth Forums held annually. (minimum 9)	100%	100%		Actual score: 80% - almost on target. (Last year: 100% - on target). Some meetings held via Zoom or email during COVID-19 restrictions.
% of Actions in Youth Initiatives Plan completed each year.	97%	97%		Actual score: 100% - on target. (Last year: 100% on target).
<b>Build capacity of the Volunteer Sector through provision of training in partnership with key service providers.</b>				
Number of training courses provided per annum where attendance numbers meet targets.	3	3		Actual score: 2 - not achieved. (Last year: 7 - on target). One session postponed due to COVID-19 restrictions.
<b>Provide quality service that meets and exceeds the expectations of the Ministry of Justice thus providing quality restorative justice service to the community.</b>				
% of compliance with Ministry of Justice contract conditions met.	100%	100%		Actual score: 100% - on target. (Last year: 100% on target).
<b>Provide a well-used and affordable bus service in Blenheim that is timely and responsive to community needs.</b>				
Increase levels of customer patronage by 3% per annum. (total patronage for 2016-17 year was 22,691)	3%> previous year	3%> previous year		Actual score: -37.5% - not achieved. (Last year: 6% - on target). Patronage decreased due to both: i) a reduction made to Levels of Service in order to comply with amendments to the Employment Relations Act in respect of rest and meal breaks for drivers; ii) the impacts of the COVID-19 alert levels. (Note: For comparative purposes, trial bus services patronage for 2019/20 has been excluded.)
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.5	6.7		Actual score: 6.2 - almost on target. (Last year: 5.8 - almost on target). Improvement attributed to the extended coverage/service in 2020
Improve infrastructure to support bus service by adding a minimum of three bus shelter per year (as funding allows).	3	3		Actual score: 4 - on target. (Last year: 0 - not achieved). New shelters were installed in Redwood St, Seymour St and Weld St, Blenheim and in Uxbridge St, Renwick.

## MDC: Funding Impact Statement for 2019-20 for Community Support

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	a.	1,444	1,491	1,356	1,361
Targeted rates	b.	325	400	403	500
Subsidies and grants for operating purposes		420	448	457	429
Fees and charges		30	32	33	13
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		161	161	107	107
<b>Total operating funding</b>		<b>2,380</b>	<b>2,532</b>	<b>2,356</b>	<b>2,410</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	b.	1,553	1,516	1,508	2,184
Finance costs		11	11	14	14
Internal charges and overheads applied	c.	279	353	380	422
Other operating funding applications	d.	738	635	706	1,053
<b>Total applications of operating funding</b>		<b>2,581</b>	<b>2,515</b>	<b>2,608</b>	<b>3,672</b>
<b>Surplus (deficit) of operating funding</b>		<b>(201)</b>	<b>17</b>	<b>(252)</b>	<b>(1,262)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		10	10	10	23
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(7)	(7)	(9)	(9)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions	b.	0	0	100	233
<b>Total sources of capital funding</b>		<b>3</b>	<b>3</b>	<b>102</b>	<b>247</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		20	20	20	45
Capital expenditure to replace existing assets		-	-	-	-
Increase (decrease) in reserves	e.	(218)	0	(170)	(1,060)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>(198)</b>	<b>20</b>	<b>(150)</b>	<b>(1,015)</b>
<b>Surplus (deficit) of capital funding</b>		<b>201</b>	<b>(17)</b>	<b>252</b>	<b>1,262</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>2,581</b>	<b>2,515</b>	<b>2,608</b>	<b>3,672</b>
plus - Depreciation and amortisation		11	12	13	10
<b>Expenditure as per note 2.</b>		<b>2,592</b>	<b>2,527</b>	<b>2,621</b>	<b>3,681</b>
<b>Operating expenditure</b>					
Community Safety		267	272	261	250
Community Support and Development		1,066	938	986	1,423
Events Management		245	249	219	219
Energy Efficiency		308	308	360	1,113
Passenger Transport		550	594	646	543
Smart and Connected Communities		158	164	150	132
<b>Capital expenditure</b>					
Passenger Transport		20	20	20	45

### Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)

- a. General rates, uniform annual general charges, rates penalties – Lower than LTP due to lower requirement for transport services and safer communities.

- b. Targeted rates, Payments to staff and suppliers and Lump sum contributions – those items are higher than LTP due to higher than anticipated uptake of energy efficiency services which is recovered from rates over the next nine years.
- c. Internal charges and overheads applied – higher than LTP as overheads recovery were higher than anticipated.
- d. Other operating funding applications – higher than LTP mostly due to \$300,000 of grants to assist community groups in the COVID-19 recovery.
- e. Decrease in reserves – greater decrease than LTP due to higher than anticipated uptake of energy efficiency services which is managed through a Reserve.



# Activity: Library Services

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

## Related Community Outcomes

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

## What is this Activity About?

This Activity provides the community with a professional library service. The purpose of the library is to help customers help themselves by encouraging a joy of reading and the pursuit of knowledge, through the provision of a wide range of current resources in various formats in a safe and accessible environment. Resources include authoritative databases, and access to Wi-Fi, computers and educational programmes.

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

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

## What we did in 2019-20

The **Winter and Summer Reading Programmes** were again well supported with children participating across the District. Feedback from parents was extremely positive, appreciating the effort staff had taken to provide these programmes.







**Stepping Up classes** (covering topics like computer basics, Smartphones, Facebook and Google) and **Book a Librarian sessions** (one on one assistance with trouble shooting digital devices, CV writing, downloading eBooks and eAudiobooks etc) continue to be in demand and well attended.

**Picton Library and Service Centre Waitohi Whare Mātauranga** continues to be used by the community to host weekly meetings and events. The facility is hired out of hours by commercial and not-for-profit groups.

Construction of the **new District Library and Art Gallery facility** moved a step closer as demolition of the buildings on the High Street / Symons Street / Wynen Street corner commenced in mid-February 2020.

**COVID-19 Alert Levels** had a big impact, with both libraries being closed for nine weeks.

- During Alert Level 4 District Library staff assisted with Welfare support through Marlborough's Civil Defence Emergency Management Centre. This involved responding to calls from community agencies on behalf of individuals for emergency accommodation, food, clothing, firewood and other essential needs. This service supported the vulnerable in the community who often didn't have anyone else to call on.
- When staff were able to return to work, while the libraries remained closed to the general public, a 'Reserve and Collect' service was introduced where members could reserve titles and arrange a time to collect them from the libraries.
- All returned items were quarantined for three days before being re-shelved while in Alert Level 3 and moving into Alert Level 2.
- Other services offered included deliveries to our housebound members. Also our vulnerable members (aged 70 and over) were contacted and asked if they would like books delivered to their home. Many were very appreciative of this service as they were desperate for new reading options. Many recipients continue to express their gratitude to staff for providing this service.

Levels of Service: Library Services				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6		Actual score: 7.6 - on target. (Last year: 8.2 - on target).
<b>Provide a range of current resources supporting the tastes, interests and reading levels of users.</b>				
Average age of resources (years).	8 years or less	≤ 8 yrs		Actual score: 9 years old - almost on target. (Last year: less than 8 years old - on target).
Frequency of physical items being taken out (turnover rate).	4 times per year	4		Actual score: 3.6 times per year - almost on target. (Last year: 4 - on target). Impact of COVID-19 meant both libraries were closed to public for 9 weeks; otherwise target would be met.
Number of overdue items not returned 28 days after the due date.	130 items	< 130		Actual score: 123 - on target. (Last year: 123- on target).
<b>Provide a range of programmes or training opportunities that meet or exceed customers' expectations.</b>				
Evaluate the satisfaction of courses and programmes offered by the libraries by survey. Where: 1=Unsatisfactory, 3=Good, and 5=Excellent.	>4	> 4		Actual score: 4.6 - on target. (Last year: 4.6 - on target).
<b>Provide access to information electronically.</b>				
Number of e-book and e-audio loaned.	10,934	10% increase on baseline		Actual score: 31,555 - on target. (Last year: 21,909 - on target).

<b>MDC: Funding Impact Statement for 2019-20 for Library Services</b>					
	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		2,304	2,365	2,404	2,413
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	13
Fees and charges		6	6	6	3
Internal charges and overheads recovered	a.	(0)	0	113	113
Local authorities fuel tax, fines, infringement fees and other receipts		296	295	309	281
<b>Total operating funding</b>		<b>2,606</b>	<b>2,666</b>	<b>2,831</b>	<b>2,822</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	b.	1,599	1,623	1,718	2,324
Finance costs		112	136	100	123
Internal charges and overheads applied	a.	538	549	624	633
Other operating funding applications		-	-	-	-
<b>Total applications of operating funding</b>		<b>2,249</b>	<b>2,308</b>	<b>2,443</b>	<b>3,081</b>
<b>Surplus (deficit) of operating funding</b>		<b>357</b>	<b>358</b>	<b>389</b>	<b>(258)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt	c.	440	432	(59)	965
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		<b>440</b>	<b>432</b>	<b>(59)</b>	<b>965</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand	d.	1,000	3,061	-	2,223
Capital expenditure to improve the level of service		25	27	26	25
Capital expenditure to replace existing assets	d.	261	422	314	249
Increase (decrease) in reserves		(489)	(2,720)	(10)	(1,791)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>797</b>	<b>790</b>	<b>330</b>	<b>707</b>
<b>Surplus (deficit) of capital funding</b>		<b>(357)</b>	<b>(358)</b>	<b>(389)</b>	<b>258</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>2,249</b>	<b>2,308</b>	<b>2,443</b>	<b>3,081</b>
plus - Depreciation and amortisation		470	494	490	427
plus - Loss on sale of fixed assets		-	-	-	436
<b>Expenditure as per note 2.</b>		<b>2,719</b>	<b>2,672</b>	<b>2,820</b>	<b>3,831</b>

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- Internal charges and overheads applied and recovered – overheads were not budgeted for Picton Library as part of the LTP.
- Payments to staff and suppliers – higher than LTP as the new library's preliminary design costs were budgeted as capital expenditure as opposed to operating.
- Debt – higher than LTP due to the costs associated with new library having a higher proportion funded by loans as opposed to other reserves as it was originally budgeted. This debt should be repaid once funding is received from the Shovel Ready Projects fund.
- Capital expenditure – lower than anticipated as a portion of the LTP capital budget relating to preliminary concept design was reclassified as operational costs in actual.

# Activity: Emergency Management

*Operating costs of this Activity represent approximately 0.8% of total Activity expenditure.*

## Related Community Outcomes

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

## What is this Activity About?

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

The operative CDEM Group Plan describes:

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

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

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

## What we did in 2019-20

**COVID-19** severely impacted the last third of the year with initial planning beginning in the first week of March. Fortunately this was a slow onset event which meant CDEM and partner agencies had time to be thoroughly prepared when the State of National Emergency was declared on 25 March. A small Incident Management Team (IMT), comprising 8 Council staff, was assembled and managed Marlborough's response for the following seven weeks. Richard MacNamara carried out the Group Controller role during the response phase. Marlborough CDEM provided assistance to people in the following ways:

- Household goods and services (groceries including food) including deliveries.
- Grocery vouchers for stranded vintage workers (until the launch of the Red Cross Visitor Support programme on 1 July).
- Support to the Blenheim Foodbank to buy bulk supplies.

- Support for Te Rōpu Manaaki a Iwi to purchase household goods and services for people meeting the criteria for welfare services.
- Assistance for Te Rōpu Manaaki a Iwi with firewood deliveries.
- Transport for people awaiting the results of tests for COVID-19 and for two people leaving the region.
- Accommodation – people with no alternative place to be during Levels 4 and 3. This included motel accommodation and campground sites (particularly for freedom campers).

**A new Te Taihu Emergency Management Structure** was established during the last year which has reinforced how Iwi in Nelson and Marlborough and the two Civil Defence Groups can work collaboratively on joint initiatives including resilience, response and recovery. As part of this partnership Marlborough CDEM provided Emergency Operations Centre (EOC) / CIMS (Coordinated Incident Management System) training to Iwi representatives and Māori wardens. The Coordinating Executive Group (Marlborough CDEM's operational oversight) has also appointed a full Iwi representative member approved by all 8 Te Taihu Iwi which in turn strengthens those relationships.

**The EOC** has received a number of upgrades, the most important of which was the completion of the Fire and Emergency (FENZ) office extension which accommodates another 10 desks on site. Currently the rural and administration teams are occupying the building with the expectation that all FENZ staff will be based there by the end of 2020. Other work to make the building more resilient was the establishment of an alternate water supply, complete with UV treatment, and LED lights throughout the offices and exterior. Alternate communications have also been improved with an external email system, which is completely independent of the Council server, and a satellite system complete with Wi-Fi capability on which any agencies can use their laptops, iPads and cell phones. Hand held satellite phones have also been mounted on cradles with external aerials in the offices. These have all been thoroughly tested during exercises and responses and all worked perfectly. Throughout the year Community Patrol, Amateur Radio Emergency Communications, (AREC), FENZ, LandSAR and Police regularly use the building for training and meeting during the day and in the evenings.

**The AF8 (Alpine Fault Magnitude 8)** continues to be a hazard that requires a lot of investment. With the position of Marlborough between the Alpine and Wellington faults and vulnerable to a Hikurangi subduction zone fault rupture our planning and focus has shifted to 'simply' planning for a large earthquake and the potential consequence of a significant tsunami rather than focussing on one hazard. AF8 and East Coast LAB (Life At the Boundary) have worked collaboratively to develop public awareness material such as the 'There's a lot on our Plate' initiative <https://www.eastcoastlab.org.nz/news/article/182/h2a-lot-on-our-platesh2>. Unfortunately the road shows to rural schools, which have been successful in the past, were cancelled due to Covid-19. Earlier in the year NEMA and all the South Island Groups participated in an AF8 exercise (Ru Whenua Whakateriteri). Marlborough Group had 54 observers (e.g. Deputy Mayor Taylor, Councillor Fitzpatrick and MP Stuart Smith) and participants (e.g. Lifelines, MPI, GNS, Rural Support Trust and emergency response agencies) which filled the Emergency Operations Centre (EOC) and added an enormous amount of value. All agencies came away with work ons and thoroughly tested the alternate communications available in the building (the exercise assumed no land line or cell phone connectivity).






**The capacity and capability of the Marlborough CDEM Group** was reviewed by an independent Contractor who interviewed members of the Co-ordinating Executive Group (CEG) including Council's CEO, Mayor and Deputy Mayor, the Group Controller and Recovery Manager, Iwi rep and Police Inspector and other key people over three days. The report noted that progress against national expectations and local plans is constrained by the current capacity of the team. However it also highlighted the significant advantages of operating within a single unitary authority and the high trust relationships across all the key stakeholder agencies in Marlborough. Recommendations identified a number of opportunities for CDEM to work more closely with MDC in public relations community engagement and developing a more sustainable IMT. Other items included investing in activity to engage in the NEMA development process and investigating options to provide administration support for the Group office. The review was completed in June and the 17 recommendations will be worked through in the next financial year.

**The Marlborough Emergency Response Team (MERT)** continues to upgrade their capability through training weekly. Through their rope upskilling they regularly train with the Nelson Response Team and also train with the NZ Red Cross Response Team, Coastguard, St John and the Marlborough Oil Response Team. There are so many people wanting to join that a cap of no more than 25 has been set as kitting each member out in PPE is a significant investment.

**The Incident Management Team** which CDEM rely heavily upon to run the EOC during events grew in numbers over the last year. There are now regularly over 25 attendees at training and many more are Council staff prepared to train during an evening. EOC Introduction courses continue to attract good numbers of attendees particularly from partner agencies such as NZDF and Lifeline organisations.

**Drought conditions** experienced in Marlborough, particularly the east coast, this summer and into the winter months saw some farmers struggling to cope. Many of the issues were around not being able to process stock due to COVID-19 restrictions and the lack of excess feed all around the country. The Ministry of Primary Industries led (and continues to lead) the response to the event while CDEM kept a watching brief and participated in all the conversations about response options.

**The National Emergency Management Agency (NEMA)**, in 2019, replaced the Ministry of Civil Defence and Emergency Management, which was disbanded. A new CEO was appointed and a transition plan is still being worked on to establish an agency which is across all hazards and is resourced to manage all 4 R's of emergency management (Reduction, Readiness, Response and Recovery). The emergency responses throughout the last 12 months have significantly slowed the progress towards the full establishment of this new agency.

<b>Levels of Service: Emergency Management</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2019-20 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Provide an overall level of service that meets or exceeds resident's expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.2	8.2		Actual score: 7.6 - almost on target. (Last year: 7.4 - almost on target).
<b>Provide a planned, tested capability to respond to major Civil Defence and Emergency (CDEM) Events.</b>				
The CDEM Group Plan and Group Welfare Plan fully comply with the Ministry of Civil Defence Director's Guidelines.	comply	comply		Actual score: Fully complied - on target. (Last year: Fully complied - on target).
The Coordinating Executive Group, the Readiness & Response Committee and Welfare Coordination Group each meet at least 3 times per year.	3x3 meetings	3x3 meetings		Actual score: 3 meetings held for each group - on target. (Last year: 3 meetings held - on target).
Regional Incident Management Team train/exercise at least 10 times per year.	≥10	≥ 10		Actual score: 8 - almost on target. (Last year: 6 - not achieved).
Activate the Emergency Operations Centre (EOC) within 30 minutes of an event or post a national warning being received from MCDEM if an active response is required.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).

## MDC: Funding Impact Statement for 2019-20 for Emergency Management

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		522	531	514	515
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes	a.	-	-	-	326
Fees and charges		0	0	0	0
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		59	58	69	52
<b>Total operating funding</b>		581	589	583	893
<b>Applications of operating funding</b>					
Payments to staff and suppliers	b.	403	410	438	776
Finance costs		-	-	-	-
Internal charges and overheads applied		144	147	129	133
Other operating funding applications		-	-	-	0
<b>Total applications of operating funding</b>		547	557	568	909
<b>Surplus (deficit) of operating funding</b>		34	32	15	(16)
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		-	-	-	-
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions	c.	-	-	275	197
<b>Total sources of capital funding</b>		-	-	275	197
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand	d.	-	-	275	203
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		9	30	60	99
Increase (decrease) in reserves		25	2	(45)	(121)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		34	32	290	181
<b>Surplus (deficit) of capital funding</b>		(34)	(32)	(15)	16
<b>Funding balance</b>		-	-	-	-
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		547	557	568	909
plus - Depreciation and amortisation		34	31	30	30
<b>Expenditure as per note 2.</b>		581	588	598	940

### Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)

- a. Subsidies and grants for operating purposes – Recovery of initial COVID-19 response costs from the National Emergency Management Agency.
- b. Payments to staff and suppliers – Initial COVID-19 response costs.
- c. Lump sum contributions – Contribution from Fire and Emergency New Zealand for the extension at the EOC.
- d. Capital expenditure – higher than LTP due extension to EOC building owned by Council and used by Fire and Emergency New Zealand.

## Activity Group: Community Facilities

Operating costs of this Activity represent approximately 10.7% of total Activity expenditure.

### Activities in this Group:

This Activity Group comprises a single Activity: Community Facilities.



### Related Community Outcomes

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

### What is this Activity About?

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

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

### What we did in 2019-20

In addition to the services targeted in the levels of service table the following new initiatives were undertaken in 2019-20:



## Parks and Open Spaces

- Waikawa Bay Foreshore Reserve – a new barbeque and shelter were installed, upgrades made to the existing shelter and two new picnic tables added.
- Picton Area – berms and banks – continued shrub planting in areas that are difficult to maintain to improve the amenity values, reduce maintenance costs (over time) and help eliminate the riskier maintenance hazards.
- Picton – High Street - brick planter boxes were demolished and replaced with lower edged boxes – newly planted out with native shrubs.
- Picton – developed a walkway with native plantings along the frontage of Waitohi Domain on Dublin Street as a connection to the Link Pathway.
- Picton Basin – revised layout of shared vehicle/pedestrian area with new seating installed to improve safety aspects.
- Pollard Park - a new carpark at the entranceway to the children’s playground and Golf Club and new power circuit boxes installed at Churchill Glade to provide better power supply/option for festivals and markets.
- Harling Park – a new Japanese style “torii” traditional gate and fence surrounding the Japanese garden was installed.
- New playground equipment at Bryant’s Reserve, Rai Valley School, Victoria Domain, Renwick Domain and Mark Smith Reserve.
- New water fountain at Mark Smith Reserve.
- A&P Park - Grandstand demolished and footprint sealed for car parking.
- A&P Park - new water fountains installed to support the weekly Farmer’s Market and other events.
- Awatere / Seddon Domain - new fence installed around tennis courts.
- Ward Domain – new car park completed and new effluent field upgraded/installed.
- Awatere Memorial Hall - earthquake repairs have been completed.
- Monitoring of freedom camping sites, river reserves and other reserves.
- Continuation of restoration planting of 500 plants at Kahikatea, Koromiko Ecological/Recreation Reserves and Victoria Domain and significant weed control at Victoria Domain.
- New shelter at Alfred Stream Reserve, Rai Valley.

## CBD Developments

- CBD furniture replacement including park benches, bins, bike stands and bollards.

## Sports Grounds

- Lansdowne Park Sports Hub - construction underway.
- Seddon Domain - changing rooms earthquake repairs completed.
- A&P Park - planning for new sports hub building is underway.

## Cemeteries

- Flaxbourne Cemetery – construction of new beams.
- Rai Valley Cemetery – construction of new beams and new shelter.
- Picton Cemetery – headstone restoration ongoing, construction of new beams.
- Havelock Cemetery – restoration ongoing, construction of new beams, development of site to admit more sun.

- Omaka Cemetery– restoration ongoing, construction of new beams and improvements to the Services (RSA) Area.
- Fairhall Cemetery – new ashes garden installed, construction of new beams.
- Tuamarina Cemetery – construction of new beams, infill of hard mowing areas, continued plant pest management.
- Cemetery Master Plans – long-term development/management master plan developed for all Council cemeteries.
- Continued review and updating of the cemetery database and review and standardisation of online cemetery application forms completed.
- Non Council-administered Cemeteries – a project to gather and digitize information and cemetery records of community trustee non Council administered cemeteries (district-wide) is ongoing.

### Public Toilets

- Upgrades to Council toilets (Havelock, Anakiwa, Okiwi Bay, and Seymour Square) underway with the assistance of funding from central government's Tourism Infrastructure Fund.
- Picton – increased capacity with a new toilet facility in the High Street carpark; reformatted layout of London Quay toilet facility to reduce waiting times.
- Hodder, Awatere Valley – new toilet facility completed (replacement).

### Aquatic Facilities

- Picton Pool – disability facility installed (Queen Charlotte College).

### Walking and Cycling Routes

- The Link Pathway track works continued.
- Harbour View upgraded and continued works at Bobs Bay track.
- Upgrades to mountain bike tracks in the Wither Hills Farm Park
- Commencement of Havelock Community Pathway and Waterfall Track in Havelock.
- Construction of bridges at Wairau Lagoons (Kotuku Bridge) and Essons Valley (Humphries and Barnes bridges).
- Upgrade of signage, cattle stops and gateways in the Wither Hills.
- Picton – new Wayfinding Sign.
- Victoria Domain – replaced interpretation maps and signage.
- Essons Valley – new signage and interpretation panels completed.
- Anakiwa – new interpretation panel completed.
- Marlborough – replaced freedom camping signage.

### Trees and Gardens




- Planted 147 street trees - 47 more than identified level of service.
- Replanting and bulking up of plants in 30 garden plots in Blenheim and Renwick.
- New reserve trees planted at Daltons Reserve and Rai Valley Cemetery.
- Victoria Domain – 150 native trees planted.
- New corten steel planter boxes installed in CBD.

## Memorials

- Memorials Master Plans – development of a long term development /management master plan for all Council memorials underway.
- All Council war memorial sites provided an annual spruce up and any repairs done for ANZAC commemorations.












## Policy and Planning

- Victoria Domain Reserve Management Plan drafted.
- Seddon Domain Reserve Management Plan review underway.
- Waikawa Foreshore Reserve Management Plan underway.
- Tree Policy completed.
- Specialist Change Facility Policy underway.
- Sports Facilities Plan underway.
- Top of the South Sports Facilities Plan underway.
- Freedom Camping Bylaw underway.
- Water permit consenting underway.
- Notable tree removal and significant pruning consents completed.

Levels of Service: Community Facilities				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Community facilities are accessible and maintained to a high standard appropriate to the range and level of use, including: reserves, parks, gardens, civic and open spaces; cycling and walking tracks and paths; cemeteries and war memorials; swimming pools; sports parks; and public conveniences.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	≥7.8	≥ 7.8		Actual score: 7.4 - almost on target. (Last year: 7.3 - almost on target).
<b>Neighbourhood Parks: Provision of neighbourhood parks in urban area within walking distance of home, providing play opportunities for all ages, open space and amenity values.</b>				
The proportion of residentially zoned houses in urban areas within 500m walking distance of neighbourhood parks.	≥98%	≥ 98%		Actual score: 95 % - almost on target. (Last year: 98% - on target). New playground equipment has been installed at Bryants & Mark Smith Reserves, Victoria & Renwick Domains and Rai Valley School.
<b>Use and development of reserves is carried out in accordance with Reserve Management Plans.</b>				
Reserve management plans (RMP) are in place for Council reserves and reviewed or prepared as necessary.	New measure	Review of Wither Hills Farm Park and Picton Foreshore RMP's		Actual score: not achieved - not achieved. (Last year: achieved - on target). Council will review or develop 2 reserve management plans on an annual basis. Presently underway: Victoria Domain, Seddon Domain, Waikawa Reserve, Wither Hills FP, Picton Foreshore.

## Levels of Service: Community Facilities

### Performance Targets

Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>A connected network of walking and cycling paths and tracks that is accessible and visible and caters for a range of abilities.</b>				
An enhanced and/or extended walking and cycling paths and tracks network .	New measure	Enhancements made to existing network and/or new additions to network		Actual score: achieved - on target. (Last year: achieved - on target).
<b>Street trees provide an attractive streetscape and are well maintained.</b>				
Appropriately planted street trees on new urban roads and renewal of street trees on existing roads.	New measure	100%		Actual score: 100 % - on target. (Last year: 100% - on target).
Number of street trees planted per year.	New measure	100		Actual score: 147 - on target. (Last year: 167 - on target).
Conditional assessment of each street tree undertaken once every two years (or sooner if necessary).	New measure	100%		Actual score: 100 % - on target. (Last year: 100% - on target).
<b>Playgrounds are varied and stimulating and are safe and well maintained.</b>				
New playgrounds and renewals have incorporated shade (including natural shading) into the design.	New measure	85%		Actual score: 50 % - not achieved. (Last year: 25% - not achieved). In progress, 30 playgrounds identified as requiring shading at February 2020 Council meeting.
Playground audits are undertaken and recommendations implemented.	New measure	100%		Actual score: 100 % - on target. (Last year: 100% - on target).
<b>Cemeteries: Provision of well-maintained cemeteries to provide accessible and appropriate sites for the interment needs of the community.</b>				
Cemeteries managed and developed in accordance with cemetery master plans.	New measure	Implementation of short term priorities from cemetery master plans.		Actual score: achieved - on target. (Last year: achieved - on target).
Number of burial and ashes plots available.	650	650		Actual score: 3000 - on target. (Last year: 3078 - on target).
<b>Sports parks: The Council's sports parks provide for a range of sporting and recreation activities; and are well maintained, available, accessible and safe to use.</b>				
Sports park user survey to determine satisfaction with maintenance, availability, accessibility and safety.	New measure	≥ 85%		Actual score: 100 % - on target. (Last year: N/A).
Develop the Council's Indoor Sports Facilities Plan.	New measure	Review scope		Actual score: achieved - on target. (Last year: N/A).
<b>Public Toilets: The Council's public toilets are well designed, accessible, clean and safe to use.</b>				
Initial response to requests for service actioned within allotted time.	New measure	100%		Actual score: 100 % - on target. (Last year: 100% - on target).

**MDC: Funding Impact Statement for 2019-20 for  
Community Facilities Activity Group**

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		9,293	9,777	9,723	9,757
Targeted rates		-	-	-	1
Subsidies and grants for operating purposes	a.	11	11	858	291
Fees and charges		142	145	174	186
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	b.	972	744	854	815
<b>Total operating funding</b>		<b>10,417</b>	<b>10,677</b>	<b>11,610</b>	<b>11,051</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	c.	6,284	6,474	6,551	7,388
Finance costs	d.	859	969	948	881
Internal charges and overheads applied	e.	2,038	2,065	2,076	2,171
Other operating funding applications	f.	179	699	815	287
<b>Total applications of operating funding</b>		<b>9,360</b>	<b>10,207</b>	<b>10,391</b>	<b>10,727</b>
<b>Surplus (deficit) of operating funding</b>		<b>1,057</b>	<b>470</b>	<b>1,219</b>	<b>324</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	g.	-	-	-	147
Development and financial contributions	h.	1,240	1,278	1,278	906
Increase (decrease) in debt	i.	2,012	1,863	1,448	397
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions	j.	-	-	151	100
<b>Total sources of capital funding</b>		<b>3,252</b>	<b>3,141</b>	<b>2,877</b>	<b>1,551</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		978	1,397	1,433	1,618
Capital expenditure to improve the level of service	k.	1,930	4,693	4,199	1,067
Capital expenditure to replace existing assets		3,590	450	1,738	843
Increase (decrease) in reserves		(2,189)	(2,929)	(3,274)	(1,653)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>4,309</b>	<b>3,611</b>	<b>4,095</b>	<b>1,875</b>
<b>Surplus (deficit) of capital funding</b>		<b>(829)</b>	<b>(470)</b>	<b>(1,219)</b>	<b>(324)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	9,360	10,207	10,391	10,727
plus - Depreciation and amortisation	1,808	1,898	1,946	2,082
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	31
plus - Loss on impairment of fixed assets	-	-	-	-
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	-
<b>Expenditure as per note 2.</b>	<b>11,168</b>	<b>12,105</b>	<b>12,337</b>	<b>12,840</b>
<b>Operating expenditure</b>				
Cemeteries	553	572	548	586
Memorials	125	128	129	170
Street berms, trees and plots	629	645	604	756
Halls	426	478	476	520
Public Toilets	1,143	1,190	1,097	1,181
Reserves	6,519	7,296	7,709	7,802
Swimming Pools	1,772	1,795	1,774	1,824
<b>Capital expenditure</b>				
Cemeteries	218	145	307	320
Memorials	58	131	8	28
Street berms, trees and plots	34	39	38	34
Halls	3,199	20	761	369
Public Toilets	530	448	1,030	605
Reserves	2,410	5,757	5,226	2,172
Swimming Pools	50	-	-	-

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- a. Subsidies and grants for operating purposes – higher than LTP mostly due to Tourism Infrastructure Fund grants received towards public conveniences upgrades and donations for playground equipment.
- b. Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due a change in the allocation of General Revenue contribution.
- c. Payments to staff and suppliers - higher than LTP due to unbudgeted demolition of the A & P park grandstand, higher contract cost due to an increase in level of service, earthquake repairs to Seddon Domain Hub, higher emphasis and costs on tree maintenance and various costs associated with the Tuia 250 celebrations.
- d. Finance costs – lower than LTP due to lower capital expenditure than last year leading to lower borrowing requirements.
- e. Internal charges and overheads applied – higher than LTP as overheads recovery were higher than anticipated.
- f. Other operating funding applications - lower than LTP due to grants budget which remains unspent. This is primarily for the planned Whale Trail.
- g. Subsidies and grants for capital expenditure - higher than LTP due to unbudgeted vesting of reserve land in Vickerman Street.
- h. Development and other financial contributions - lower than LTP due to a decrease in subdivision activity.
- i. Debt – lower than LTP due to lower than expected capital expenditure therefore lower borrowing requirements.
- j. Lump sum contributions - higher than LTP due to unanticipated vested assets.
- k. Capital expenditure - lower than LTP mainly due to delays in completion of the Seymour Square toilet facilities and other public convenience facilities.

## Activity Group: Roads and Footpaths

*Operating costs of this Activity represent approximately 18.4% of total Activity expenditure.*

### Activities in this Group:

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



### Related Community Outcomes

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

### What is this Activity About?

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

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

## Separate Roles

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

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

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

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

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
















## What we did in 2019-20

In addition to the services targeted in the Levels of Services table the following points summarise the major roading projects performed in 2019-20:

- Completed the replacement of Aherns Bridge on Wakamarina Road, Taradale and Nopera Bridges on Kenepuru Road, Tollgate Bridge on Tennyson Inlet Road and Robin Hood Bay Bridge on Port Underwood Road.
- Completed Safety Improvements and Traction seal on Boons Valley Road.
- Completion of 34.6 kilometres of chip sealing.
- 20,000 cubic metres of gravel spread on the unsealed network.
- Undertook \$10.35 million of Maintenance and Renewal works.
- New footpaths in Oudenarde Street and Alma Street.
- \$1.1 million worth of Emergency Works were completed. This was as a result of the storm events of the 2019 winter.
- Constructed 6.0 kilometres of seal extension on the Kenepuru Road.

A new Network Outcomes Contract for the roading network was awarded to a Fulton Hogan/HEB Joint Venture and commenced on 1 April 2020.



Levels of Service: Roads and Footpaths				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.7	6.5		Actual score: 5.9 - almost on target. (Last year: 6.3 - almost on target).
<b>Road Safety: Provide a safe transport infrastructure.</b>				
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	1	0		Actual score: -4 - on target. (Last year: 4 - not achieved). Total number of fatal and serious crashes 7, 2018/19 year 11.
<b>Road condition: Provide a quality transport infrastructure.</b>				
Average quality of ride on a local road sealed network measured by Smooth Travel Exposure <sup>1</sup> and classified using ONRC hierarchy				
Arterial	91%	90%		Actual score: 83% - almost on target. (Last year: 90% - on target).
Primary Collector	89%	88%		Actual score: 91% - on target. (Last year: 93% - on target).
Secondary Collector	92%	90%		Actual score: 95% - on target. (Last year: 96% - on target).
Access	89%	88%		Actual score: 92% - on target. (Last year: 94% - on target).
Low Volume	94%	90%		Actual score: 91% - on target. (Last year: 96% - on target).
85% average road roughness classified using ONRC hierarchy				
Arterial	104.2	≤ 110		Actual score: 115 - almost on target. (Last year: 103 - on target).
Primary Collector	119.0	≤ 120		Actual score: 113 - on target. (Last year: 107.4 - on target).
Secondary Collector	124.0	≤ 125		Actual score: 113 - on target. (Last year: 120 - on target).
Access	135.0	≤ 140		Actual score: 129 - on target. (Last year: 132 - on target).
Low Volume	132.0	≤ 150		Actual score: 137 - on target. (Last year: 132 - on target).
NB: a newly sealed road has an average roughness of 50 – 70. A very rough gravel road will have a roughness value higher than 300.				
<b>Road maintenance: Provide a sustainable land transport infrastructure.</b>				
The percentage of sealed road network that is resurfaced annually. Average chipseal life is 13.5 years.	5.25%	> 5.5%		Actual score: 2.99% - not achieved. (Last year: 3.57% - not achieved). Resurfacing Programme delayed by COVID-19 lockdown; weather was then too cold. All resurfacing not completed has been deferred to 2020-21.
<b>Footpaths: To provide footpaths that meet the needs of an ageing community.</b>				
% of footpaths that meets the Asset Management Plan rating of better than 4. where 1="Excellent" 2="Good" 3="Average" 4="Poor" 5="Very Poor"	94%	95%		Actual score: not available. (Last year: 95.3% - on target). Unable to undertake footpath rating as programmed during COVID-19 lockdown. This is now scheduled for Nov 2020.
<b>Respond to services request.</b>				
% of customer services requests relating to roads and footpaths to which the territorial authority responds within 15 days.	87%	90%		Actual score: 95% - on target. (Last year: 98% - on target).

<sup>1</sup> 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 road 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.

<b>MDC: Funding Impact Statement for 2019-20 for The Provision of Roads and Footpaths Activity Group</b>					
	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	a.	10,036	10,439	10,628	10,728
Targeted rates		63	63	63	70
Subsidies and grants for operating purposes	b.	4,304	4,410	4,452	3,952
Fees and charges	c.	7	7	7	126
Internal charges and overheads recovered		-	-	-	18
Local authorities fuel tax, fines, infringement fees and other receipts	d.	1,324	1,336	1,164	1,168
<b>Total operating funding</b>		<b>15,734</b>	<b>16,255</b>	<b>16,314</b>	<b>16,063</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	e.	9,755	9,767	9,793	9,504
Finance costs	f.	541	618	550	376
Internal charges and overheads applied	g.	1,341	1,369	1,387	1,449
Other operating funding applications	h.	25	-	15	156
<b>Total applications of operating funding</b>		<b>11,662</b>	<b>11,754</b>	<b>11,746</b>	<b>11,485</b>
<b>Surplus (deficit) of operating funding</b>		<b>4,072</b>	<b>4,501</b>	<b>4,569</b>	<b>4,578</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	i.	4,663	4,668	4,925	2,675
Development and financial contributions	j.	645	661	1,194	249
Increase (decrease) in debt	f.	992	1,836	1,438	168
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions	k.	(0)	(0)	820	2,511
<b>Total sources of capital funding</b>		<b>6,300</b>	<b>7,165</b>	<b>8,377</b>	<b>5,602</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		3,253	3,169	3,365	3,355
Capital expenditure to improve the level of service	l.	2,555	2,395	3,175	1,689
Capital expenditure to replace existing assets	l.	8,890	9,121	8,727	6,990
Increase (decrease) in reserves		(4,326)	(3,020)	(2,321)	(1,854)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>10,372</b>	<b>11,666</b>	<b>12,945</b>	<b>10,180</b>
<b>Surplus (deficit) of capital funding</b>		<b>(4,072)</b>	<b>(4,501)</b>	<b>(4,569)</b>	<b>(4,578)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>11,662</b>	<b>11,754</b>	<b>11,746</b>	<b>11,485</b>
plus - Depreciation and amortisation		9,548	9,866	10,390	10,509
plus - Fair value losses		-	-	-	-
plus - Loss on sale of fixed assets		-	-	-	97
plus - Loss on impairment of fixed assets		-	-	-	-
plus - Impairment due to earthquake		-	-	-	-
less - Internal charges and overheads recovered		-	-	-	(18)
<b>Expenditure as per note 2.</b>		<b>21,210</b>	<b>21,620</b>	<b>22,135</b>	<b>22,072</b>

#### **Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- General rates, uniform annual general charges, rates penalties – higher than LTP due to increases in expenditure in General Roding partially offset by Roding Other.
- Subsidies and grants for operating purposes – lower than LTP due to lower NZTA subsidies in response to work not completed because of the COVID-19 lockdown.
- Fees and charges – higher than LTP due to the unbudgeted sale of unformed legal road.
- Local authorities fuel tax, fines, infringement fees and other receipts – lower than LTP as the LTP FIS included capex contributions while in Actuals those contributions are now reported under Development

and financial contributions line in the Sources of capital funding section. This is partially offset by higher General Revenue contribution towards rates.

- e. Payments to staff and suppliers – lower than expected due to work not completed during the COVID-19 lockdown
- f. Finance costs and Debt - lower than LTP due to the lower capital expenditure therefore lower borrowing requirements and finance costs.
- g. Internal charges and overheads applied – higher than LTP as overheads recovery were higher than anticipated.
- h. Other operating funding applications – Unbudgeted grants for the Blenheim Business Association, Cissy Bay Boat ramp and Maori sculpture.
- i. Subsidies and grants for capital expenditure - lower than LTP due to lower NZTA subsidies in response to work not completed because of the COVID-19 lockdown.
- j. Development and other financial contributions - lower than LTP due to lower than expected subdivision activity in the Northwest Periphery.
- k. Lump sum contributions - higher than LTP due to increased subdivision activity in the Omaka Landing area.
- l. Capital expenditure - lower than LTP due to work not being completed because of the COVID-19 lockdown this is partially offset by vested assets capitalised.

# Activity Group: Flood Protection and Control Works

*Operating costs of this Activity represents approximately 5.7% of total Activity expenditure.*

## Activities in this Group:

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



## Related Community Outcomes

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

## What is this Activity About?

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

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

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

## What we did in 2019-20

Weather in 2019-20 was generally fine and settled with low river flows and little flood activity. The main exception was a series of smaller flood events in the Wairau River in December 2019 that significantly exacerbated erosion damage at a number of sites in the state Highway 1 to Waihopai River confluence reach. In February 2020 Council approved \$1.65m worth of repairs funded from emergency reserves. This programme of repair work was approximately 70% completed by end of June 2020 and is on programme to be fully completed by the end of the current calendar year.

A full annual asset maintenance programme was again completed across the full watercourse and drainage network managed by Council. Additionally, as above, good progress was made with the reserve funded Wairau River rock edge repairs approved by Council. We also continued the programme of refurbishing and proactive maintenance of rural and town stormwater pump stations. This included removal of asbestos linings and cladding at two older pump stations.














Significant time and effort was again spent on managing gravel extraction, primarily in the Wairau River below the Waihopai River confluence and in the vicinity of Lodden Lane in the upper Wairau Valley. Demand for aggregate for building and roading purposes remained strong during this year.

Capital upgrades focussed on completing a 550m lower Ōpaoa River stopbank upgrade at the Haack property at Dillons Point Road; completion of the major storm water upgrades at Caseys Creek and construction of the Muller Road-Redwood street link part of the Town Branch upgrade. Progress continued with the design and landowner consultation for the Town Branch Drain upgrades downstream of Easthaven Place including the new Snowdens basin outfall.

Minor upgrades completed included access improvements to the fire buffer strip adjacent to the Wither Hills Farm Park at Solway Drive; a number of crossing upgrades in the drainage network and across Ruakanakana Creek; a new safety grill in the Ōpaoa Loop outfall culvert; a new section of rock lining at the Onamalutu River flood overflow outfall to the Wairau River, and some further drainage network additions.

Investigations completed included hydraulic modelling in the vicinity of Boundary Creek in the upper Wairau Valley to assist with vineyard development consent application decisions; and completion of Fultons Creek modelling downstream of Murphys Road to support completion of the Springlands Stormwater management plan. Further investigations to refine planned Dungey's Gully waterway upgrades and input into the Southern Valleys/Upper Conders protection upgrade floodway capacity assessments were also undertaken.

Work continued on the Wither Hills soil conservation programme included ongoing nasella tussock, Chilean needle grass and gorse/broom control, track maintenance and cleaning out of various sediment traps. A final decision on appropriate upgrade of the Redwood Street woolshed is yet to be made, interim repairs were undertaken to meet Health & Safety obligations.

<b>Levels of Service: Flood Protection and Control Works</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2019-20 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.0	7.0		Actual score: 6.9 - almost on target. (Last year: 7 - on target).
<b>Wairau River scheme - system and adequacy: These major flood protection and control works are maintained, repaired and renewed to the standards defined in Rivers and Drainage Asset Management Plan (AMP).</b>				
% of floodway and tributary network inspected annually for condition and maintenance requirements.	95%	95%		Actual score: 95% - on target. (Last year: 95% - on target).
% of programmed maintenance and renewal works identified in the Rivers Asset Management Plan (AMP) practically <sup>1</sup> completed.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of capital improvement works in the AMP achieved.	80%	80%		Actual score: 20% - not achieved. (Last year: 35% - not achieved). Significant progress made with design and property agreements for a number of capital projects including Lower Wairau stopbank upgrade which should now proceed in 2020-21.
Timeliness of providing a report to the Assets and Services Committee on the damage to the Floodway network and potential problem areas following significant flood events (generally exceeding a 1:2 year return).	<2 months post event	<2 months post event		Actual score: More than two months post event - not achieved. (Last year: completed within 2 months post event - on target). Following December flooding report was not provided until February - following holiday break.
<b>Wairau Plains: Effective drainage provided to the lower Wairau plains.</b>				
% of drain network inspected at least annually for condition and maintenance requirements.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of drains weed sprayed each year.	90%	90%		Actual score: 95% - on target. (Last year: 95% - on target).
% of drains mechanically cleared each year.	4%	4%		Actual score: 5% - on target. (Last year: 6.9% - on target).
<b>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.</b>				
% of floodway network inspected annually for condition and maintenance requirements.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of programmed maintenance and renewal works identified in the AMP practically <sup>1</sup> completed.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Blenheim Urban: Upgrade and maintain key Blenheim stormwater outfalls<sup>2</sup>.</b>				
% of programmed maintenance and renewal works identified in the AMP practically <sup>1</sup> completed.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of capital improvement works in the AMP achieved.	80%	80%		Actual score: 80% - on target. (Last year: 100% - on target).
<b>Sound flood hazard advice provided.</b>				
Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the Resource Consent, Building Consent, PIMs and LIMs processes.	< 5	< 5		Actual score: 0- on target. (Last year: 0 - on target).

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

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

**MDC: Funding Impact Statement for 2019-20 for  
Flood Protection and Control Works  
Activity Group**

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		290	296	263	263
Targeted rates	a.	4,020	4,218	4,098	4,106
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	b.	585	600	619	790
Internal charges and overheads recovered	c.	205	209	205	530
Local authorities fuel tax, fines, infringement fees and other receipts	d.	2,677	2,741	2,900	2,829
<b>Total operating funding</b>		<b>7,777</b>	<b>8,064</b>	<b>8,085</b>	<b>8,519</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	e.	3,342	3,421	3,362	4,906
Finance costs	f.	119	181	181	88
Internal charges and overheads applied	c.	1,752	1,790	1,675	2,191
Other operating funding applications		36	37	26	25
<b>Total applications of operating funding</b>		<b>5,249</b>	<b>5,429</b>	<b>5,244</b>	<b>7,211</b>
<b>Surplus (deficit) of operating funding</b>		<b>2,528</b>	<b>2,635</b>	<b>2,841</b>	<b>1,308</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt	g.	822	1,420	2,000	(13)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	12
<b>Total sources of capital funding</b>		<b>822</b>	<b>1,420</b>	<b>2,000</b>	<b>(1)</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		600	974	550	126
Capital expenditure to improve the level of service	g.	950	1,435	1,150	296
Capital expenditure to replace existing assets		1,492	1,250	2,850	1,021
Increase (decrease) in reserves		308	396	291	(135)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>3,350</b>	<b>4,055</b>	<b>4,841</b>	<b>1,307</b>
<b>Surplus (deficit) of capital funding</b>		<b>(2,528)</b>	<b>(2,635)</b>	<b>(2,841)</b>	<b>(1,308)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>5,249</b>	<b>5,429</b>	<b>5,244</b>	<b>7,211</b>
plus - Depreciation and amortisation		184	200	212	206
plus - Fair value losses		-	-	-	-
plus - Loss on sale of fixed assets		-	-	-	-
plus - Loss on impairment of fixed assets		-	-	-	-
plus - Impairment due to earthquake		-	-	-	-
less - Internal charges and overheads recovered		(205)	(209)	(205)	(530)
<b>Expenditure as per note 2.</b>		<b>5,228</b>	<b>5,420</b>	<b>5,251</b>	<b>6,887</b>
<b>Operating expenditure</b>					
River Leases		293	296	316	319
Rivers Outside Wairau Floodplain		260	264	230	460
Wairau Floodplain Drainage		1,000	1,064	1,128	1,265
Wairau Floodplain Rivers		3,674	3,796	3,577	4,843
<b>Capital expenditure</b>					
Rivers Outside Wairau Floodplain		20	20	20	4
Wairau Floodplain Drainage		650	994	970	356
Wairau Floodplain Rivers		2,372	2,644	3,560	1,082

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- a. Targeted rates – below LTP due to decreases for Wairau Diversion, Opaoa above State Highway 1, Spring Creek and River Land Purchases. This is partially offset by Minor Rivers Blenheim.
- b. Fees and charges - above LTP due to higher than expected gravel extraction, Pukaka Quarry sales.
- c. Internal charges and overheads applied and recovered – higher than LTP as overheads were higher than anticipated.
- d. Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due to property rental and disbursements being higher than anticipated.
- e. Payments to staff and suppliers - higher than LTP due to higher than anticipated flood damage on the Wairau River.
- f. Finance costs – lower than LTP due to lower capital expenditure last year.
- g. Debt and Capital expenditure - lower than LTP due to delays in the completion of rock and gabion protection works in the Wairau River, the new Bomford Street pump station and drainage extension works.



## Activity Group: Sewerage Including Treatment and Disposal

*Operating costs of this Activity represents approximately 9.6% of total Activity expenditure.*

### Activities in this Group

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



### Related Community Outcomes

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

### What is this Activity about?

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

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

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

**Taumata Arowai – Water Services Regulator Bill** was introduced in December 2019 and had its first reading in parliament. This bill establishes Taumata Arowai – the Water Services Regulator, as a new Crown agent and provides objectives, functions, operating principles and governance arrangements across all of New Zealand. This bill will be followed by regulations and requirements for all water supplies to adhere to and indicates a clear direction of the government to reform the way in which the country delivers three water services, starting with drinking water.

## What we did in 2019-20

The implications of COVID-19 and associated nationwide Alert Levels have had an effect on the delivery of three water services across the region. Restrictions to the management of staff and how work was and can be carried out meant that for the duration of Alert Level Four only reactive maintenance tasks were undertaken and the minimum of testing required was carried out. This did allow time for the design and tendering of multiple projects to proceed and has improved the potential delivery of the 2020-21 Annual Plan Programme. While this break in construction did delay the delivery of a number of capital projects none of these delays are critical.

The Blenheim Sewer Upgrade project has been tendered and will commence in late 2020. This project includes the upgrade of the McLauchlan Street pump station and the construction of a new treatment and overflow facility in Bomford Street. The new main will provide capacity for growth in the north-west, reduce the incidence of overflows during storms and permit the controlled overflow of treated effluent during very severe but rare storms.

Considerable effort continued on sewer mains assessment and rehabilitation. The ageing infrastructure, ground movement through seismic activity, corrosive effluents and increasing quantities of oils and fats discharged into the sewer system is causing increased maintenance activity. These pipes are being rehabilitated through a relining methodology. Phase 1 and 2 of this project was substantially completed throughout the year, with 5 km out of 20 km of earthenware sewer mains and associated property connections being rehabilitated. It is anticipated this work will progress over the next five years.

Investigation into process improvements and capacity upgrades at the Blenheim Sewer Treatment Plant is being undertaken. These improvements will be considered in the process of applying for a new Resource Consent for Discharge which is due in 2025.

A new treatment plant in Havelock is planned and an appropriate site is being investigated. The process for obtaining the site and appropriate consents should be completed by late 2020. A new site and treatment plant will provide improvements to process and increased resiliency of the Havelock Sewer Treatment Plant.

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

## Levels of Service: Sewerage Including Treatment and Disposal

Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.8	7.7		Actual score: 7.2 - almost on target. (Last year: 8 - on target).
The total number of complaints received by the territorial authority about any of the following: (a) sewage odour, (b) sewerage system faults, (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, - expressed per 1000 connections to the territorial authority's sewerage system.	8.3	8.0		Actual score: 0.2 - on target. (Last year: 7.9 - on target).
<b>System and Adequacy: Provide a level of service quality that minimises environmental risks.</b>				
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	0.4	0.4		Actual score: 1 - not achieved. (Last year: 0.12 - on target). 13 such overflows - due to pump station failure and blockages.
<b>Discharge compliance: Provide a reliable wastewater service with adequate system capacity and performance.</b>				
Number of wet weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	1.1	1.1		Actual score: 0.6 - on target. (Last year: 0.42 - on target).
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices, (b) infringement notices, (c) enforcement orders, and (d) convictions, - received by the territorial authority in relation those resource consents.	Nil	Nil		Actual score: Nil - On target. (Last year: Nil - on target).
<b>Fault response times: Provide a service that is timely and responsive to customer needs.</b>				
Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's				
(a) attendance time (in hours): from the time that the territorial authority receives notification to the time that service personnel reach the site, and	0.6	0.6		Actual score: 0.6 hours - on target. (Last year: 0.5 hours - on target).
(b) resolution time (in hours): from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	1.7	1.7		Actual score: 2.4 hours - not achieved. (Last year: 8.5 hours - not achieved). Significantly improved from 2018-19.

**MDC: Funding Impact Statement for 2019-20 for  
Sewerage Activity Group**

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		-	-	-	-
Targeted rates	a.	8,014	8,777	8,465	8,497
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	b.	62	64	62	651
Internal charges and overheads recovered		-	-	-	1
Local authorities fuel tax, fines, infringement fees and other receipts	c.	2,921	3,004	2,955	1,100
<b>Total operating funding</b>		<b>10,997</b>	<b>11,845</b>	<b>11,482</b>	<b>10,249</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	d.	3,171	3,687	3,162	3,004
Finance costs		2,125	2,290	2,444	2,249
Internal charges and overheads applied	e.	2,625	2,680	3,063	3,052
Other operating funding applications		-	-	-	1
<b>Total applications of operating funding</b>		<b>7,921</b>	<b>8,657</b>	<b>8,669</b>	<b>8,306</b>
<b>Surplus (deficit) of operating funding</b>		<b>3,076</b>	<b>3,188</b>	<b>2,813</b>	<b>1,943</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions	f.	570	570	570	989
Increase (decrease) in debt	g.	4,877	2,101	7,260	(964)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions	h.	-	(0)	120	1,947
<b>Total sources of capital funding</b>		<b>5,447</b>	<b>2,671</b>	<b>7,950</b>	<b>1,972</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand	g.	5,404	4,981	7,360	1,718
Capital expenditure to improve the level of service	g.	5,665	3,255	8,399	491
Capital expenditure to replace existing assets	g.	6,151	4,400	1,242	1,516
Increase (decrease) in reserves		(8,697)	(6,777)	(6,238)	190
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>8,523</b>	<b>5,859</b>	<b>10,763</b>	<b>3,915</b>
<b>Surplus (deficit) of capital funding</b>		<b>(3,076)</b>	<b>(3,188)</b>	<b>(2,813)</b>	<b>(1,943)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>7,921</b>	<b>8,657</b>	<b>8,669</b>	<b>8,306</b>
plus - Depreciation and amortisation		3,380	3,666	3,629	3,181
plus - Fair value losses		-	-	-	-
plus - Loss on sale of fixed assets		-	-	-	23
plus - Loss on impairment of fixed assets		-	-	-	-
plus - Impairment due to earthquake		-	-	-	-
less - Internal charges and overheads recovered		-	-	-	(1)
<b>Expenditure as per note 2.</b>		<b>11,301</b>	<b>12,323</b>	<b>12,298</b>	<b>11,509</b>
<b>Operating expenditure</b>					
Combined Sewerage		9,260	10,075	9,929	9,175
Riverlands Sewerage		2,041	2,248	2,369	2,334
<b>Capital expenditure</b>					
Combined Sewerage		14,475	12,506	16,373	3,703
Riverlands Sewerage		2,865	253	628	23

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- Targeted rates – below LTP due to lower than anticipated service charges and rates.
- Fees and charges – higher than LTP due to unbudgeted liquid waste fees charged for disposal directly to the Hardings Road sewer ponds.

- c. Local authorities fuel tax, fines, infringement fees and other receipts - lower than LTP due to the direct disposal mentioned above and a lower water take last year which trade waste charges are based on.
- d. Payments to staff and suppliers – less than LTP due to lower reticulation maintenance and treatment costs.
- e. Internal charges and overheads applied – higher than LTP as overheads were higher than anticipated.
- f. Development and financial contributions - higher than LTP due to increased subdivision activity in the Northwest Periphery subdivision.
- g. Debt and Capital expenditure - lower than LTP due to delays in the completion of Blenheim sewer projects.
- h. Lump sum contributions - higher than LTP due to increased subdivision activity in Omaka Landing and Rose Manor.

# Activity Group: Stormwater Drainage

*Operating costs of this Activity represents approximately 1.9% of total Activity expenditure.*

## Activities in this Group:

This Activity Group comprises a single Activity: Stormwater Drainage.



## Related Community Outcomes

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

## What is this Activity about?

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

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

- reducing erosion.

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

**Taumata Arowai – Water Services Regulator Bill** was introduced in December 2019 and had its first reading in parliament. This bill establishes Taumata Arowai – the Water Services Regulator, as a new Crown agent and provides objectives, functions, operating principles and governance arrangements across all of New Zealand. This bill will be followed by regulations and requirements for all water supplies to adhere to and indicates a clear direction of the government to reform the way in which the country delivers three water services, starting with drinking water.

## What we did in 2019-20







The implications of COVID-19 and associated nationwide Alert Levels have had an effect on the delivery of three water services across the region. Restrictions to the management of staff and how work was and can be carried out meant that for the duration of Alert Level Four only reactive maintenance tasks were undertaken and the minimum of testing required was carried out. This did allow time for the design and tendering of multiple projects to proceed and has improved the potential delivery of the 2020/2021 Annual Plan Programme. While this break in construction did delay the delivery of a number of capital projects none of these delays are critical.

The Stormwater Management Area Plan (SMAP) for Springlands has been drafted as part of the Blenheim Stormwater Management Strategy and supports the Resource Consent application for stormwater discharge in this specific area. The application for resource consent is focused on the potential for water quality deterioration and increased flows from land development within the catchment needing to be managed to the satisfaction of all stakeholders. The resource consent application has been lodged and is in process.

Hydraulic modelling has helped to establish a long term strategy to improve stormwater drainage for eastern Blenheim. The second stage of the Town Branch Drain upgrade is in process. The new link between the Muller Road trunk stormwater main will be tendered early in the upcoming financial year with construction to take place over summer 2020/21. Design of stage two of the open drains upgrading at the east end of the Town Branch Drain including the Riverlands pump station is underway.

Investigation and design is on-going for the upgrade and renewal of stormwater pipe and drains in Hampden Street.

The development of the Rose Manor subdivision has allowed for further application of stormwater retention systems enabling controlled discharge of stormwater to existing waterways and a level of treatment of this discharge. Use of these types of controls on stormwater will be reviewed and considered as greenfields are developed. The use of these methods within existing catchments is difficult to apply due to the area of land required. Other ways in which to manage stormwater in these areas will be considered with the development of Stormwater Management Areas in Blenheim and applied to other areas in the Marlborough Region.

<b>Levels of Service: Stormwater Drainage</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2019-20 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.6	6.6		Actual score: 6.5 - almost on target. (Last year: 6.7 - on target).
The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	2	2		Actual score: 0.3 - on target. (Last year: 1 - on target). Three complaints were received about the performance of stormwater systems.
<b>System adequacy: Provide a reliable stormwater service.</b>				
The number of flooding events that occur in a territorial authority district.	Actual number to be reported	Actual number to be reported		Actual score: 0 - on target. (Last year: 0 - on target).
For each flooding event, the number of habitable floors affected, expressed per 1000 properties connected to the territorial authority's stormwater system.	3	2.8		Actual score: 0 - on target. (Last year: 0 - on target).
<b>Discharge compliance: Minimise the environmental risks of stormwater discharge.</b>				
Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation those resource consents.	Nil	Nil		Actual score: Nil - on target. (Last year: Nil - on target).
<b>Response times: Provide a service that is timely and responsive to current needs.</b>				
The median* response time (in hours) to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. (* The statistical median is the time which half of calls are responded to in less time and half in longer time)	1 hour	1 hour		Actual score: 0 hours - on target. (Last year: 0 hour - on target). There were no qualifying flood events



**MDC: Funding Impact Statement for 2019-20 for  
Stormwater Drainage Activity Group**

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		2,006	2,110	2,058	2,066
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		51	52	51	78
Internal charges and overheads recovered		-	-	-	1
Local authorities fuel tax, fines, infringement fees and other receipts		153	153	161	161
<b>Total operating funding</b>		<b>2,210</b>	<b>2,315</b>	<b>2,270</b>	<b>2,306</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	a.	317	346	300	205
Finance costs		14	12	12	12
Internal charges and overheads applied	b.	429	439	354	357
Other operating funding applications		-	-	-	-
<b>Total applications of operating funding</b>		<b>760</b>	<b>797</b>	<b>666</b>	<b>574</b>
<b>Surplus (deficit) of operating funding</b>		<b>1,450</b>	<b>1,518</b>	<b>1,604</b>	<b>1,732</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		25	25	25	16
Increase (decrease) in debt		(28)	(29)	(29)	(29)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions	c.	200	205	200	1,029
<b>Total sources of capital funding</b>		<b>197</b>	<b>201</b>	<b>196</b>	<b>1,016</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand	d.	51	51	251	1,119
Capital expenditure to improve the level of service		280	277	530	31
Capital expenditure to replace existing assets		769	583	2,229	1,253
Increase (decrease) in reserves		547	807	(1,210)	345
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>1,647</b>	<b>1,719</b>	<b>1,800</b>	<b>2,747</b>
<b>Surplus (deficit) of capital funding</b>		<b>(1,450)</b>	<b>(1,518)</b>	<b>(1,604)</b>	<b>(1,732)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>760</b>	<b>797</b>	<b>666</b>	<b>574</b>
plus - Depreciation and amortisation		1,454	1,506	1,553	1,648
plus - Fair value losses		-	-	-	-
plus - Loss on sale of fixed assets		-	-	-	63
plus - Loss on impairment of fixed assets		-	-	-	-
plus - Impairment due to earthquake		-	-	-	-
less - Internal charges and overheads recovered		-	-	-	(1)
<b>Expenditure as per note 2.</b>		<b>2,214</b>	<b>2,303</b>	<b>2,219</b>	<b>2,284</b>
<b>Operating expenditure</b>					
Blenheim Stormwater		1,603	1,665	1,563	1,664
Other Stormwater Schemes		611	638	656	620
<b>Capital expenditure</b>					
Blenheim Stormwater		1,050	297	2,410	2,339
Other Stormwater Schemes		50	615	600	63

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- a. Payments to staff and suppliers – less than LTP due to lower reticulation mains and open drain maintenance.

- b. Internal charges and overheads applied – lower than LTP as overheads were lower than anticipated.
- c. Lump sum contributions - higher than LTP due to increased subdivision activity in Omaka Landing and Rose Manor.
- d. Capital expenditure - higher than LTP due to external vested assets capitalised.

## Activity Group: Water Supply

*Operating costs of this Activity represents approximately 8.9% of total Activity expenditure.*

### Activities in this Group:

This Activity Group comprises a single Activity: Water Supply.



### Related Community Outcomes

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

### What is this Activity About?

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

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

Around 82% of the Marlborough population has access to the Council's reticulated water supplies. Underground water reticulation systems are expensive to install and maintain, so are only cost-effective with a certain level of population density. Funding upgrades (particularly to meet the New Zealand Drinking

Water Standards and depreciation) has been a challenge but this has been partially resolved by the introduction of the Combined Water Scheme Charges Policy in 2017.

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

**Taumata Arowai – Water Services Regulator Bill** was introduced in December 2019 and had its first reading in parliament. This bill establishes Taumata Arowai – the Water Services Regulator, as a new Crown agent and provides objectives, functions, operating principles and governance arrangements across all of New Zealand. This bill will be followed by regulations and requirements for all water supplies to adhere to and indicates a clear direction of the government to reform the way in which the country delivers three water services, starting with drinking water.

## What we did in 2019-20

The implications of COVID-19 and associated nationwide Alert Levels have had an effect on the delivery of three water services across the region. Restrictions to the management of staff and how work was and can be carried out meant that for the duration of Alert Level Four only reactive maintenance tasks were undertaken and the minimum of testing required was carried out. This did allow time for the design and tendering of multiple projects to proceed and has improved the potential delivery of the 2020/2021 Annual Plan Programme. While this break in construction did delay the delivery of a number of capital projects none of these delays are critical.

### **Water mains installations & renewals have been completed as follows:**

- AC water main replacements in Renwick.
- Water mains replaced on Redwood Street as part of the Town Branch Drain Stormwater Upgrade.
- Replacement of water mains in Clifford Road, Ugbrook Street, Third Lane, Lewis Street and Weld Street.
- Replacement of a failing piece of pipe at the Awaterere Headworks at Black Birch Stream.
- Water meters installed on all water connections in Renwick.
- 75% completion of water meters installation on all water connections in Havelock.
- Extension of water networks for subdivisions in Omaka and Rose Manor.












### **Water treatment investigation and design updates**

- **Renwick:**  
The existing supply doesn't comply with the drinking water standards for New Zealand. It is proposed to use bores in Conders Bend Road, for which resource consent to take water has been granted, and construct a new water treatment plant.  
An assessment has been made of suitable treatment options. Membrane filtration has been selected with bacterial compliance to utilise either chlorine or UV. Detailed design has started.  
The new 1530 m<sup>3</sup> reservoir for treated water has almost been completed by Fulton Hogan. The reservoir will be fully operational by late 2020.
- **Havelock:**  
The existing supply doesn't comply with the drinking water standards for New Zealand. A preliminary assessment of treatment options recommends cartridge filtration and UV disinfection. Work continues to find a suitable site for a new water treatment plant. Investigation into additional sources of supply, upstream of the existing, has also been undertaken with positive results.
- **Wairau Valley Township:**  
The existing supply doesn't comply with the drinking water standards for New Zealand. Work is ongoing to identify the most efficient treatment option and the site requirements.

A new water treatment plant is budgeted in 2020/21. Investigations into additional sources of supply have also been undertaken with positive results.


















- Riverlands Industrial Estates:**

An alternate source of water for the Riverlands Industrial areas has been located and the property has been purchased. The new source and Water Treatment Plant will ensure that supply meets the Drinking Water Standards for NZ.

Levels of Service: Water Supply				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Customer satisfaction: Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.2	8.3		Actual score: 7.5 - almost on target. (Last year: 8 - almost on target).
The total number of complaints received by the local authority about any of the following, expressed per 1000 connections to the local authority's networked reticulation system <sup>1</sup> .				
(a) drinking water clarity	1.30	1.10		Actual score: 0.06 - on target. (Last year: 1.39 - almost on target).
(b) drinking water taste	1.90	1.70		Actual score: 0.25 - on target. (Last year: 0.21 - on target).
(c) drinking water odour	0.65	0.60		Actual score: 0.06 - on target. (Last year: 0.32 - on target).
(d) drinking water pressure or flow	1.90	1.90		Actual score: 0.19 - on target. (Last year: 1.81 - on target).
(e) continuity of supply, and	1.30	1.30		Actual score: 0.13 - on target. (Last year: 1.17 - on target).
(f) the local authority's response to any of these issues.	0.65	0.65		Actual score: 0.25 - on target. (Last year: 0 - on target).
<b>Safety of drinking water: Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.</b>				
The extent to which the local authority's drinking water supply complies with:				
(a) Part 4 of the drinking-water standards (bacteria compliance criteria), and				
Blenheim	Yes	Yes		Actual score: On target. (Last year: on target).
Picton	Yes	Yes		Actual score: On target. (Last year: on target).
Havelock	Yes	Yes		Actual score: Almost on target (Last year: on target). Loss of chlorination to the supply on 30-31st December; was of low risk to the supply; alarms have since been adjusted to improve future responses.
Renwick	Yes	Yes		Actual score: On target. (Last year: on target).
Riverlands	Yes	Yes		Actual score: On target. (Last year: on target).
Awatere	No	No		Actual score: On target. (Last year: on target).
Wairau Valley	No	No		Actual score: On target. (Last year: on target).
(b) Part 5 of the drinking-water standards (protozoal compliance criteria).				
Blenheim	Yes	Yes		Actual score: Almost on target (Last year: On target). Turbidity incident at Middle Renwick Rd Treatment Plant on 19 March; was of low risk to the supply; alarms have since been adjusted to improve future responses.
Picton	No	Yes		Actual score: On target. (Last year: On target).
Havelock	No	No		Actual score: On target. (Last year: On target).
Renwick	No	No		Actual score: On target. (Last year: On target).
Riverlands	No	No		Actual score: On target. (Last year: On target).
Awatere	No	No		Actual score: On target. (Last year: On target).
Wairau Valley	No	No		Actual score: On target. (Last year: On target).

## Levels of Service: Water Supply

### Performance Targets

Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Maintenance of the reticulation network.</b>				
The percentage of real water loss from the local authority's networked reticulation system <sup>2</sup> .				
Blenheim	≤44%	37%		Actual score: 36% - on target. (Last year: 41% - almost on target).
Picton	≤48%	32%		Actual score: 30% - on target. (Last year: 30% - on target).
Havelock	≤51%	38%		Actual score: 38% - on target. (Last year: 50% - almost on target).
Renwick	≤50%	32%		Actual score: 39% - not achieved. (Last year: 50% - not achieved). With the installation of residential water meters accuracy of water loss will improve, and leakages will reduce.
Awatere	≤28%	15%		Actual score: 5% - on target. (Last year: 5% - on target).
Wairau Valley	≤42%	15%		Actual score: 20% - not achieved. (Last year: 22% - not achieved). With the installation of residential water meters accuracy of water loss will improve, and leakages will reduce.
<b>Fault response times: Provide a service that is timely and responsive to customer needs.</b>				
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following 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 (in minutes), and				
Blenheim	30 minutes	60 mins		Actual score: 47 minutes - on target. (Last year: 28 minutes - on target).
Picton		60 mins		Actual score: 168 minutes - not achieved. (Last year: 28 minutes - on target). Due mainly to poor recording of attendance time on site. No complaints were generated by this failure. Efforts are being made to improve data capture.
Riverlands		60 mins		Actual score: 21 minutes - on target. (Last year: 28 minutes - on target).
Renwick		60 mins		Actual score: 19 minutes - on target. (Last year: 28 minutes - on target).
Awatere		120 mins		Actual score: 142 minutes - almost on target. (Last year: 28 minutes - on target). No complaints were generated by the failure to achieve this target.
Havelock		120 mins		Actual score: 71 minutes - on target. (Last year: 28 minutes - on target).
Wairau Valley		120 mins		Actual score: 11 minutes - on target. (Last year: 28 minutes - on target).
(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	3 hours	4 hrs		Actual score: 17.55 hours - not achieved. (Last year: 3.5 hours - almost on target). Due to a lack of data on the "time to resolution" the "time for completion" (which includes reinstatement) has had to be used, resulting in an over-estimation of the result. Efforts are being made to improve data capture.
(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (in hours), and	8 hours	3 working days		Actual score: 0.18 days - on target. (Last year: 19.67 hours - not achieved).
(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	10 working days		Actual score: 1.96 days - on target. (Last year: 15 hours - almost on target).
<b>Demand management: Provide a reliable water supply service.</b>				
The average consumption of drinking water per day per resident within the territorial authority district.	800 litres	770 litres		Actual score: 773 - on target. (Last year: 1064 - not achieved).

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<sup>1</sup> Assumes 15,765 connections. Estimated in accordance with DIA recommended option 2. Minimum Night Flow Analysis. Riverlands not included as industrial night consumption volumes not available.

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

## MDC: Funding Impact Statement for 2019-20 for Water Supply Activity Group

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		-	-	-	-
Targeted rates	a.	8,216	8,824	8,636	8,554
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	b.	143	167	163	345
Internal charges and overheads recovered	c.	0	(0)	388	249
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-	10
<b>Total operating funding</b>		<b>8,359</b>	<b>8,991</b>	<b>9,187</b>	<b>9,157</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	d.	2,735	3,027	2,817	3,632
Finance costs	e.	1,146	1,232	1,188	1,115
Internal charges and overheads applied	c.	1,629	1,665	2,052	1,914
Other operating funding applications		39	40	33	41
<b>Total applications of operating funding</b>		<b>5,549</b>	<b>5,964</b>	<b>6,090</b>	<b>6,701</b>
<b>Surplus (deficit) of operating funding</b>		<b>2,810</b>	<b>3,027</b>	<b>3,097</b>	<b>2,456</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions	f.	285	285	285	346
Increase (decrease) in debt	h.	1,981	1,083	1,374	483
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions	g.	195	200	195	310
<b>Total sources of capital funding</b>		<b>2,461</b>	<b>1,567</b>	<b>1,854</b>	<b>1,139</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		1,875	1,844	1,758	1,429
Capital expenditure to improve the level of service	h.	5,811	3,216	2,948	1,932
Capital expenditure to replace existing assets		1,796	1,436	2,982	2,163
Increase (decrease) in reserves		(4,211)	(1,902)	(2,737)	(1,930)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>5,272</b>	<b>4,594</b>	<b>4,951</b>	<b>3,595</b>
<b>Surplus (deficit) of capital funding</b>		<b>(2,810)</b>	<b>(3,027)</b>	<b>(3,097)</b>	<b>(2,456)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>5,942</b>	<b>6,367</b>	<b>6,090</b>	<b>6,701</b>
plus - Depreciation and amortisation		3,306	3,542	3,492	3,487
plus - Fair value losses		-	-	-	-
plus - Loss on sale of fixed assets		-	-	-	790
plus - Loss on impairment of fixed assets		-	-	-	-
plus - Impairment due to earthquake		-	-	-	-
less - Internal charges and overheads recovered		(393)	(403)	(388)	(249)
<b>Expenditure as per note 2.</b>		<b>8,855</b>	<b>9,506</b>	<b>9,194</b>	<b>10,729</b>
<b>Operating expenditure</b>					
Awatere Water		731	794	737	1,058
Combined Water		7,812	8,377	8,139	9,325
Riverlands Water		312	336	318	347
<b>Capital expenditure</b>					
Awatere Water		142	672	218	208
Combined Water		9,381	5,866	7,316	5,275
Riverlands Water		154	159	155	41

### Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)

a. Targeted rates – lower than LTP due to lower than anticipated revenue from water meter charges.



- b. Fees and charges – higher than LTP due to greater than expected backflow prevention and connection charges.
- c. Internal charges and overheads recovered and applied – higher than LTP due to internal transfers for Awatere water reallocations to split Seddon township costs from the Awatere rural area.
- d. Payments to staff and suppliers - higher than LTP due to increased blackflow prevention costs, higher reticulation connections, unbudgeted erosion control works, higher treatment costs and toby maintenance costs.
- e. Finance costs – lower than LTP due to less than expected borrowing in previous years because of lower capital expenditure.
- f. Development and other financial contributions - higher than LTP due to increased subdivision activity in the Northwest Periphery subdivision.
- g. Lump sum contributions - higher than LTP due to increased subdivision activity in the Omaka Landing area.
- h. Debt and Capital expenditure - lower than LTP due to delays in the completion of the Renwick reservoir and pipelines renewals as well as Southern Valleys pump station upgrades.

## Activity Group: Solid Waste Management

Operating costs of this Activity represent approximately 10.5% of total Activity expenditure.

### Activities in this Group:

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



### Related Community Outcomes

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

### What is this Activity About?

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

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










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

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

## What we did in 2019-20

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

- Recycled 1,153 items of e-waste.
- Served 31,496 customers at the reuse shops.
- Recovered 583,809 kilograms of recycling through the rural community recycling service.
- Collected 1,478 tonnes of recycling from the kerbside collection routes in Blenheim and Picton.
- Participated in the WasteMINZ product stewardship working group.
- Co-ordinated the Designing a Container Return Scheme for New Zealand project.
- Completed the Repurposing Grape Marc project.
- Continued to progress the Hazardous Waste and Repurposing Centre project including:
  - Small battery recovery
  - Paint recovery
  - Oil filter recovery
  - Repurposing of white goods
- Commenced the review of the waste management and minimisation plan.
- Investigated feasibility options for the beneficial use of landfill gas.
- Reinstated the waste sorting centre.

Levels of Service: Solid Waste Management				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6		Actual score: 7 - almost on target. (Last year: 6.9 - almost on target).
<b>Reduce the amount of waste sent to the landfill.</b>				
% growth in diverted material throughput at the Resource Recovery Centre (RRC).	5,000 tonnes	5% growth from 2017-18		Actual score: 4,367 tonnes - not achieved. (Last year: 5,004 - almost on target). Due to campaign on less plastics and materials landfilled during COVID-19.
% growth in sales at the Reuse Shop .	\$225K (inc GST)	5% growth from 2017-18		Actual score: \$251,850 - on target. (Last year: \$259,365 - on target).
% growth in tonnage diversion from the Waste Sorting Centre (WSC).	3,000 tonnes	5% growth from 2017-18		Actual score: 1456 tonnes - not achieved. (Last year: 2,103 - not achieved). WSC closed due to post-fire reinstatement works.
% growth in greenwaste material throughput at the Greenwaste Acceptance Facility (GAF).	16,500 m <sup>3</sup>	5% growth from 2017-18		Actual score: 18,742m <sup>3</sup> - almost on target. (Last year: 21,178m <sup>3</sup> - on target).
<b>Effective operation of waste management and minimisation services.</b>				
Number of resident's complaints in regards to Bluegums Landfill operations.	12	< 12		Actual score: 7 - on target. (Last year: 12 - almost on target).
% of Kerbside Refuse and Recycling Collection Service complaints/missed lifts.	13,200 households	< 1% of 2017-18		Actual score: 0.01% - on target. (Last year: 0.01% - on target).
Number of resident's complaints in regards to the greenwaste acceptance facility operation.	12	< 12		Actual score: 9 - on target. (Last year: 2 - on target).
Number of resident's complaints in regards to the transfer stations, waste sorting centre, reuse centre, resource centre, e-waste facility, rural community recycling, coin skips and salvage yard.	36	< 36		Actual score: 36 - almost on target. (Last year: 41 - almost on target). Coin skip maintenance accounted for 26 of these complaints.

<b>MDC: Funding Impact Statement for 2019-20 for Solid Waste Management Activity Group</b>					
	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	a.	1,530	1,602	1,320	1,324
Targeted rates		1,435	1,470	1,484	1,498
Subsidies and grants for operating purposes	b.	185	151	345	304
Fees and charges	c.	7,072	7,272	7,761	9,057
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	d.	315	300	281	946
<b>Total operating funding</b>		<b>10,537</b>	<b>10,795</b>	<b>11,191</b>	<b>13,130</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	e.	7,184	7,463	7,683	8,054
Finance costs		378	352	388	382
Internal charges and overheads applied	f.	1,170	1,194	1,406	1,480
Other operating funding applications	g.	495	493	565	714
<b>Total applications of operating funding</b>		<b>9,226</b>	<b>9,503</b>	<b>10,042</b>	<b>10,630</b>
<b>Surplus (deficit) of operating funding</b>		<b>1,310</b>	<b>1,293</b>	<b>1,149</b>	<b>2,500</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(399)	(562)	(502)	(582)
Lump sum contributions		-	-	-	15
<b>Total sources of capital funding</b>		<b>(399)</b>	<b>(562)</b>	<b>(502)</b>	<b>(567)</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	0	12
Capital expenditure to improve the level of service		142	-	82	-
Capital expenditure to replace existing assets	h.	215	53	851	3,261
Increase (decrease) in reserves		554	678	(298)	(1,340)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>911</b>	<b>730</b>	<b>648</b>	<b>1,934</b>
<b>Surplus (deficit) of capital funding</b>		<b>(1,310)</b>	<b>(1,293)</b>	<b>(1,150)</b>	<b>(2,500)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>9,226</b>	<b>9,503</b>	<b>10,042</b>	<b>10,630</b>
plus - Depreciation and amortisation		740	804	744	979
plus - Fair value losses		-	-	-	-
plus - Loss on sale of fixed assets		-	-	-	-
plus - Loss on impairment of fixed assets		-	-	-	-
plus - Surrendered New Zealand Carbon Units (NZUs)		(0)	0	(0)	844
plus - Landfill aftercare provision		0	(0)	0	159
less - Internal charges and overheads recovered		-	-	-	(0)
<b>Expenditure as per note 2.</b>		<b>9,966</b>	<b>10,307</b>	<b>10,788</b>	<b>12,612</b>
<b>Operating expenditure</b>					
Landfills		4,017	4,213	4,425	5,640
Refuse Collections		1,670	1,710	1,720	1,757
Transfer Stations		2,893	2,954	3,173	2,888
Waste Minimisation		1,387	1,430	1,468	2,328
<b>Capital expenditure</b>					
Landfills		275	53	64	1,692
Transfer Stations		-	-	800	1,400
Waste Minimisation		82	-	82	181

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- a. General rates, uniform annual general charges, rates penalties – lower than LTP mostly due to savings in transfer station's contract costs which are rates funded.
- b. Subsidies and grants for operating purposes – unbudgeted grants from Ministry for the Environment for the Hazardous Sorting Waste Centre.
- c. Fees and charges – higher than LTP due to increased revenue from dump fees because of increased volumes from aquaculture (mussel shells) and other commercial sectors.
- d. Local authorities fuel tax, fines, infringement fees and other receipts - unbudgeted funding from Ministry for the Environment to develop the Container Return Scheme.
- e. Payments to staff and suppliers - above LTP due to increased contract costs and levy payments as a consequence of higher waste tonnage and minor works to the landfill site and costs associated with the Container Return Scheme.
- f. Internal charges and overheads applied – higher than LTP as overheads were higher than anticipated.
- g. Other operating funding applications - higher than LTP as the increased waste tonnage resulted in increased levies paid to the Ministry of the Environment.
- h. Capital expenditure - more than LTP due to higher than budgeted renewals work to the Regional Landfill and replacements for the fire damaged Waste Sorting Facility.

## Activity Group: Environmental Management

Operating costs for this Group of Activities represent approximately 8.7% of total Group expenditure.

### Activities in this Group:

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



### Related Community Outcomes

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

### What is this Activity Group About?

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

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

cycle and is represented by the following diagram:



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



## MDC: Funding Impact Statement for 2019-20 for Environmental Management Activity Group

	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	6,670	7,026	6,982	7,006
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	45
Fees and charges	2,272	2,325	2,421	2,289
Internal charges and overheads recovered	88	90	111	257
Local authorities fuel tax, fines, infringement fees and other receipts	511	513	549	811
<b>Total operating funding</b>	<b>9,541</b>	<b>9,954</b>	<b>10,063</b>	<b>10,409</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	7,250	7,253	7,210	7,668
Finance costs	21	20	21	21
Internal charges and overheads applied	2,437	2,502	2,654	2,711
Other operating funding applications	1	1	1	0
<b>Total applications of operating funding</b>	<b>9,709</b>	<b>9,777</b>	<b>9,885</b>	<b>10,399</b>
<b>Surplus (deficit) of operating funding</b>	<b>(168)</b>	<b>177</b>	<b>178</b>	<b>9</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(13)	(14)	(14)	(14)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	15
<b>Total sources of capital funding</b>	<b>(13)</b>	<b>(14)</b>	<b>(14)</b>	<b>1</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	3	1,028	1,003	2,714
Capital expenditure to replace existing assets	150	154	180	205
Increase (decrease) in reserves	(334)	(1,019)	(1,020)	(2,909)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(181)</b>	<b>163</b>	<b>163</b>	<b>10</b>
<b>Surplus (deficit) of capital funding</b>	<b>167</b>	<b>(177)</b>	<b>(178)</b>	<b>(9)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>9,709</b>	<b>9,777</b>	<b>9,885</b>	<b>10,399</b>
plus - Depreciation and amortisation	241	249	363	362
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	8
plus - Loss on impairment of fixed assets	-	-	-	-
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	(88)	(91)	(111)	(257)
<b>Expenditure as per note 2.</b>	<b>9,863</b>	<b>9,935</b>	<b>10,137</b>	<b>10,513</b>

### Explanation of Variances

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

## Activity: Environmental Policy

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

### Related Community Outcomes

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

### What is this Activity About?

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



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

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

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

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

### What we did in 2019-20

**The Proposed Marlborough Environment Plan (MEP)** was notified by the Council on 9 June 2016. The task of hearing submissions and making decisions on the MEP was delegated to an appointed Hearings Panel. The Hearings Panel comprised three (initially four) councillors and three independent commissioners. The hearings commenced in November 2017 and were completed in April 2019.

The main task for the Environmental Policy Group in the 2019-20 year has been to assist the Hearings Panel with the process of making decisions. This task was significant in scale: a total of 1,322 submissions on the MEP were received and the Hearings Panel had to take into account 17,521 points in support of, or in opposition to, the notified provisions. The Hearings Panel sat for 54 days and 180 submitters presented evidence at hearings over 22 topics.

The Hearings Panel, which sets its own process and timeframes, delivered its decision to the Council at Omaka Marae on 20 February 2020. In a significant milestone for the Council, the decision was publicly notified the next day. The decision included a “tracked changes” version of the MEP to indicate the influence of the decision on the notified provisions.

All decisions are subject to appeal to the Environment Court. Fifty one notices of appeal were received by the Court by the closing date for appeals on 8 May 2020. The Environmental Policy Group has since been involved in processing these appeals to determine which provisions of the MEP are beyond challenge, and can therefore be treated as operative, and which provisions remain subject to challenge. Council solicitors and staff have also been corresponding with the Court and parties to the appeals to determine an effective process by which the appeals can be addressed. The resolution of appeals will be a priority and form a significant proportion of the work of the Environmental Policy Group in coming years.

**The review of the operative marine farming provisions** was recommenced by Council In March 2017. When the MEP was publicly notified Council decided to withdraw the marine farming provisions on the basis that they did not give effect to Policy 8 of the NZ Coastal Policy Statement (NZCPS). This process has involved Council appointing an Aquaculture Review Working Group.

The Group, consisting of representatives of the marine farming industry, Marlborough Sounds community, DoC, MPI and Council, completed its process in June 2019. Recommendations for allocating coastal space and managing the effects of marine farming have been subsequently provided to the Council. Council has been considering these recommendations in the 2019-20 year as a basis for preparing a Variation to the MEP. This task has taken longer than intended due to the complexity of the management regime recommended but also due to the difficulties of undertaking public consultation in a COVID-19 environment.




**Central government has released proposed national direction** in the 2019-20 year in the form of:

- Essential Freshwater: Comprising a proposed National Policy Statement, National Environmental Standards and regulations.
- Proposed National Policy Statement for Indigenous Biodiversity.
- Proposed National Policy Statement for Urban Development.
- Proposed National Policy Statement for Highly Productive Land.
- Proposed National Environmental Standard for Air Quality.
- Proposed National Environmental Standard for Marine Aquaculture.

The Environmental Policy Group has been co-ordinating and collating the Council's submissions on these proposals, some of which have since been gazetted.

## Levels of Service: Environmental Policy

### Performance Targets

Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>A second generation resource management framework for Marlborough.</b>				
Decisions on the MEP publicly notified.	N/A	Prior to local government elections*		Actual score: Not achieved (Last year: Not achieved). The decisions on the MEP were publicly notified in February 2020, this timeframe was determined by the appointed Hearings Panel.
A variation to the MEP providing for and managing the effects of marine farming activity is publicly notified.	N/A	By the end of 2019 calendar year*		Actual score: Not achieved (Last year: Not achieved). Extra time has been needed to understand the consequences of the NES for Marine Aquaculture and to consult on establishing a regime of authorisations with the Ministry for Primary Industries. COVID-19 has also limited opportunities for public consultation.
<b>Progressive Implementation Programmes under the NPS Freshwater Management are implemented</b>				
Minimum aquifer level established for Wairau Aquifer.	New measure	31-Dec-19		Actual score: Not achieved (Last year: N/A). The target date was set in error and should have been 31 December 2024.

\* Target has been revised as part of the 2019-20 Annual Plan process

## MDC: Funding Impact Statement for 2019-20 for Environmental Policy

	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,271	1,289	1,329	1,333
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	17
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	97	94	104	104
<b>Total operating funding</b>	<b>1,368</b>	<b>1,383</b>	<b>1,433</b>	<b>1,454</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,435	1,104	1,219	1,123
Finance costs	-	-	-	-
Internal charges and overheads applied	273	279	313	312
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>1,708</b>	<b>1,383</b>	<b>1,533</b>	<b>1,435</b>
<b>Surplus (deficit) of operating funding</b>	<b>(340)</b>	<b>-</b>	<b>(100)</b>	<b>19</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	-	-	-	-
Capital expenditure to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(340)	-	(100)	19
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(340)</b>	<b>-</b>	<b>(100)</b>	<b>19</b>
<b>Surplus (deficit) of capital funding</b>	<b>340</b>	<b>-</b>	<b>100</b>	<b>(19)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>1,708</b>	<b>1,383</b>	<b>1,533</b>	<b>1,435</b>
plus - Depreciation and amortisation	-	-	-	-
<b>Expenditure as per note 2.</b>	<b>1,708</b>	<b>1,383</b>	<b>1,533</b>	<b>1,435</b>

# Activity: Environmental Science and Monitoring

Operating costs of this Activity represent approximately 3.8% of total Activity expenditure.

## Related Community Outcomes

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

## What is this Activity About?

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

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

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

## What we did in 2019-20

### State of the Environment Monitoring

The Council released State of the Environment Reports for the following domains: Fresh Water, Recreational Bathing Water, Air Quality, Soil Quality, Biodiversity, Coastal and Climate. The information essentially helps the community gain a better understanding of our natural resources and assists to characterise the condition and trends of key natural resources to help planning decisions and foster environmental sustainability. These reports can all be viewed on <https://www.marlborough.govt.nz/environment/rivers-and-wetlands/state-of-the-environment-reporting>

### Real Time Monitoring Network

The real time monitoring network consists of 110 stations across the region that measure a range of environmental parameters including; water level and flow, climate and groundwater. The following table shows the performance of the network over the period 1 July 2019 to 30 June 2020.

Domain	Number of Stations	Total Hours of data to be captured	Hours Lost	Percentage Captured
Rainfall	24	210,240	74	99.9%
Climate	3	105,120	0	100%
River Level	33	289,080	642	99.8%
Groundwater	32	280,320	2,062	99.3%
Water Quality	17	148,920	2,108	98.6%
Air Quality	1	8,760	0	100%
<b>Total</b>	<b>110</b>	<b>1,042,440</b>	<b>4,886</b>	<b>99.5%</b>

To ensure that our river flow and level real time data is calibrated we completed a total of 307 river flow gauging's for the year of which 231 were at river level stations and 76 at non-station locations.

## Fresh Water

Monthly water quality monitoring occurred at 34 river sites collecting 408 samples measuring a range of physical and biological parameters providing an update of information on the current state of these resources. The freshwater SoE report can be viewed by accessing; <https://www.marlborough.govt.nz/environment/rivers-and-wetlands/reports/surface-water-reports-2019>

A further 10 coastal beaches and seven river sites were sampled weekly from November 2019 until the end of March 2020. Samples were analysed for E.coli for river samples and Enterococci for coastal samples (in order to determine the health risk to recreational users from water borne diseases).

The majority of the sites had recreational water quality graded as fair meaning that water quality is generally suitable for recreational activities.

Surface-runoff during rainfall events is the main cause of elevated bacteria concentrations. Enterococci concentrations during rainfall at the Ngakuta Bay site were significantly higher than neighboring bays, while E.coli concentrations were observed at Taylor River at Riverside site during dry weather periods. The main cause was from point source discharges as a result of earthquake damage to the Blenheim community sewage infrastructure. The infrastructure is currently under repair.

## Land Management

The Taylor River catchment Improvement project is set to reduce the effects of diffuse pollution and sedimentation. This programme has completed two years of work. To date the total riparian area planted is 26,893 m<sup>2</sup>. The total length of fencing installed is 2754m while a total of 20,776 plants were planted along waterways.

The Hill Country Erosion programme, which is supported by the Ministry of Primary Industries, has enabled Council to increase resources to help build capacity and capability in protecting sensitive erosion prone soils and develop catchment care programmes designed to target interventions in partnership with landowners to improve water quality in degraded waterways.

Soil quality monitoring continues consisting of monitoring soils at 14 monitoring sites that included five vineyards, seven pasture sites and two exotic forest sites. This year's results indicated many sites have good soil quality while showing some effects from land use. Sixty seven percent of sites reported soil compaction issues which can cause soil surface runoff and nutrient loss.

## Air

The main air pollutant of concern in urban areas is particulate matter measured by PM10. Monitoring carried out in the Blenheim air shed showed concentrations of PM 10 that breached the National Environment standard (NES) for air quality on two separate occasions. The NES only allows 1 breach of the standard per year.

## Biodiversity

The Kotahitanga mō te Taiao Alliance was established in 2017 by the Department of Conservation, Councils and iwi to bring about transformational landscape-scale conservation outcomes. Progress has been made securing management services to help build capability and capacity for the Alliance partners. The Alliance is in the process of working collaboratively to prioritise conservation projects for the Jobs for Nature initiative.

The Te Hoiere Project is a landscape scale catchment restoration project that incorporates the values of the Kotahitanga mo te Taiao Alliance. The project is underway in the Rai, Pelorus and Kaituna Valleys. Substantial progress has been made this year including initial community consultation, formation of the Project Governance and Steering Group, and the production of an Indicative Business Case to back central government funding bids and set a framework moving forward to develop a Catchment Enhancement Plan.

The Significant Natural Areas (SNA) programme has now mapped and recorded a total of 713 terrestrial sites. During the last year we worked closely with landowners to protect 24 additional sites undertaking active management interventions such as pest control and fencing of sites. Since the inception of the programme a total of 120 sites have received a level of financial and technical assistance from Council.

Council published a technical report outlining the ecological values and threats to the East Coast Environment following the 2016 Kaikoura earthquake. Council is in the process of seeking feedback from

stakeholders and iwi on potential mitigation and interventions to manage the threats from vehicle access to coastal environment.

## Coastal

The coastal water monitoring programme continues with sampling at 11 representative sites across Queen Charlotte Sound/Tōtaranui and Pelorus Sound/Te Hoiere on a monthly basis. The main parameters measured are nutrients, chlorophyll-a, and dissolved oxygen. These are important indicators of ecosystem health.

Council's investment into coastal environment research and information gathering continues including the collection of multibeam data for the seabed habitat mapping of the Te Hoiere/Pelorus Sound. A number of new nautical charts are now expected to be produced to ensure safe navigation for commercial and recreational users. Habitat maps will be developed at a later stage subject to funding to provide a baseline of resource management information to enable scientific investigation and ecological restoration.

Biennial monitoring of ship wake impacts on subtidal and intertidal ecology, as well as beach profiles, was completed in the Queen Charlotte Sound/Tōtaranui. Monitoring results for five estuaries, Ahuriri Bay; Ohinetaha Bay; Broughton Bay; Elie bay and Wet Inlet suggest these sites are in moderate to good health. Monitoring indicates that Ahuriri Bay and Ohinetaha Bay are exhibiting symptoms of excessive muddiness, placing the estuaries in a moderate condition state.

Levels of Service: Environmental Science and Monitoring				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Monitoring, investigations, gather and analyse information, and report on the state of Marlborough's natural resources including: Fresh Water, Land, Air and Coastal.</b>				
Timeliness of completion data integrity audits and quality coding (in accordance with National Environmental Monitoring Standards (NEMS).	30 Jun	30-Jun-20		Actual score: 30-Jun-20 - on target. (Last year: 30/06/2019 - on target).
Number of technical SoE monitoring report cards completed.	6	6		Actual score: 7 - on target. (Last year: 5 - almost on target).
Timeliness completion of resource investigations and reporting to Council.	30-Jun	30-Jun-20		Actual score: 30-Jun-20 - on target. (Last year: 30/06/2019 - on target).
<b>Effective real time environmental monitoring network is operated.</b>				
Percentage availability of the Environmental monitoring network.	99%	99%		Actual score: 99.5% - on target. (Last year: 99.3% - on target).
<b>Promotion of resource management programmes to help maintain or improve the condition of the environment.</b>				
Increase in the number of sites classified as Significant Natural Areas on private land that are either protected by management interventions or legal covenants.	92	100		Actual score: 120 - on target. (Last year: 106 - on target).
<b>Encourage the community and industry to look after and restore the environment through communication, education and advocacy.</b>				
Number of planned communication programmes with Industry/Community sector groups annually.	5	5		Actual score: 19 - on target. (Last year: 21 - on target).



## MDC: Funding Impact Statement for 2019-20 for Environmental Science and Monitoring

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		3,737	3,967	3,907	3,920
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes	a.	-	-	-	45
Fees and charges		5	5	5	(1)
Internal charges and overheads recovered	b.	65	66	65	136
Local authorities fuel tax, fines, infringement fees and other receipts	c.	285	288	306	474
<b>Total operating funding</b>		<b>4,092</b>	<b>4,326</b>	<b>4,283</b>	<b>4,575</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	d.	2,998	3,205	2,995	3,281
Finance costs		21	20	21	21
Internal charges and overheads applied	b.	900	923	1,073	1,089
Other operating funding applications		1	1	1	0
<b>Total applications of operating funding</b>		<b>3,920</b>	<b>4,149</b>	<b>4,089</b>	<b>4,391</b>
<b>Surplus (deficit) of operating funding</b>		<b>172</b>	<b>177</b>	<b>193</b>	<b>184</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(13)	(14)	(14)	(14)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	15
<b>Total sources of capital funding</b>		<b>(13)</b>	<b>(14)</b>	<b>(14)</b>	<b>1</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service	e.	-	1,025	1,000	2,714
Capital expenditure to replace existing assets		150	154	180	205
Increase (decrease) in reserves		9	(1,016)	(1,001)	(2,734)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>159</b>	<b>163</b>	<b>179</b>	<b>185</b>
<b>Surplus (deficit) of capital funding</b>		<b>(172)</b>	<b>(177)</b>	<b>(193)</b>	<b>(184)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>3,920</b>	<b>4,149</b>	<b>4,089</b>	<b>4,391</b>
plus - Depreciation and amortisation		241	247	279	279
less - Internal charges and overheads recovered		(65)	(66)	(65)	(136)
<b>Expenditure as per note 2.</b>		<b>4,096</b>	<b>4,330</b>	<b>4,303</b>	<b>4,542</b>

# Activity: Resource Consents

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

## Related Community Outcomes

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

## What is this Activity About?

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

Specifically this Activity processes five different types of resource consents:

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

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

## What we did in 2019-20

Received 1046 applications for resource consent, slightly more than the 983 applications received in 2018-19. Of these:





- 955 were for new resource consents;
- 81 were for variations to resource consent conditions;
- 9 were for extension to lapsed dates;
- 1 was an objection to conditions/costs.

Issued 1181 decision, slightly more than the 1088 decisions issued in 2018-19. Of these:

- 1071 were for new applications for resource consent;
- 102 were for variations to resource consent conditions;
- 8 were for extension to lapsed dates.

## Levels of Service: Resource Consents

### Performance Targets

Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0		Actual score: 5.6 - almost on target. (Last year: 5.5 - almost on target).
<b>Provide a consent service that is fair, consistent, cost effective, timely and responsive to customers' needs.</b>				
% of resource consent applications processed within statutory timeframes.	100%	100%		Actual score: 90.93% - almost on target. (Last year: 96.9% - almost on target). Target not achieved due to the volume of applications received and issued; increased complexity of operating under two operative plans and the proposed MEP; and the number of staff in development.
% of objections under section 357(b) compared to total number of applications processed <sup>1</sup> .	< 0.5%	< 0.5%		Actual score: 0.1% - on target. (Last year: 0.2% - on target).
<b>Provide consistent, appropriate and timely information to applicants and the public on the RMA, resource consent and approval process.</b>				
% of incomplete applications rejected under the requirements of section 88 of the RMA.	< 15%	< 5%		Actual score: 3.6% - on target. (Last year: 4.8% - on target).

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

## MDC: Funding Impact Statement for 2019-20 for Resource Consents

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		893	930	921	924
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	a.	1,680	1,716	1,819	1,549
Internal charges and overheads recovered	b.	23	23	46	111
Local authorities fuel tax, fines, infringement fees and other receipts	c.	68	67	72	168
<b>Total operating funding</b>		<b>2,664</b>	<b>2,736</b>	<b>2,858</b>	<b>2,751</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	d.	1,846	1,895	1,958	2,116
Finance costs		-	-	-	-
Internal charges and overheads applied		818	841	815	844
Other operating funding applications		-	-	-	0
<b>Total applications of operating funding</b>		<b>2,664</b>	<b>2,736</b>	<b>2,773</b>	<b>2,959</b>
<b>Surplus (deficit) of operating funding</b>		<b>0</b>	<b>0</b>	<b>84</b>	<b>(208)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		-	-	-	-
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		3	3	3	-
Capital expenditure to replace existing assets		-	-	-	-
Increase (decrease) in reserves		(3)	(3)	81	(208)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>0</b>	<b>0</b>	<b>84</b>	<b>(208)</b>
<b>Surplus (deficit) of capital funding</b>		<b>(0)</b>	<b>(0)</b>	<b>(84)</b>	<b>208</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>2,664</b>	<b>2,736</b>	<b>2,773</b>	<b>2,959</b>
plus - Depreciation and amortisation		0	0	84	84
less - Internal charges and overheads recovered		(23)	(23)	(46)	(111)
<b>Expenditure as per note 2.</b>		<b>2,641</b>	<b>2,713</b>	<b>2,812</b>	<b>2,933</b>

### Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)

- a. Fees and charges – less than LTP due to lower than expected revenue from land use applications, user fees and discharges partially offset by unbudgeted marine farm applications.
- b. Internal charges and overheads recovered – higher than LTP as recoveries and overhead costs were higher than anticipated.
- c. Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due to legal fees recovered, legal settlements and recoveries for marine farm applications.
- d. Payments to staff and suppliers - higher than LTP due to a new position in the Resource Consents Legal Team.

# Activity: Environmental Protection

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

## Related Community Outcomes

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

## What is this Activity About?

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

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

The key objectives for the Activity are:

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









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

## What we did in 2019-20

**Complaints** - received 494 RMA complaints in regard to coastal, land use, land and water body disturbance, water take, discharge to air, land and fresh and marine water.

**Monitoring Resource Consents** – monitored 3270 individual Resource Consents, this is in addition to any consents which were monitored as part of a complaints investigation. A number of consents required follow up monitoring due to non-compliance with conditions of consent.

**Enforcement** – issued 39 abatement notices, 34 infringements notices and initiated 1 prosecution.

Levels of Service: Environmental Protection				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.5		Actual score: 5.8 - almost on target. (Last year: 5.6 - almost on target).
<b>Monitor activities that have either a greater environmental impact warranting special consideration, or are activities that generate community concern or are related to trends highlighted through the State of the Environment Report.</b>				
Report on dairy farm effluent systems and stream crossings for compliance with permitted activity standards or Resource Management Plans and consent conditions.	31-Aug	31-Aug-19		Actual score: Report completed 29-Aug-19 - on target. (Last year: Report completed 31-Aug-18 - on target).
	Improved or unchanged compliance level	Improved or unchanged compliance level		Actual score: Improved or maintained compliance level - on target. (Last year: Improved or maintained compliance - on target).
Report on waste from wineries for compliance with resource consent conditions (waste water and grape marc).	30-Nov	30-Nov-19		Actual score: Report completed 21-Nov-19 - on target. (Last year: Report completed 30-Nov-18 - on target).
	Improved or unchanged compliance level	Improved or unchanged compliance level		Actual score: Improved or maintained compliance level - on target. (Last year: Improved or maintained compliance - on target).
Report on resource consents for forestry in the district.	30-Nov	Annually		Actual score: Report completed 21-Nov-19 - on target. (Last year: Report completed - on target).
	Improved or unchanged compliance level	Improved or unchanged compliance level		Actual score: Improved or maintained compliance level - on target. (Last year: Improved or maintained compliance - on target).
<b>Monitor and investigate alleged breaches of the RMA, RMPI and Consents.</b>				
% of complaints assessed within one working day.	86%	80%		Actual score: 96.1% - on target. (Last year: 94.6% - on target).

**MDC: Funding Impact Statement for 2019-20 for Environmental Protection**

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		769	840	826	829
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	a.	587	605	597	723
Internal charges and overheads recovered		-	-	-	11
Local authorities fuel tax, fines, infringement fees and other receipts		61	64	67	65
<b>Total operating funding</b>		<b>1,417</b>	<b>1,509</b>	<b>1,490</b>	<b>1,628</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	b.	971	1,050	1,037	1,148
Finance costs		-	-	-	-
Internal charges and overheads applied		446	459	453	466
Other operating funding applications		-	-	-	0
<b>Total applications of operating funding</b>		<b>1,417</b>	<b>1,509</b>	<b>1,490</b>	<b>1,614</b>
<b>Surplus (deficit) of operating funding</b>		<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>14</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		-	-	-	-
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		-	-	-	-
Increase (decrease) in reserves		-	-	-	14
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>14</b>
<b>Surplus (deficit) of capital funding</b>		<b>0</b>	<b>-</b>	<b>0</b>	<b>(14)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>1,417</b>	<b>1,509</b>	<b>1,490</b>	<b>1,614</b>
<b>Expenditure as per note 2.</b>		<b>1,417</b>	<b>1,509</b>	<b>1,490</b>	<b>1,603</b>

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- a. Fees and charges – higher than LTP due to higher than expected increased monitoring administration charges.
- b. Payments to staff and suppliers - higher than LTP due to higher than expected legal expenses relating to enforcement orders and prosecutions partially offset above.

## Activity Group: Regulatory

*Operating costs for this Group of activities represent approximately 8.4% of total Group expenditure.*

### Activities in this Group:

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



### Related Community Outcomes

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

### What is this Activity Group About

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

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



## MDC: Funding Impact Statement for 2019-20 for Regulatory Activity Group

	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	3,218	3,311	3,357	3,370
Targeted rates	-	-	95	94
Subsidies and grants for operating purposes	132	56	-	2
Fees and charges	4,502	4,587	4,673	4,694
Internal charges and overheads recovered	-	-	-	71
Local authorities fuel tax, fines, infringement fees and other receipts	441	441	485	1,991
<b>Total operating funding</b>	<b>8,293</b>	<b>8,395</b>	<b>8,610</b>	<b>10,222</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,057	6,072	6,434	7,927
Finance costs	9	22	8	8
Internal charges and overheads applied	1,912	1,959	2,090	2,126
Other operating funding applications	91	92	91	33
<b>Total applications of operating funding</b>	<b>8,069</b>	<b>8,144</b>	<b>8,623</b>	<b>10,095</b>
<b>Surplus (deficit) of operating funding</b>	<b>225</b>	<b>251</b>	<b>(14)</b>	<b>127</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(6)	503	(6)	(6)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>(6)</b>	<b>503</b>	<b>(6)</b>	<b>(6)</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	198	-	-	-
Capital expenditure to replace existing assets	216	527	115	85
Increase (decrease) in reserves	(196)	227	(135)	36
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>221</b>	<b>756</b>	<b>(7)</b>	<b>121</b>
<b>Surplus (deficit) of capital funding</b>	<b>(226)</b>	<b>(253)</b>	<b>14</b>	<b>(127)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>8,069</b>	<b>8,144</b>	<b>8,623</b>	<b>10,095</b>
plus - Depreciation and amortisation	164	194	176	171
plus - Fair value losses	-	-	-	-
plus - Loss on sale of fixed assets	-	-	-	2
plus - Loss on impairment of fixed assets	-	-	-	-
plus - Impairment due to earthquake	-	-	-	-
less - Internal charges and overheads recovered	-	-	-	(71)
<b>Expenditure as per note 2.</b>	<b>8,233</b>	<b>8,338</b>	<b>8,799</b>	<b>10,196</b>

### Explanation of Variances

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

## Activity: Biosecurity (Pest Management)

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

### Related Community Outcomes

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

### What is this Activity About?

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

The ways in which Council undertakes its activities include:

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

The guiding framework and principles for biosecurity are outlined in the Marlborough District Council Biosecurity Strategy. A key component in the Strategy is the use of a Regional Pest Management Plan (RPMP). The RPMP highlights the priority programmes and sets clear, achievable objectives for specific harmful organisms.

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

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

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

### What we did in 2019-20

A summary of key achievement is given below, in most cases further detail on what occurred within the programmes in 2019-20 is outlined in the Biosecurity Operational Plan Report 2019-20.

### Regional Pest Management Plan

The 2019-20 year saw the first full year of implementation under the RPMP. It saw continued management of a number of invasive species and the starting of some new operational programmes. Full detail can be found in the 2019-20 Biosecurity Operational Plan Report with some notable programmes outlined below.

## **High threat pest plants**

A number of RPMP programmes see Council delivering services aimed at managing pest plant species that are in the early stages of establishment but carry significant risks to Marlborough. Examples include saffron thistle, moth plant, purple loosestrife and tall wheat grass. All programmes for high threat pest plants were successfully delivered in 2019-20.

## **Mediterranean fanworm**

Council's operational response to new marine pest threats is being delivered through the implementation of the RPMP programme for Mediterranean fanworm (fanworm). In 2019-20 the intensive ongoing surveillance programme has continued focussing on key vessel hub areas and other locations where fanworm has been detected on vessels within the region.

The surveillance effort by Council is bolstered by a summer survey programme delivered by the Top of the South Marine Biosecurity Partnership contractor. This work serves multiple purposes with a high degree of interaction with vessel owners/skippers and in-water surveillance of both boats and structures in the marine environment.

## **Chilean needle grass**

The RPMP programme aimed at keeping Chilean Needle Grass (CNG) under intensive management continues to be a large focus for the Biosecurity Section. In 2019-20 Council continued to increase time and resource into its programme to utilise local contractors working on destroying CNG and undertaking surveillance during the key growing season. Outside of this season spread risks remain in terms of the movement of contaminated machinery or other activities occurring on affected properties.

Another component of work has progressed in terms of documenting management plans for affected properties to clearly outline the role and inputs of both Council and occupiers.

## **New species-led programmes**

New programmes for willow-leaved hakea and woolly nightshade got underway operationally on Rangitoto ki te Tonga/D'Urville Island.

## **Wilding conifers**





The Council is coordinating investment in to controlling wilding conifers in the region. This year has seen the establishment of a Regional Steering Group of stakeholders responsible for implementing a range of regional programmes.

The National Wilding Conifer Control Programme (NWCCP) has given rise to a substantial additional investment of \$1.4M over the last 4 years controlling wilding conifers on Molesworth Station. The Programme has also been strengthened with contracted programme management services for planning and implementing the operations. These services will be key in order to deliver on the ~\$13M of further investment from the NWCCP into Marlborough announced in 2020 running through to 2024.

In addition, the Council continues to support (by way of an annual grant) the community-led Marlborough Sounds Restoration Trust and South Marlborough Landscape Restoration Trust undertaking extensive wilding conifer work in the region.

## Levels of Service: Biosecurity

### Performance Targets

Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.4		Actual score: 6.5 - on target. (Last year: 6 - almost on target).
<b>Implementation of the Regional Pest Management Plan (RPMP).</b>				
Operational Plan targets relating to the RPMP are met.	95%	95%		Actual score: 89% - almost on target. (Last year: 94.3% - almost on target).
<b>Delivery of non-RPMP biosecurity services and/or initiatives.</b>				
Operational Plan targets relating to non-RPMP biosecurity services and/or initiatives are met.	95%	95%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Prepare an annual report on the Operational Plan.</b>				
Timeliness completion of annual Operational Plan report to the Environment Committee.	31-Oct	31-Oct-19		Actual score: 29-Aug-19 - on target. (Last year: 30-August-18 - on target).

**MDC: Funding Impact Statement for 2019-20 for Biosecurity (Pest Management)**

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		1,324	1,456	1,517	1,522
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		12	12	12	-
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	a.	113	118	131	1,632
<b>Total operating funding</b>		<b>1,449</b>	<b>1,586</b>	<b>1,660</b>	<b>3,155</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	b.	1,079	1,209	1,199	2,598
Finance costs		-	-	-	-
Internal charges and overheads applied	c.	325	331	395	397
Other operating funding applications		60	60	60	30
<b>Total applications of operating funding</b>		<b>1,463</b>	<b>1,600</b>	<b>1,654</b>	<b>3,025</b>
<b>Surplus (deficit) of operating funding</b>		<b>(14)</b>	<b>(14)</b>	<b>6</b>	<b>130</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		-	-	-	-
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		-	-	-	1
Increase (decrease) in reserves		(14)	(14)	6	129
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>(14)</b>	<b>(14)</b>	<b>6</b>	<b>130</b>
<b>Surplus (deficit) of capital funding</b>		<b>14</b>	<b>14</b>	<b>(6)</b>	<b>(130)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>1,463</b>	<b>1,600</b>	<b>1,654</b>	<b>3,025</b>
plus - Depreciation and amortisation		3	3	6	6
<b>Expenditure as per note 2.</b>		<b>1,467</b>	<b>1,603</b>	<b>1,660</b>	<b>3,031</b>

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- Local authorities fuel tax, fines, infringement fees and other receipts – higher than LTP due to funds received for the National Conifer Control programme contracted with the Ministry of Primary Industries.
- Payments to staff and suppliers – higher than LTP due to increased contract costs in relation to the National Wilding Conifer Control programme and Top of the South marine biosecurity projects.
- Internal charges and overheads applied – higher than LTP as recoveries and overhead costs were higher than anticipated.

## Activity: Building Control

*Operating costs of this Activity represent approximately 3.5% of total Activity expenditure.*

### Related Community Outcomes

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

### What is this Activity About?

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

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

The most significant component of this activity is that of the BCA. That role consists of receiving, processing, granting, and issuing Building Consent applications. It also covers inspecting the work for compliance with the Building Code and consented documents and finally, the issuing of Code Compliance Certificates once full compliance is confirmed. The standard of compliance required is set out in the Building Regulations and means of compliance are outlined in the New Zealand Building Code. The BCA must be re assessed against the Building (Accreditation of Building Consent Authorities) Regulations 2006 every 2 years.

The Building Control group's role also involves other functions under separate legislation including:

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

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

### What we did in 2019-20

#### Consenting activity:

- Consents issued – 1378; total value \$197.41 million; including 246 (\$104.85 million) new dwellings. Whilst this is lower than last financial year (1481) it is a very good result considering the COVID-19 Lockdown. 98% of all building consents issued were issued in 20 working days. This level of performance was accepted during our biannual Building Consent Authority (BCA) IANZ accreditation audit in May 2020.
- Code Compliance Certificates (CCC) issued – 1154  
97% of all CCC's issued were issued within 20 working days. This level of performance was accepted during our biannual Building Consent Authority (BCA) IANZ accreditation audit in May 2020.
- The BCA continued to process and issue building consent applications and CCC's remotely during the COVID-19 lockdown but at a greatly reduced output because of obvious technical restraints.

**Building Consent Authority (BCA) Accreditation** – As part of the bi-annual accreditation process the BCA undertake monthly audits. These audits review the group's policies and procedures against the requirements of the Building (Accreditation of Building Consent Authorities) Regulations 2006. These audits are undertaken by the group's externally contracted Quality Manager.

The BCA underwent its bi-annual IANZ audit from May 11 to 14 2020. This process was carried out remotely due to COVID 19. The audit resulted in the BCA receiving eight General Non-Compliances (GNC's), two of which were cleared during the audit. All evidence required by IANZ to clear the GNC's was forwarded to IANZ on 3 August 2020. Confirmation of clearance for all GNC's was received on 10 August 2020. The Group received confirmation of continued accreditation from IANZ on 2 September 2020.

**Project Information Memorandums (PIMs) and Related Information (RI) activity** - The PIM/RI team provided planning/rivers/roads and services information for all issued building consents (except log fire consents). Totals 8 PIMs and 940 RI's.

**Inspections** - The Building Control Group undertook 4822 inspections this year compared to 5666 in the previous year. The average booking time for inspections decreased from 3.5 days (2018-19) to 2.5 days over the past year. Numbers of inspections are not just affected by numbers of issued consents. Distance, mode of transport and complexity of consented projects also has a major effect on the BCA's ability to meet demand for inspections.

No inspections were undertaken during COVID-19 level 4 lockdown. At alert level 3 the building industry returned to near normal and, allowing for a settling in period on both sides, inspections were delivered at close to the usual volume.

**Building Warrant of Fitness (BWoF) and Compliance Schedule Role** – Section 12(2) (g) and (h) of the Building Act 2004 requires the TA to administer and enforce the annual BWoF system. Levels of service (LoS) for this role require 20% of all building with BWoF's to have site audits completed each year. The Building Control group has slipped in its level of service in this role over the past year for a variety of reasons:

2017/2018	6% achieved
2018/2019	16% achieved
2019/2020	9% achieved

- The group continues to concentrate its efforts on restoring Council records for existing and historic compliance schedules.
- Many large existing complexes have undertaken changes to their specified systems over a number of years and without the necessary building consent. The resulting site audit takes multiple hours to follow up and rectify.
- Site inspections were halted as a result of COVID 19 and not restarted until level 1 status was declared. The group took the opportunity to progress the restoration of existing and historic compliance schedule records. The group also experienced additional work dealing with customers' inquiries during the COVID 19 response period, with some guidance being provided by MBIE. Our team spent numerous hours working with Independent Qualified People (IQP'S) to convey Council's approach to BWoF going forward and to address issues around IQP inspections that were missed during COVID 19 lockdown.

**Site Audits for the Fencing of Swimming Pools** – Section 162D of the Building Act 2004 requires that residential pools within the TA's jurisdiction are inspected at least once every three years. During the year 33% of all residential pools had site inspections completed. This total meets the Act's requirements and the group's "Levels of Service". A very high level of non-compliance continued to be found during the 2019/2020 inspection round. Notices to fix continue to be issued to non-complying owners.

The level of compliance sought by Council under the new Act's provisions and under the "grand fathering" process has increased over the past year as determinations from the Ministry of Business, Innovations and Employment (MBIE) provide a clear message of how Councils are expected to meet their obligations under the Building Act.

**Auto Pool Covers** - The issue of auto pools covers is still in the MBIE determination arena. Pool owners with existing exemptions are still running within their allotted limited life exemption issued under the repealed Fencing of Swimming Pools Act 1987. Those pools that were non-complaint prior to the Act change continue to be dealt with. Notices to fix are in place. However most noncompliant pool owners are reluctant







to take positive action due to an absence of the certainty which would be provided by an MBIE determination.

**Earthquake Prone Buildings Amendment Act (EPBAA)** – The regulations and methodology for this Act were released on 1 July 2017. The group completed its first task of identifying “Priority Buildings” as prescribed under the Act during 2018/2019 financial year. To date Council has contacted 37 building owners and requested that they supply an engineering assessment for their buildings.

Under the national policy, building owners have 12 months to supply Council with that assessment. Following the priority building identification process there were 10 EPB notices issued. Council is also still working with those property owners who received section 124 Notices under the old Council policy. These notices were changed to section 133 notices as required under the National EPB Policy. The second stage of Council’s work is to identify all other potential EPB in the Marlborough region. This work must be completed by 1 July 2022.

This work continues to periodically require new requests for engineering assessments and for new EPB Notices to be issued as they arise. Council is noticing that some of the assessments have come in very close to the cut off of 34% New Building Standard (NBS). In these circumstances Council is requiring a peer review to be provided before a decision is made.

- Of the old section 124 notices (replaced with new EPB Notices) Council still has five active time frames (two of which are being strengthened under building consent at the time of writing this report).
- There are 16 new EPB Notices (total to date) two of which are being strengthened under building consent at the time of writing this report.
- 10 requests for engineering assessments are awaiting replies.

<b>Levels of Service: Building Control</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2019-20 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Provide an overall level of service that meets or exceeds residents’ expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = “service delivered extremely well”.	6.3	6.3		Actual score: 5.7 - almost on target. (Last year: 5.7 - almost on target).
<b>Provide a service that is responsive to customer needs and minimise risks to public safety.</b>				
% of Building Consents applications granted within 20 working days of receipt of the application.	97%	100%		Actual score: 98% - almost on target. (Last year: 97% - almost on target). Breaches typically result from heavy work loads and poor documentation submitted by the applicant or agent.
% of Code Compliance Certificates issued within 20 working days of receipt of application.	96%	100%		Actual score: 97% - almost on target. (Last year: 98% - almost on target). This is constantly monitored as part of the BCA reaccreditation process. The BCA has been reaccredited by IANZ in August 2020.
% of swimming pools inspected annually.	33.3%	33.3%		Actual score: 33.3% - on target. (Last year: 33.3% - on target).
% of Building Warrants of Fitness audited annually.	20%	20%		Actual score: 8.62% - not achieved. (Last year: 15.56% - not achieved). No inspections were possible from COVID-19 Level 4 to Level 2 lockdowns. Documentation and building records have greatly improved.
<b>Provision of Land Information Memoranda.</b>				
Number of liability claims made because of incomplete or inaccurate information supplied.	<3	< 3		Actual score: 1 - on target. (Last year: 1 - on target).



**MDC: Funding Impact Statement for 2019-20 for Building Control**

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	a.	649	529	640	644
Targeted rates	b.	-	-	95	94
Subsidies and grants for operating purposes	c.	132	56	-	-
Fees and charges		3,132	3,198	3,298	3,193
Internal charges and overheads recovered	d.	-	-	-	58
Local authorities fuel tax, fines, infringement fees and other receipts		65	54	94	95
<b>Total operating funding</b>		<b>3,978</b>	<b>3,837</b>	<b>4,127</b>	<b>4,084</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	e.	2,765	2,590	2,949	3,039
Finance costs		-	-	-	-
Internal charges and overheads applied	d.	1,162	1,195	1,217	1,255
Other operating funding applications		20	20	20	(1)
<b>Total applications of operating funding</b>		<b>3,947</b>	<b>3,805</b>	<b>4,187</b>	<b>4,293</b>
<b>Surplus (deficit) of operating funding</b>		<b>32</b>	<b>32</b>	<b>(60)</b>	<b>(210)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		-	-	-	-
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		-	-	-	-
Increase (decrease) in reserves		32	32	(60)	(210)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>32</b>	<b>32</b>	<b>(60)</b>	<b>(210)</b>
<b>Surplus (deficit) of capital funding</b>		<b>(32)</b>	<b>(32)</b>	<b>60</b>	<b>210</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>3,947</b>	<b>3,805</b>	<b>4,187</b>	<b>4,293</b>
less - Internal charges and overheads recovered		-	-	-	(58)
<b>Expenditure as per note 2.</b>		<b>3,947</b>	<b>3,805</b>	<b>4,187</b>	<b>4,235</b>
<b>Operating expenditure</b>					
Building Control		3,748	3,603	3,892	4,010
LIMs		199	203	295	226

## Activity: Environmental Health

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

### Related Community Outcomes

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

### What is this Activity About?

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

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

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

### What we did in 2019-20

Registrations of businesses under the **Health Act 1956 and the Food Act 2014** continued.

- All hair salons, campgrounds, offensive trades and funeral directors were inspected in accordance with the requirements of the Health Act 1956.
- Food businesses were verified in accordance with the method and time frames required under the Food Act 2014 along with any investigation required for unsafe or unsuitable food. This involved inspecting 260 premises – down from 356 last year as some premises are now on a revisit cycle of longer than one year.
- Education materials including quarterly newsletters were developed and made available to our customers.










The Inspectoral role under the **Sale and Supply of Alcohol Act 2012** was also carried out. This included:

- enquiring into, and reporting on, the impacts of issuing/renewing On, Off, Club or Special Licences under the Act.
- actively monitoring on licences with over 90% receiving a compliance visit.
- all new applicants for a Managers Certificate being interviewed to ascertain their suitability and new and renewed applicants for these Certificates being reported on.
- newsletters being developed and made available when there were matters that needed to be advised to our licence holders.

Nuisance and unsanitary living complaints were also investigated and dealt with.

## Levels of Service: Environmental Health

### Performance Targets

Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Ensure the residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.</b>				
% of registered premises inspected once a year.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Number of annual inspection of markets and events with 10 or more food stalls.	14	≥ 12		Actual score: 14 - on target. (Last year: 14 - on target).
% of complaints of critical nature (e.g. food poisoning) actioned within one working day.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
% of complaints of a non-critical nature assessed within seven working days.	98%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
<b>Administer Food Control Plans under the Food Act 2014.</b>				
Register businesses required under Food Act 2014 in Food Control Plans and National Programmes.	100%	100%		Actual score: 100% - on target. (Last year: 100% - on target).
Audit registered business as scheduled in the Food Act 2014 and Regulations.	89%	100%		Actual score: 100% - on target. (Last year: 98% - almost on target).
<b>Carryout the functions of Licensing Inspector controlling the sale and supply of alcohol to the public with the aim of contributing to the reduction of alcohol abuse.</b>				
% of "On Licences" <sup>1</sup> inspected once a year.	93%	90%		Actual score: 91% - on target. (Last year: 91% - on target).
<b>Provide a service for investigation of noise complaints.</b>				
Report on performance of noise control contract.	30-Sep	30-Sep-19		Actual score: 29-Aug-19 - on target. (Last year: 30/08/2018 - on target).
Assess complaints concerning unreasonable noise within one working day.	88%	89%		Actual score: 100% - on target. (Last year: 89% - on target).

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

## MDC: Funding Impact Statement for 2019-20 for Environmental Health

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties		190	195	190	191
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges	a.	354	363	359	425
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		17	17	15	15
<b>Total operating funding</b>		<b>561</b>	<b>575</b>	<b>565</b>	<b>632</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	b.	406	417	410	354
Finance costs		-	-	-	-
Internal charges and overheads applied		154	157	154	159
Other operating funding applications		-	-	-	0
<b>Total applications of operating funding</b>		<b>560</b>	<b>574</b>	<b>565</b>	<b>514</b>
<b>Surplus (deficit) of operating funding</b>		<b>1</b>	<b>1</b>	<b>0</b>	<b>118</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		-	-	-	-
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets		4	4	3	-
Increase (decrease) in reserves		(3)	(3)	(3)	118
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>1</b>	<b>1</b>	<b>0</b>	<b>118</b>
<b>Surplus (deficit) of capital funding</b>		<b>(1)</b>	<b>(1)</b>	<b>(0)</b>	<b>(118)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>560</b>	<b>574</b>	<b>565</b>	<b>514</b>
plus - Depreciation and amortisation		0	0	0	-
<b>Expenditure as per note 2.</b>		<b>560</b>	<b>574</b>	<b>565</b>	<b>514</b>

### Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)

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

## Activity: Animal Control

Operating costs of this Activity represent approximately 0.6% of total Activity expenditure.

### Related Community Outcomes

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

### What is this Activity About?

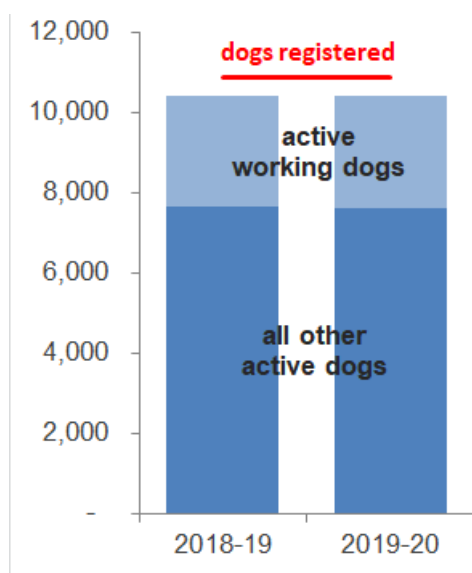
The objective for the Activity is to encourage responsible dog ownership which allows owners to enjoy their dogs without infringing on the enjoyment and safety of others. This involves the promotion of responsible dog ownership and protection of the community from danger, distress and nuisance caused by dogs. The Dog Control Act 1996 (DCA) is the primary legislative tool used in this Activity, together with related regulations including the Impounding Act 1955 and Council Dog Control Bylaws.

This Activity also provides services in relation to wandering livestock on public land and roads.

The Animal Control function, for both dog control and wandering stock, has been contracted out to Maataa Waka Ki Te Ihu Trust since 1998, the contract is due to expire on 31 March 2022. Council retains the administration of the contract; makes decisions on classifications of dogs and owners; deals with objections to classifications and infringements; and the Enforcement & Prosecution Committee makes all decisions on whether or not to undertake prosecutions.

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

### What we did in 2019-20

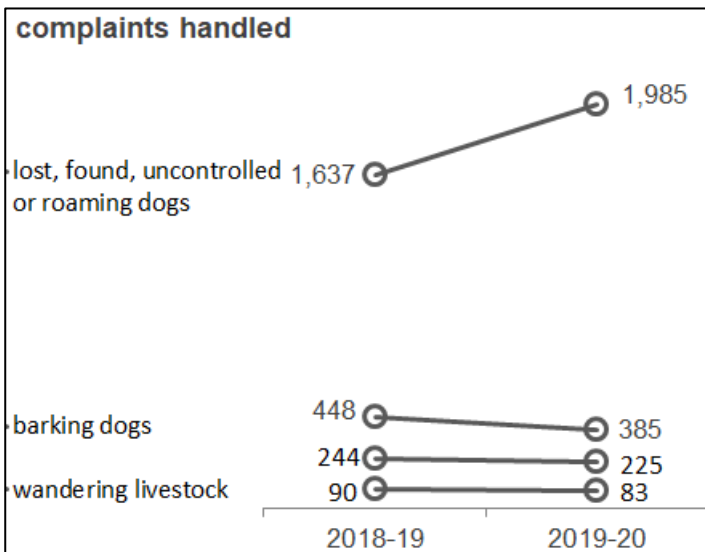
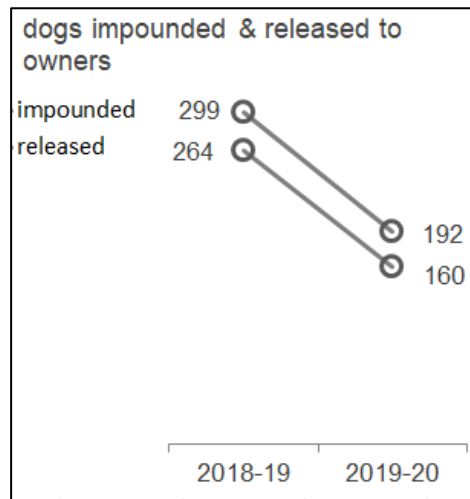


**working dogs** includes farm dogs primarily used for herding stock, disability assist dogs, police dogs and companion dogs

**active dogs** are defined as alive and currently living at the address listed in the database.

Information on dog registration, responsible dog ownership and dog owner obligations was sent to all dog owners with their dog registration forms. Information on relevant topics such as barking and roaming dogs was distributed to owners of dogs that came to Animal Control's attention. Information about dogs including a smart map of dog exercise areas is also available on the Council's website.

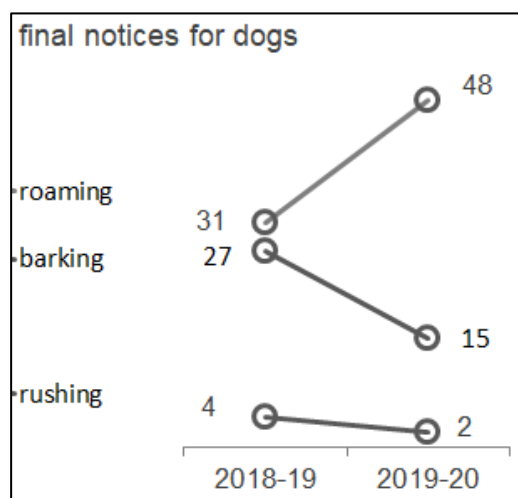
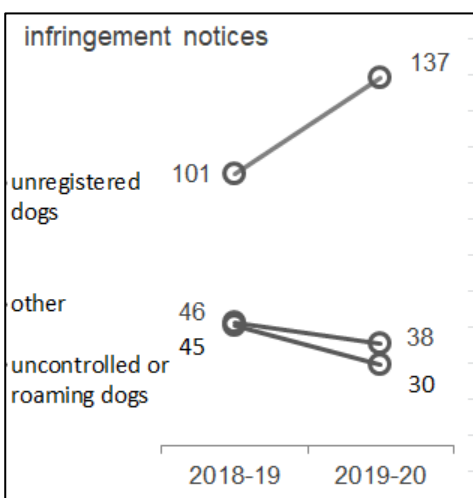
Over the COVID-19 Lockdown period dogs roaming and found were returned to owners with impounding being a last resort. All dogs surrendered or not claimed undergo an assessment by the Animal Control Officers. Those dogs determined to have the temperament and characteristics suitable for family environments are transferred to the SPCA or a member of the public for re-homing.



All complaints were attended, investigated and necessary action taken

One additional owner was disqualified and five additional dogs classified as dangerous.




There were two alleged incidents where Council is prosecuting the dog owners; one for a dog attack on stock and another dog attack on another dog. The Council has filed charges in the Blenheim District Court but the cases have not been heard yet.



Animal Control continued to operate as an essential service during the Covid-19 lockdown but the Animal Control Office was not open to the public.

Other activities carried out by Animal Control during the year include:

- A dog safety education course was available free of charge to schools and groups of primary school aged children. The purpose of this course is to promote safety around dogs as well as responsible dog ownership and care. There were 16 presentations to pre-school and primary schools and 7 presentations to teenagers/adults. Five public events were also attended by the Education Officer. Due to the resignation and replacement of the Education Officer and then the Covid-19 Lockdown there were no presentations to schools and preschools in the months March, April, May and for the remainder of Term 2.
- Involvement in a collaborative interactive safety programme that has developed from within the Marlborough Child Safety Group and is based on the “Clued up Kids” project. Over one week in November year 5/6 students from Marlborough Schools are taken in small groups on a 15 minute rotating circuit of eight safety sets scattered around Brayshaw Park (i.e. Police, St Johns, Rail Safety, Water Safety, Emergency Response, Personal Safety, Dog Safety, Cycle Safety, ATV Safety, Home Hazards and Fire Safety). In 2019 a total of 12 schools and 520 primary school age children attended this event.
- Construction of the new Renwick Dog Park was completed in June 2019 with the official opening on 1 September 2019. Although closed during COVID-19 lockdown the Park is otherwise being enjoyed by dogs and owners and has its own Facebook page with 340 members.

<b>Levels of Service: Animal Control</b>				
<b>Performance Targets</b>				
<b>Key Performance Indicators</b>	<b>LTP Baseline</b>	<b>2019-20 Target</b>	<b>How did we do?</b>	<b>Comments</b>
<b>Provide an overall level of service that meets or exceeds residents’ expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = “service delivered extremely well”.	7.4	7.2		Actual score: 6.9 - almost on target. (Last year: 6.9 - almost on target).
<b>Provide an effective dog control service including registration that is in accordance with the Dog Control Act 1996 (DCA).</b>				
Level of compliance with Animal Control contract.	No significant deviations from contract specification	No significant deviations from contract specification		Actual score: No significant deviations - on target. (Last year: No significant deviations - on target).
Compliance with DCA requirements by preparing and publishing a report annually.	30-Sep	30-Sep-19		Actual score: 29-Aug-19 - on target. (Last year: 30-Aug-18 - on target).

**MDC: Funding Impact Statement for 2019-20 for  
Animal Control**

	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	140	144	145	145
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	2
Fees and charges	a. 572	573	572	621
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	83	85	84	88
<b>Total operating funding</b>	<b>795</b>	<b>802</b>	<b>801</b>	<b>856</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	674	690	691	697
Finance costs	-	-	-	-
Internal charges and overheads applied	64	65	74	67
Other operating funding applications	11	11	11	4
<b>Total applications of operating funding</b>	<b>749</b>	<b>766</b>	<b>776</b>	<b>768</b>
<b>Surplus (deficit) of operating funding</b>	<b>46</b>	<b>36</b>	<b>25</b>	<b>88</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	-	-	-
Capital expenditure to improve the level of service	198	-	-	-
Capital expenditure to replace existing assets	-	-	-	16
Increase (decrease) in reserves	(152)	36	25	72
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>46</b>	<b>36</b>	<b>25</b>	<b>88</b>
<b>Surplus (deficit) of capital funding</b>	<b>(46)</b>	<b>(36)</b>	<b>(25)</b>	<b>(88)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
<b>Total applications of operating funding</b>	<b>749</b>	<b>765</b>	<b>776</b>	<b>768</b>
plus - Depreciation and amortisation	4	5	5	8
<b>Expenditure as per note 2.</b>	<b>753</b>	<b>771</b>	<b>781</b>	<b>775</b>
<b>Operating expenditure</b>				
Dog Control	665	680	693	713
Other Animal Control	88	89	88	63
<b>Capital expenditure</b>				
Dog Control	198	-	-	16

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

a. Fees and charges – higher than LTP due to an increase in the amount of dog registrations.



## Activity: Harbours

*Operating costs of this Activity represent approximately 1.4% of total Activity expenditure.*

### Related Community Outcomes

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

### What is this Activity About?

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

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

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

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

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

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

### What we did in 2019-20

- Completed all actions necessary to resolve the recommendations provided by the Transport Accident Investigation Commission following the grounding of the Azamara Quest in 2016. This included ensuring MDC and Port Marlborough have a shared understanding of risk as it pertains to shipping in the Marlborough Harbour.
- Completed an overhaul of the Harbour Safety Management System and posted the core documents that outline and explain the system on the MDC website along with a revised Harbour Safety Plan. These documents explain in detail the activity of the Harbourmaster and describe how the activity Harbours undertakes is determined through a process of risk assessment. The risk assessment process is also described.
- Implemented the new Harbour Safety Management System (SMS) in preparation for a peer review. The peer review of the SMS is undertaken by a panel of industry professionals appointed by the Port and Harbour Safety Code Working Group to ensure Code members (all Ports and Councils in New Zealand) are operating in accordance with industry best practice (the panel found MDC to be Code Consistent in August 2020).
- Launched a new digital Harbour Incident Management System to support effective, consistent and efficient management and recording of incidents and accidents. The 'capture' of this data in a structured digital framework is intended to greatly improve the opportunity for quantitative assessment of harbour risk.
- Commenced a comprehensive review of risk associated with Tory Channel. Opened dialogue with key stakeholders as to the assessment and evaluation of this risk and the level of tolerance for it. A collaborative approach is being pursued to ensure a shared understanding of risk is developed. This

work aims to ensure appropriate measures for controlling risk are in place and will influence regulatory controls on Tory Channel as related to ships and shipping.

- Launched a project to resolve the uncertainty presently associated with Tory Channel tides and currents. The project seeks to ensure navigators have access to accurate and comprehensive real time tide and current data to support safe navigation and passage planning.
- Completed a hydrographic survey of Havelock Channel due to concerns raised by the Marine Farming sector as to channel depth. The data will support efforts toward ensuring the channel is safe and navigable.
- Continued to roll out fixed speed camera equipment to monitor vessel activity in key areas - camera units are now established at Havelock, Picton, Waikawa and the Wairau River. These units count boats, measure speed and continuously record boating activity. All data can be accessed and analysed via the 'cloud' and supports quantitative risk assessment and design of tailored regulatory activity.
- Issued a general Harbourmasters Direction to clarify a range of regulatory matters as they pertain to maritime safety in the Harbour. The Direction is accessible on the Harbours website. Aspects of this Direction will be proposed as navigation safety Bylaws in due course.
- Received feedback on the draft MDC Navigation Safety Bylaws from the Navigation Safety Special Interest Group bylaw review panel. The sub-group composed of a number of Harbourmasters from other regions. This approach aims to ensure bylaw consistency across New Zealand in the maritime space.
- Aids to Navigation continued to be maintained to the operational standard as specified by the International Association of Lighthouse Authorities.
- Summer patrols commenced from Labour weekend 2019 through to Easter 2020 with daily patrols being implemented from the week before Christmas through to the end of January. As in the previous year extra patrols were carried out in the Havelock/Pelorus Sound area.
- Close collaboration with Maritime New Zealand was continued through the 'no excuses' campaign which promotes a common compliance approach across New Zealand. This year \$30,000 of funding was secured from Maritime New Zealand to support safer recreational boating in Marlborough during the 20/21 summer.
- Council's Boat Safety and Tides brochure (formerly the Safe Sounds Boating brochure) was published and a total of 7,500 distributed.
- Regular audits of mussel farms were undertaken to ensure compliance with lighting and marking requirements, 120 farms, compared to the target of over 200, were audited. The target of 200 was not achieved as resourcing was necessarily diverted to other higher risk concerns.
- An oil spill response exercise was undertaken in May 2020 under the Level 3 COVID-19 restrictions. The exercise tested response capability to spill on a marine farm under COVID-19 restrictions and was attended (remotely) by Maritime New Zealand.
- The Marlborough Regional Oil Spill Response Plan was fully revised so as to better align with the intent of New Zealand's National Oil Spill Response Strategy and the revised version has been approved by the Director of Maritime New Zealand.







## Levels of Service: Harbours

### Performance Targets

Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	7.4		Actual score: 7.2 - almost on target. (Last year: 7.5 - on target).
<b>Provide a safe environment for all users through effective public education.</b>				
Distribute 7000+ Marlborough Safe Navigation and Tides Brochures.	Annually	Annually		Actual score: Brochure ready and distributed - on target. (Last year: Brochure ready and distributed - on target).
Increase number of Cruise Guide App users by 5% annually based on Google Analytics.	927 users as of January 2018	1,022		Actual score: - not achieved. (Last year: 1000 - on target). Number of users not obtainable, platform has been upgraded to enable access in future.
Complete 1000 safe boating surveys through face to face on water interactions.	New measure	1,000		Actual score: 1021 - on target. (Last year: 981 - almost on target).
Undertake 15 targeted 'no excuses' enforcement days per year in high risk areas.	New measure	15		Actual score: 18 - on target. (Last year: 15 - on target).
<b>Comply with the Harbours Maritime Transport Operators Plan.</b>				
Maintain compliance with the MTOP system as certified by Maritime New Zealand. Carry out annual review.	MTOP certificate valid. Annual review completed.	Annually		Actual score: Review completed - on target. (Last year: Review completed - on target).
<b>Ensure that Port and Harbour Safety Code requirements are met.</b>				
Complete annual self-assessment and annual review of SMS, Risk Assessment, General Direction, and Harbourmaster Notices.	Annual review	Annually		Actual score: Review completed - on target. (Last year: Review completed - on target).
Under take a minimum of two risk review meetings with Port Marlborough Marine Services.	2	2		Actual score: 2 - on target. (Last year: 5 - on target).
Safety Management System verified by external review panel as compliant with the Code.	Last confirmed by review panel on instruction of Code Working Group in 2013	Review by external panel confirms compliances*		Actual score: Confirmed - on target. (Last year: Confirmed - on target).
<b>Removal of Wrecks</b>				
All wrecks removed in a reasonable timeframe (target 30 days) and navigation warnings provided when necessary.	30 Days	30 Days		Actual score: 30 - on target. (Last year: 30 - on target). All (new) wrecks removed within timeframe.
<b>Marine Farm Audits</b>				
Audit marine farm lighting on minimum of 200 farms annually.	200 farms annually	200		Actual score: 120 - not achieved. (Last year: 165 - almost on target). Not fully achieved as resources were diverted to higher risk activities.
Audit mooring arrangements on all Fin Fish farms annually.	New measure	Annually		Actual score: Completed - on target. (Last year: Not completed - not achieved).

## Levels of Service: Harbours

### Performance Targets

Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Pilotage</b>				
Review of the Certified Marlborough Pilot Exemption (PEC) Certificate Training Program.	Annually	Annually		Actual score: Review completed - on target. (Last year: Review completed - on target).
Check of Pilot and PEC Master Currency	Quarterly	Quarterly		Actual score: Completed - on target. (Last year: Completed - on target).
<b>Provide navigation aids to International Light House Authority (IALA) standard.</b>				
Availability of lights must meet or exceed IALA standards. Each category of light has a set availability target.				
• Cat 1	≥99.8%	≥ 99.8%		Actual score: 99.9% - on target. (Last year: 99.9% - on target).
• Cat 2	≥99.0%	≥ 99.0%		Actual score: 99.9% - on target. (Last year: 99% - on target).
• Cat 3	≥97.0%	≥ 97.0%		Actual score: 99.9% - on target. (Last year: 99% - on target).
<b>Oil Spill Response</b>				
Meet all annual requirements as specified by the Maritime New Zealand Oil Spill Response Service.	Annually	Annually		Actual score: Requirements met - on target. (Last year: Not met - not achieved).

\*Target has been revised as part of the 2019-20 Annual Plan Consultation process.

## MDC: Funding Impact Statement for 2019-20 for Harbours

	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual Plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	a.	915	987	864	867
Targeted rates		-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-
Fees and charges		432	441	432	455
Internal charges and overheads recovered		-	-	-	13
Local authorities fuel tax, fines, infringement fees and other receipts		163	167	161	160
<b>Total operating funding</b>		<b>1,510</b>	<b>1,595</b>	<b>1,457</b>	<b>1,496</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	b.	1,134	1,166	1,184	1,239
Finance costs		9	22	8	8
Internal charges and overheads applied		207	211	249	247
Other operating funding applications		-	-	-	0
<b>Total applications of operating funding</b>		<b>1,350</b>	<b>1,399</b>	<b>1,442</b>	<b>1,495</b>
<b>Surplus (deficit) of operating funding</b>		<b>160</b>	<b>196</b>	<b>15</b>	<b>1</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt		(6)	503	(6)	(6)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		<b>(6)</b>	<b>503</b>	<b>(6)</b>	<b>(6)</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand		-	-	-	-
Capital expenditure to improve the level of service		-	-	-	-
Capital expenditure to replace existing assets	c.	212	523	112	68
Increase (decrease) in reserves		(58)	176	(103)	(73)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>154</b>	<b>699</b>	<b>9</b>	<b>(5)</b>
<b>Surplus (deficit) of capital funding</b>		<b>(160)</b>	<b>(196)</b>	<b>(15)</b>	<b>(1)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>1,350</b>	<b>1,399</b>	<b>1,442</b>	<b>1,495</b>
plus - Depreciation and amortisation		157	186	164	157
plus - Loss on sale of fixed assets		-	-	-	2
less - Internal charges and overheads recovered		-	-	-	(13)
<b>Expenditure as per note 2.</b>		<b>1,507</b>	<b>1,585</b>	<b>1,607</b>	<b>1,641</b>

### Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)

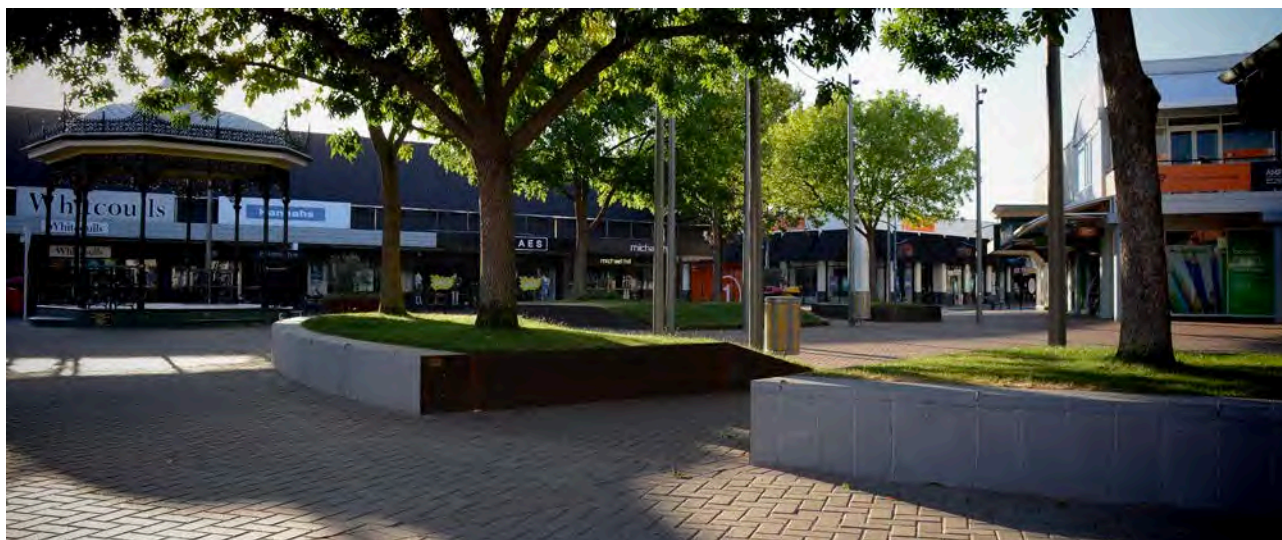
- a. General rates, uniform annual general charges, rates penalties – due to a decrease in the replacement of existing assets
- b. Payments to staff and suppliers – higher than LTP due to rent, consultancy and repairs and maintenance.
- c. Capital expenditure - vehicle and boat purchases did not occur as planned in LTP.

# Activity Group: Regional Development

*Operating costs of this Activity represents approximately 4.9% of total Activity expenditure.*

## Activities in this Group:

This Activity Group comprises a single Activity; Regional Development.



## Related Community Outcomes

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

## What is this Activity About?

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

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

Council also directly provides some services for the benefit of the regional economy as detailed below.

## Economic Development

In Marlborough, economic development comprises two activities:

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

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

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

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

Council is working with Nelson and Tasman on establishing a Te Tau Ihu Regional Growth Partnership and a Top of the South Economic Strategy.

### **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.

### **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. Council has also established the Commercial Events Fund to assist with the development of existing and new events to grow the economic and other benefits of hosting events in the region.

### **Marketing and Tourism**

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

### **Marlborough Research Centre**

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

### **Irrigation**

Sourcing water for irrigation is of critical importance to our primary industries. Council 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.

An irrigation scheme for the Flaxbourne area is also under consideration, it would cover just over 1200 hectares with an estimated cost between \$10.5M and \$16M.

### **Parking**

A large number of businesses are located in or close to the main town centres of Blenheim and Picton. To support these businesses Council provides, operates and maintains more than 1,900 on and off-street vehicle parks in Blenheim and Picton.

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

## **What we did in 2019-20**

### **Economic Development**

- Marlborough Smart+Connected won the Best Practice award for Inclusive Growth and the Premier Award for Best Practice at the Economic Development New Zealand conference in November 2019.

- Council's economic development team led the Marlborough economic response to the Covid-19 pandemic. The TEAM Group comprised public and private sector representatives and iwi, and it published its first report on 22 May 2020 – one of the first regions in NZ to complete a report. The report detailed sixty projects to address the impact of Covid-19 and identified how the pandemic had initially impacted the local economy.
- A number of Council funded interventions to address the impact of Covid-19 were managed by the economic development team, including business support, event support and redeployment assistance.
- Marlborough participated in the Te Taihū Intergenerational Strategy development process with other partners across the Top of the South Island. The process is due to be completed in September 2020 with the adoption of the final strategy
- The Small Townships Programme continued development of community plans and projects across Marlborough townships, including Renwick, Wairau Valley, Havelock, Spring Creek, Canvastown and Ward. A number of smaller projects were funded including Cissy Bay boat ramp, Elaine Bay jetty access and Moenui sea wall, Nopera Bay boat ramp.
- Business Trust Marlborough completed 188 client engagements, 75 mentor matches and 25 business training events to support local start-up and growing businesses. BTM also delivered additional business support services for Covid-19 affected businesses.
- Screen Marlborough office completed four film permits to enable film with a value of over \$350,000. The Screen website was launched as part of the wider refreshed marlboroughnz.com platform

## Marketing and Tourism

- Pre Covid-19, Visitor spend in the region reached \$411million, up 3% on previous year and ahead of national average of 1%.
- Covid-19 had a significant and damaging effect on the visitor economy from April onward. Destination Marlborough quickly responded to provide practical support to the industry.
- The region had welcomed 49 ships in a strong cruise season that began in October. The season was curtailed in March due to Covid-19.
- Marlborough i-SITE sales turnover was performing ahead of budget as was the i-SITEs NPS for customer satisfaction, and the Havelock i-SITE was open for its fourth summer season.
- Business Events conferencing bids were on target with 6 new conferences confirmed for the region and 5 decisions due in April.
- Media hosting and DMs partnership with TNZ had generated 111 stories with a reach of 834million globally and worth \$13,412,075 equivalent advertising value.
- DM had undertaken a successful campaign in Auckland promoting Spring shoulder season travel, and a \$1m campaign in Australia in partnership with Tourism New Zealand, Christchurch Airport and the South Island Regional Tourism Organisations (RTOs). The Wellington Autumn campaign had launched in February and due to run through to the end of March promoting travel in April-June with Air New Zealand and Interislander as partners.
- The marlboroughnz.com platform was enhanced with new sections to encourage people to live, work, do business in Marlborough, and to encourage film.

## Marlborough Research Centre

- Ongoing success from MRC's investment in NZ Dryland Forests eucalypt programme. During the year funding was confirmed of \$539,500 from the 1 Billion Trees programme with matching funding from industry partners.
- The Bragato Research Institute opened a new purpose built world leading research winery in January 2020.



- Further major campus development to complete 'Te Pokapū Wāina o Aotearoa – the NZ Wine Centre' is planned in three stages over two years. MRC has secured Provincial Growth Funds (PGF) of \$3.79 million with a similar amount to be funded by MRC.
- MRC continues to support small rural townships and communities tackling adversity through the water resilience initiative and studies in Flaxbourne following earthquakes which affected the region.

### **Irrigation**

- The Resource Consent application for the Flaxbourne Irrigation scheme was lodged on 28 August 2020.

### **Parking**

- Blenheim kerbside parking meters needed replacement and in 2018-19 Council decided to replace them with Pay by Plate meters and also upgrade the off-street Pay & Display meters to the same Pay by Plate system. The project was completed in June 2020. The new system allows more flexibility for parkers by allowing debit and credit cards as well as coin payments. The Pay my Park App makes parking payments even more flexible and caters for businesses wanting to have parking charged to a single business account.

Levels of Service: Regional Development				
Performance Targets				
Key Performance Indicators	LTP Baseline	2019-20 Target	How did we do?	Comments
<b>Provide an overall level of service that meets or exceeds residents' expectations.</b>				
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".				
• Economic Development	6.4	6.4		Actual score: 5.7 - almost on target. (Last year: 5.8 - almost on target).
• Tourism	7.2	7.0		Actual score: 6.4 - almost on target. (Last year: 6.8 - almost on target).
• Marlborough Research Centre	6.8	7.1		Actual score: 7 - almost on target. (Last year: 6.9 - almost on target).
• Parking	6.8	6.5		Actual score: 6 - almost on target. (Last year: 6 - almost on target).
• Irrigation	6.9	6.6		Actual score: 6.2 - almost on target. (Last year: 6.4 - almost on target).
<b>Undertaking strategic interventions to achieve long term sustainable economic growth for Marlborough.</b>				
a) Establish performance reporting framework, establish baseline.	New measure	30-Jun-20		Actual score: - not achieved. (Last year: Target revised - Not achieved). Phase 1 completed, Phase 2 to be completed in 2020/21.
<b>Manage Marlborough Research Centre contract to ensure service quality and value.</b>				
Reporting to Council % of MDC funded projects achieved	New measure	80%		Actual score: 98% - on target. (Last year: 100% - on target).
<b>Effective promotion of Marlborough as a visitor destination.</b>				
a) Establish performance reporting framework, establish baseline	New measure	30-Jun-20		Actual score: - not achieved. (Last year: Target revised - Not achieved). Phase 1 completed, Phase 2 to be completed in 2020/21
<b>Provision of convenient and affordable car parks to support CBD businesses.</b>				
Occupancy rates of off-street car parks in Blenheim <sup>1</sup> :				
• Kerbside	65%	65%		Actual score: 36.5% - not achieved. (Last year: 66% - on target). Shortfall due largely to minimal parking activity over the Covid-19 lockdown period combined with the introduction of a 2hrs free parking initiative.
• Off street (Queen Street and Clubs only)	76%	65%		Actual score: 52% - almost on target. (Last year: 60% - almost on target).
• Parking building	30%	50%		Actual score: 27% - not achieved. (Last year: 55% - on target). Shortfall due largely to minimal parking activity over the Covid-19 lockdown period combined with the introduction of a 2hrs free parking initiative.
<b>Support for land based industries through the supply of irrigation water.</b>				
Number of events that cause a loss of supply during the season for more than 48 hours due to infrastructure breakdown.	≤ 1 event per annum	≤ 1		Actual score: 0 - on target. (Last year: 0 - on target).

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

<b>MDC: Funding Impact Statement for 2019-20 for Regional Development Activity Group</b>					
	Notes:	2018-19 Long-term plan \$000s	2019-20 Long-term plan \$000s	2019-20 Annual plan \$000s	2019-20 Actual \$000s
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	a.	2,150	2,204	2,069	2,285
Targeted rates		1,606	1,888	1,799	1,943
Subsidies and grants for operating purposes		-	-	-	33
Fees and charges	b.	1,463	1,495	1,621	1,640
Internal charges and overheads recovered		-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	c.	501	498	251	278
<b>Total operating funding</b>		<b>5,720</b>	<b>6,085</b>	<b>5,740</b>	<b>6,179</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	d.	3,190	3,453	3,474	3,204
Finance costs	e.	1,222	1,574	870	693
Internal charges and overheads applied		711	727	757	749
Other operating funding applications	f.	406	409	410	497
<b>Total applications of operating funding</b>		<b>5,529</b>	<b>6,163</b>	<b>5,510</b>	<b>5,142</b>
<b>Surplus (deficit) of operating funding</b>		<b>191</b>	<b>(78)</b>	<b>230</b>	<b>1,036</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Development and financial contributions		-	-	-	-
Increase (decrease) in debt	e.	8,950	3,821	5,838	(717)
Gross proceeds from sale of assets		-	-	-	2
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>		<b>8,950</b>	<b>3,821</b>	<b>5,838</b>	<b>(714)</b>
<b>Applications of capital funding</b>					
Capital expenditure to meet additional demand	e.	80	82	80	-
Capital expenditure to improve the level of service	e.	10,632	5,125	7,000	391
Capital expenditure to replace existing assets	e.	412	185	308	270
Increase (decrease) in reserves		(1,983)	(1,649)	(1,321)	(340)
Increase (decrease) of investments		-	-	-	-
<b>Total applications of capital funding</b>		<b>9,141</b>	<b>3,743</b>	<b>6,068</b>	<b>322</b>
<b>Surplus (deficit) of capital funding</b>		<b>(191)</b>	<b>78</b>	<b>(230)</b>	<b>(1,036)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>					
<b>Total applications of operating funding</b>		<b>5,529</b>	<b>6,163</b>	<b>5,510</b>	<b>5,142</b>
plus - Depreciation and amortisation		690	694	735	703
plus - Fair value losses		-	-	-	-
plus - Loss on sale of fixed assets		-	-	-	2
plus - Loss on impairment of fixed assets		-	-	-	-
plus - Impairment due to earthquake		-	-	-	-
less - Internal charges and overheads recovered		-	-	-	-
<b>Expenditure as per note 2.</b>		<b>6,219</b>	<b>6,857</b>	<b>6,245</b>	<b>5,848</b>
<b>Operating expenditure</b>					
Economic Development		979	982	1,153	1,165
Marketing and Tourism		1,247	1,264	1,286	1,268
Research Centre		338	344	351	351
Irrigation Schemes		1,781	2,373	1,714	1,325
Parking		1,873	1,895	1,742	1,738
<b>Capital expenditure</b>					
Irrigation Schemes		10,877	5,266	7,000	395
Parking		246	126	388	267

**Explanation of the funding impact variance between 2019-20 (Actual) and 2019-20 (LTP)**

- a. General rates, uniform annual general charges, rates penalties – this item was higher to offset the decrease in Local authorities fuel tax, fines, infringement fees and other receipts since the LTP.
- b. Fees and charges – higher than LTP due to parking leases revenue. This item was recorded in Local authorities fuel tax, fines, infringement fees and other receipts in the LTP. Infringements were also higher than budgeted but this was offset by lower parking collections caused mainly by the COVID-19 free parking initiative.
- c. Local authorities fuel tax, fines, infringement fees and other receipts – less than LTP due to parking leases revenue being recorded in Fees and charges.
- d. Payments to staff and suppliers - less than LTP due to lower than budgeted Southern Valley's irrigation pump station and reticulation expenses, commercial event grants not yet invoiced and legal and maintenance expenditure less than anticipated.
- e. Finance costs, Debt and Capital expenditure - all below LTP due to delays in the Flaxbourne Irrigation Scheme capital programme. Debt funding has also been affected by the sale of Kathmandu building where proceeds were used to repay debt in regard to Council's Alfred Street parking building.
- f. Other operating funding applications – higher than LTP as Council approved funding to support small business following COVID-19.

# Community Outcomes and Well Beings

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.

Since the adoption of the Long Term Plan, Government has reinstated the “four Well Beings”, i.e. social, economic, environmental and cultural. Each of Council's Activities contributes to one or more of these Well Beings. The following table identifies for each Activity the “well beings” that it makes a positive contribution towards. It is not believed that any Activity makes a negative contribution to any of the Well Beings.

Council Activities	Community Outcomes						Four Well Beings			
	Governance	Environment	People	Economy	Connectivity	Living	Social	Economic	Environmental	Cultural
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	✓	✓	✓	✓	✓	✓		✓	✓	





## Part 3: Financial Statements

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

# Statement of Comprehensive Revenue and Expense

For the year ended 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2020	2019	2020	2020	2019
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Revenue:</b>						
Rates, excluding targeted water rates	3	67,653	64,729	68,113	67,694	65,178
Targeted rates for metered water supply	3	2,326	1,952	2,571	2,339	2,178
Subsidies and grants	4	8,310	12,410	8,310	11,024	12,410
Development and financial contributions	4	3,173	4,940	3,173	4,083	4,940
Gains	5	9,813	11,691	9,813	9	9,681
Interest revenue		652	737	1,457	2,618	1,925
Other revenue	4	75,951	83,068	47,230	36,554	52,863
<b>Total revenue</b>	2	<b>167,878</b>	<b>179,527</b>	<b>140,667</b>	<b>124,321</b>	<b>149,175</b>
<b>Expenditure:</b>						
Personnel costs	6	31,823	28,903	24,267	24,466	21,913
Finance costs	7	7,826	7,950	5,958	4,779	6,000
Depreciation and amortisation		30,353	28,363	26,285	26,304	24,912
Other expenses	8	90,774	84,408	74,988	63,263	76,028
<b>Total operating expenditure</b>	2	<b>160,776</b>	<b>149,624</b>	<b>131,498</b>	<b>118,812</b>	<b>128,853</b>
<b>Surplus before tax</b>		<b>7,102</b>	<b>29,903</b>	<b>9,169</b>	<b>5,509</b>	<b>20,322</b>
Income tax expense/(credit)	9	(1,128)	3,359	-	-	-
<b>Surplus after tax</b>		<b>8,230</b>	<b>26,544</b>	<b>9,169</b>	<b>5,509</b>	<b>20,322</b>
<b>Other comprehensive revenue and expense:</b>						
Gain on property revaluations		1,568	74,159	646	33,505	55,605
Impairment on property revaluation		(1,012)	(1,005)	(1,012)	-	(1,005)
Deferred tax on property valuations		(259)	(5,079)	-	-	-
<b>Total other comprehensive revenue and expense</b>	23	<b>297</b>	<b>68,075</b>	<b>(366)</b>	<b>33,505</b>	<b>54,600</b>
<b>Total comprehensive revenue and expense</b>		<b>8,527</b>	<b>94,619</b>	<b>8,803</b>	<b>39,014</b>	<b>74,922</b>

# Statement of Changes in Net Assets/Equity

For the year ended 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2020	2019	2020	2020	2019
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Balance at 1 July</b>		1,821,564	1,726,945	1,691,382	1,664,256	1,616,460
Total comprehensive revenue and expenses		8,527	94,619	8,803	39,014	74,922
<b>Balance at 30 June</b>	23	<b>1,830,091</b>	<b>1,821,564</b>	<b>1,700,185</b>	<b>1,703,270</b>	<b>1,691,382</b>

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



# Statement of Financial Position

As at 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2020	2019	2020	2020	2019
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Assets:</b>						
<b>Non-current assets:</b>						
Property, plant and equipment	10	1,797,249	1,790,728	1,686,257	1,744,803	1,678,907
Intangible assets	11	10,883	6,458	10,464	5,682	5,937
Forestry assets	12	21,116	17,019	21,116	13,341	17,019
Other financial assets:						
- Investment in subsidiaries	13	-	-	6,000	6,000	6,000
- Other	13	1,737	2,853	53,377	68,882	53,758
Investment property	14	101,823	92,472	10,750	-	-
<b>Total non-current assets</b>		<b>1,932,808</b>	<b>1,909,530</b>	<b>1,787,964</b>	<b>1,838,708</b>	<b>1,761,621</b>
<b>Current assets:</b>						
Cash and cash equivalents	15	19,112	26,103	16,027	197	24,168
Debtors and other receivables	16	17,803	14,377	13,061	11,059	11,532
Other financial assets	13	12,299	11,013	12,299	8,980	11,013
Inventory	17	625	8,756	301	274	8,421
Non-current assets held for sale	18	576	618	576	-	618
<b>Total current assets</b>		<b>50,415</b>	<b>60,867</b>	<b>42,264</b>	<b>20,510</b>	<b>55,752</b>
<b>Total assets</b>		<b>1,983,223</b>	<b>1,970,397</b>	<b>1,830,228</b>	<b>1,859,218</b>	<b>1,817,373</b>
<b>Liabilities:</b>						
<b>Non-current liabilities:</b>						
Borrowings	19	57,000	61,000	57,000	131,137	61,000
Provisions	20	4,974	4,374	1,725	1,828	1,589
Derivative financial instruments	28	12,073	8,094	7,467	1,278	4,202
Deferred tax liability	9	13,041	16,210	-	-	-
<b>Total non-current liabilities</b>		<b>87,088</b>	<b>89,678</b>	<b>66,192</b>	<b>134,243</b>	<b>66,791</b>
<b>Current liabilities:</b>						
Borrowings	19	43,200	38,465	43,200	-	38,465
Provisions	20	904	167	354	-	167
Creditors and other payables	21	18,492	17,049	17,986	19,259	18,059
Employee entitlements	22	3,140	3,324	2,311	2,446	2,509
Derivative financial instruments	28	243	55	-	-	-
Current tax liabilities	9	65	95	-	-	-
<b>Total current liabilities</b>		<b>66,044</b>	<b>59,155</b>	<b>63,851</b>	<b>21,705</b>	<b>59,200</b>
<b>Total liabilities</b>		<b>153,132</b>	<b>148,833</b>	<b>130,043</b>	<b>155,948</b>	<b>125,991</b>
<b>Net assets</b>		<b>1,830,091</b>	<b>1,821,564</b>	<b>1,700,185</b>	<b>1,703,270</b>	<b>1,691,382</b>
<b>Equity:</b>						
Accumulated funds	23	712,109	701,456	642,750	633,586	631,158
Other reserves	23	1,117,982	1,120,108	1,057,435	1,069,684	1,060,224
<b>Total equity</b>	23	<b>1,830,091</b>	<b>1,821,564</b>	<b>1,700,185</b>	<b>1,703,270</b>	<b>1,691,382</b>

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

# Statement of Cash Flows

For the year ended 30 June	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2020	2019	2020	2020	2019
		\$000s	\$000s	\$000s	\$000s	\$000s
<b>Cash flows from operating activities:</b>						
Receipts from rates revenue		69,773	66,577	70,479	70,034	67,251
Receipts from other revenue		83,367	94,839	51,737	46,985	62,811
Goods and Services Tax (net)		(426)	580	(426)	-	580
Interest received		704	772	1,457	2,617	1,925
Payments to suppliers and employees		(110,722)	(109,058)	(95,368)	(87,162)	(94,334)
Interest paid		(3,765)	(3,952)	(2,693)	(4,715)	(3,126)
Income tax paid		(2,270)	(3,246)	-	-	-
<b>Net cash flow from operating activities</b>		<b>36,661</b>	<b>46,512</b>	<b>25,186</b>	<b>27,759</b>	<b>35,107</b>
<b>Cash flows from investing activities:</b>						
Proceeds from sale of property, plant and equipment		25	10,397	7	30	10,358
Proceeds from sale of non-current property held for sale		1,264	402	1,264	-	402
Proceeds from sale of investment property		-	2,300	-	-	2,300
Sale of investments		13,097	14,588	13,097	-	14,588
Advances received		1,698	-	765	-	1,386
Dividends received		81	10	3,150	2,911	2,521
Purchase of property, plant and equipment		(34,062)	(40,406)	(30,975)	(60,172)	(38,645)
Purchase of intangible assets		(6,236)	(2,047)	(6,196)	-	(1,951)
Purchase of investment property		(5,080)	(5,380)	-	-	-
Purchase of forestry assets		(267)	(562)	(267)	-	(562)
Acquisition of investments		(13,242)	(14,684)	(13,242)	(10,326)	(14,684)
Advances made		(1,665)	(160)	(1,665)	-	(160)
<b>Net cash flow from investing activities</b>		<b>(44,387)</b>	<b>(35,542)</b>	<b>(34,062)</b>	<b>(67,557)</b>	<b>(24,447)</b>
<b>Cash flows from financing activities:</b>						
Proceeds from borrowings		1,500	28,500	1,500	39,164	28,500
Repayment of borrowings		(765)	(20,832)	(765)	-	(20,832)
<b>Net cash flow from financing activities</b>		<b>735</b>	<b>7,668</b>	<b>735</b>	<b>39,164</b>	<b>7,668</b>
<b>Net increase / (decrease)</b>		<b>(6,991)</b>	<b>18,638</b>	<b>(8,141)</b>	<b>(635)</b>	<b>18,328</b>
Cash, cash equivalents and bank overdrafts:						
At the beginning of the year		26,103	7,465	24,168	831	5,840
<b>At the end of the year</b>	15	<b>19,112</b>	<b>26,103</b>	<b>16,027</b>	<b>197</b>	<b>24,168</b>

The accompanying notes form part of these financial statements.

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

For the year ended 30 June	Group		Council	
	Actual	Actual	Actual	Actual
	2020	2019	2020	2019
	\$000s	\$000s	\$000s	\$000s
<b>Surplus after tax</b>	<b>8,230</b>	<b>26,544</b>	<b>9,169</b>	<b>20,322</b>
<b>Add/(less) non-cash items:</b>				
Depreciation and amortisation expense	30,353	28,363	26,285	24,912
Decrease in forestry value due to harvest	2,797	3,864	2,797	3,864
Vested assets revenue	(5,065)	(4,259)	(5,065)	(4,259)
Movement in deferred tax	(3,428)	137	-	-
Increase in runway seal and rescue fire service provision	1,014	463	-	-
Movement in provisions	323	(7)	323	(7)
Carbon credits surrendered	844	300	844	300
(Gains) in fair value of biological assets	(6,627)	(3,952)	(6,627)	(3,952)
(Gains) / losses in fair value of investment property	4,338	(1,990)	(2,529)	-
(Gains) / losses on fair value of investments	(7)	19	(7)	19
Losses on derivative financial instruments	4,168	4,026	3,265	2,874
	<b>28,710</b>	<b>26,964</b>	<b>19,286</b>	<b>23,751</b>
<b>Add/(less) items classified as investing or financing activities:</b>				
(Gains) / losses on disposal of property, plant and equipment and non-current assets held for sale	2,058	(2,234)	2,076	(2,218)
(Increase) in capital creditors	(441)	(3,015)	(441)	(3,015)
Other (increases)/decreases	502	(908)	(3,150)	(3,122)
	<b>2,119</b>	<b>(6,157)</b>	<b>(1,515)</b>	<b>(8,355)</b>
<b>Add/(less) movements in working capital items:</b>				
(Increase) in debtors and other receivables	(4,284)	(992)	(1,529)	(300)
Decrease in inventory	8,131	734	8,120	769
Increase/(decrease) in creditors and other payables	1,962	(676)	74	(1,199)
Income tax (receivable) / payable	28	(24)	-	-
(Increase) in employee entitlements	(14)	119	(198)	119
	<b>5,823</b>	<b>(839)</b>	<b>6,467</b>	<b>(611)</b>
Less items reclassified as investing activities	(8,221)	-	(8,221)	-
<b>Net cash inflow from operating activities</b>	<b>36,661</b>	<b>46,512</b>	<b>25,186</b>	<b>35,107</b>

# Notes to Financial Statements

## 1. Statement of accounting policies

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

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

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

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

These financial statements of the MDC Group are for the year ended 30 June 2020.

The financial statements were authorised for issue by Council on 29 October 2020.

### 1.1. Basis of preparation

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

#### (i) Statement of compliance

The financial statements of MDC Group have been prepared in accordance with Tier 1 PBE Accounting Standards and the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 which includes the compliance with New Zealand generally accepted accounting practices (NZ GAAP).

#### (ii) Measurement base

The financial statements have been prepared on a historical cost basis adjusted for the revaluation of certain assets.

#### (iii) Functional and presentational currency

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

#### (iv) The impact of Covid-19

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) to be a pandemic. Subsequently New Zealand declared a State of National Emergency on 25 March 2020 and this remained in force until 13 May 2020.

New Zealand introduced a four-tier alert system in March 2020 to manage and minimise the risk of COVID-19 in New Zealand, with the highest Alert Level 4 effectively being a lock-down of individual households and all non-essential services.

Alert Level 4 came into force on the 25 of March; Level 3 on the 27 of April; Level 2 on the 13 of May and Level 1 on the 8 June 2020.

### **Council**

At all levels, Council continued providing essential services and a large number of other services to the Community. However, some activities of Council such as the processing of Building and Resource consents were disrupted, especially during the higher Alert Levels.

Council has the statutory responsibility to help the district through this crisis. A number of Council staff transferred to the Emergency Centre to help and provide essential services and accommodation for various Marlborough residents. Council has taken a number of steps during difficult time to do what it can to limit the damage being felt by local businesses and residents.

To assist with the economic recovery of Marlborough from the impact of COVID-19 in 2019-20 Council has:

- established The Economic Action Marlborough Group (TEAM) and allocated \$865,000 to support the economic recovery of Marlborough during this crisis;
- free parking for the first 2 hours in the Blenheim CBD;
- provided rent concessions of \$72,000 in 2019-20 and \$392,000 for 2020-21 and 2020-22;
- applied \$86,000 in rates penalties remission;
- granted \$270,000 to community facilities providers.
- allocated a further \$930,000 in emergency funding for 2020-21 to help Marlborough from the impact of Covid-19.

### **MDC Group entities**

The advent of COVID-19 has led to difficult trading conditions in some sectors from around mid-year, evidenced initially in Port Marlborough NZ Ltd business through softening demand for log exports and Marlborough Airport Ltd through the decrease in scheduled flights and passenger numbers. The implementation of Alert Level 4 controls including lock-down of all but essential services and border closure led to cancellation of several scheduled cruise ship visits, international and domestic flights, and has put considerable pressure on those commercial tenants whose business is tourism-based.

Despite the widespread economic impact of Covid-19 Council has not provided any financial assistance to its controlled entities in 2019-20. While the entities controlled by Council anticipate an overall drop in revenue for the 2021 year of around 10% it is diverse and balanced business portfolio provides a good degree of resilience to the challenges of the current economic environment.

### **(v) Changes in accounting policies relevant to Council and MDC Group**

The standards and amendments below are effective for the 2019-20 financial reporting; however, there were no effects for Council and MDC Group from these changes.

- PBE IPSAS 34-38 (relating to separate and consolidated financial statements, associates, joint ventures, joint arrangements and disclosure of interests in other entities);
- PBE IPSAS 39 Employee benefits;
- Impairment of revalued assets (Amendments to PBE IPSASs 21 and 26); and
- 2018 Omnibus Amendments to PBE IPSAS 12 Income tax, 5 Borrowing costs, 16 Investment properties and to PBE IPSAS 34, 36, 37 and 39 named above;

**(vi) Changes in accounting policies relevant to Council and MDC Group not contained in the notes that follow on pages 148 to 194.**

The standards and amendments below have been issued. However, they are not yet effective and have not been early adopted:

- **Amendments to PBE IAS 12 Uncertainty over Income Tax treatments**  
The amendment requires an entity to determine whether uncertain tax positions are assessed separately or as a group, and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.  
The amendment is applicable for periods beginning on or after 1 January 2020. Council plans to apply the new standards in preparing its 30 June 2021 financial statements. Council and MDC Group have not yet assessed the effects of the new standard.
- **PBE IPSAS 41 Financial instruments**  
PBE IFRS 9 was issued as an interim standard by NZASB replacing PBE IPSAS 29 (Financial instruments: recognition and measurement) to address concerns relating to mixed groups. However, it will be superseded by PBE IPSAS 41 as the latter is more closely based on for-profit entities' financial instruments standard compared to PBE IFRS 9.  
This new standard is effective for annual periods beginning on or after 1 January 2022, with early application permitted. Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and MDC Group have not yet assessed the effects of the new standard.
- **PBE FRS 48 Service Performance Reporting**  
This new standard introduces high-level requirements in relation to service performance information and is effective for annual periods beginning on or after 1 January 2021. Council plans to apply this standard in preparing its 30 June 2022 financial statements. There may be effects for Council and MDC Group from these new standards but these have not yet been assessed.
- **2018 Omnibus Amendments to PBE IPSAS 2 Cash flow statements**  
The amendments include additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.  
The amendments are applicable for periods beginning on or after 1 January 2021. Council plans to apply the new standards in preparing its 30 June 2022 financial statements. There are no effects for Council and MDC Group from these amendments apart from the additional disclosures required.

**1.2. Accounting policies - critical accounting estimates, assumptions and judgments**

The preparation of financial statements in conformity with NZ PBE Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, at the time. Actual results may differ from these estimates.

Professional judgement is also 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.

The most significant is our estimate of the economic life of assets which impacts on depreciation. Further details are found in note 10 – Property, plant and equipment.

**1.3. Significant accounting policies summary**

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

**(i) Basis of consolidation**

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

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

Council considers that it controls another entity when it is exposed, or has rights, to variable benefits from its involvement with other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

Council has no significant restrictions in binding arrangements (e.g., statutory, contractual and regulatory restrictions) on its ability to access or use the assets and settle the liabilities of the controlled entities.

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

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

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

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

**(iii) Cost Allocation**

The costs of providing support services for each Council Activity are allocated to each Activity using direct and indirect cost allocations:

- Direct costs are those costs directly attributable and charged to an Activity; and
- Indirect costs are those costs that cannot be identified in an economical feasible manner with a specific Activity and are charged to the Activities using cost drivers such as actual usage, staff numbers and floor area.

**(iv) Budget Figures**

The budget figures are those approved in Council's 2019-20 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

**(v) Dividends**

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

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

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

## 2. Cost of services summary for Group of Activities

	Council		
	2019-20 Actual \$000s	2019-20 Budget \$000s	2018-19 Actual \$000s
<b>Revenue:</b>			
People	12,146	12,201	10,960
Community facilities	11,444	13,039	11,755
Roads and footpaths	20,386	23,253	24,333
Flood protection and control works	7,981	7,880	8,369
Sewerage	13,184	12,172	12,115
Stormwater drainage	3,188	2,495	3,098
Water supply	9,564	9,279	9,715
Solid waste management	13,042	11,191	13,490
Environmental management	9,620	9,952	9,068
Regulatory	9,880	8,610	9,195
Regional development	6,002	5,740	5,709
<b>Total activity revenue</b>	<b>116,437</b>	<b>115,812</b>	<b>117,807</b>
Plus other revenue (including forestry)*	30,847	15,579	38,155
Less internal revenue	(6,617)	(7,070)	(6,787)
<b>Total revenue</b>	<b>140,667</b>	<b>124,321</b>	<b>149,175</b>
<b>Expenditure:</b>			
People	14,639	12,323	14,475
Community facilities	12,840	12,337	13,898
Roads and footpaths	22,072	22,135	22,837
Flood protection and control works	6,887	5,251	5,895
Sewerage	11,509	12,298	12,654
Stormwater drainage	2,284	2,219	1,713
Water supply	10,729	9,194	9,529
Solid waste management	12,612	10,786	11,296
Environmental management	10,513	10,137	10,591
Regulatory	10,196	8,799	8,880
Regional development	5,848	6,245	5,653
<b>Total activity expenditure</b>	<b>120,129</b>	<b>111,724</b>	<b>117,421</b>
Plus other expenditure (including forestry)*	17,986	14,141	18,219
Less internal expenditure	(6,617)	(7,053)	(6,787)
<b>Total expenditure</b>	<b>131,498</b>	<b>118,812</b>	<b>128,853</b>

\*Council's "other revenue" and "other expenditure" in the summary cost of services includes:

	Council		
	2019-20 Actual \$000s	2019-20 Budget \$000s	2018-19 Actual \$000s
<b>Other revenue</b>			
MRF revenue	5,439	4,165	8,992
MRF gain on revaluation of biological assets	6,627	-	3,952
Internal interest	6,617	7,070	6,787
General revenues rates contribution (^)	-	(3,569)	-
Boulevard Park on Taylor development	484	-	5,498
Insurance claim	-	-	4,563
MDC Holdings Ltd dividend	3,069	2,899	2,511
Commercial property	4,381	1,173	2,058
Other interest	1,458	2,616	1,936
Subvention income	760	-	-
Other revenue	2,012	1,225	1,858
<b>Total other revenue</b>	<b>30,847</b>	<b>15,579</b>	<b>38,155</b>



(^) In Budget the General revenues rates contributions is offset in Other revenue while in actuals it is distributed amongst Council Activities.

	Council		
	2019-20 Actual \$000s	2019-20 Budget \$000s	2018-19 Actual \$000s
<b>Other expenditure</b>			
MRF expenses	3,269	4,798	4,717
MRF loss on revaluation due to harvest	2,797	-	3,864
Interest expense	2,693	4,698	3,126
Loss on derivatives	3,265	-	2,874
Commercial property	2,525	1,023	1,801
Penalties and rates remissions	716	730	741
Insurance	588	655	546
Other expenses	2,133	2,237	550
<b>Total other expenditure</b>	<b>17,986</b>	<b>14,141</b>	<b>18,219</b>

### 3. Rates activity

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Rates, excluding rates for metered water supply:</b>					
People	9,119	8,745	9,119	8,991	8,745
Community facilities	9,758	9,296	9,758	9,723	9,296
Roads and footpaths	10,799	10,172	10,799	10,691	10,172
Flood protection and control works	4,369	4,318	4,369	4,361	4,318
Sewerage	8,497	8,045	8,497	8,465	8,045
Stormwater drainage	2,066	2,006	2,066	2,058	2,006
Water supply	6,748	6,273	6,748	6,297	6,273
Solid waste management	2,823	3,011	2,823	2,804	3,011
Environmental management	7,006	6,672	7,006	6,982	6,672
Regulatory	3,464	3,308	3,464	3,452	3,308
Regional development	3,462	3,330	3,462	3,868	3,330
<b>Total Activity rates</b>	<b>68,111</b>	<b>65,176</b>	<b>68,111</b>	<b>67,692</b>	<b>65,176</b>
Plus non-activity rates	2	2	2	2	2
Less related party rates eliminated	(460)	(449)	-	-	-
<b>Total gross rates revenue</b>	<b>67,653</b>	<b>64,729</b>	<b>68,113</b>	<b>67,694</b>	<b>65,178</b>
Less rates remissions	(670)	(645)	(670)	(763)	(645)
<b>Rates, excluding targeted water rates net of remissions</b>	<b>66,983</b>	<b>64,084</b>	<b>67,443</b>	<b>66,931</b>	<b>64,533</b>
<b>Targeted Rates for Metered Water Supply</b>					
Targeted rates for metered water supply	<b>2,326</b>	<b>1,952</b>	<b>2,571</b>	<b>2,339</b>	<b>2,178</b>

#### Accounting Policy

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

## 4. Subsidies, contributions and other revenue

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2019-20	2018-19	2019-20	2019-20	2018-19
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Subsidies and grants:</b>					
New Zealand Transport Agency roading subsidies	6,948	10,943	6,948	9,672	10,943
Other donations and grants	1,362	1,467	1,362	1,352	1,467
<b>Total subsidies and grants</b>	<b>8,310</b>	<b>12,410</b>	<b>8,310</b>	<b>11,024</b>	<b>12,410</b>
<b>Development and financial contributions:</b>					
Capital contributions	252	552	252	426	552
Other contributions	267	216	267	305	216
Development contributions	2,576	4,143	2,576	3,192	4,143
Development impact levies	78	29	78	160	29
<b>Total development and financial contributions</b>	<b>3,173</b>	<b>4,940</b>	<b>3,173</b>	<b>4,083</b>	<b>4,940</b>
<b>Other revenue:</b>					
User charges	22,060	20,809	22,166	20,692	20,812
Regulatory revenue	4,674	5,530	5,155	5,158	6,012
Infringements and fines	644	605	644	462	605
Vested assets	5,065	4,259	5,065	1,139	4,259
Rendering of services	23,451	24,381	-	-	-
Rental revenue from investment properties	9,525	9,209	-	-	113
MRF revenue	5,439	8,992	5,439	4,165	8,992
Subvention income	-	-	760	-	-
Other revenue	5,093	9,283	8,001	4,938	12,070
<b>Total other revenue</b>	<b>75,951</b>	<b>83,068</b>	<b>47,230</b>	<b>36,554</b>	<b>52,863</b>

### Accounting Policy

#### **Subsidies and grants**

New Zealand Transport Agency roading subsidies (received for maintaining and constructing the roading infrastructure) and other government donations and grants are recognised as non-exchange revenue upon entitlement i.e. when conditions relating to eligible expenditure have been fulfilled. This revenue is shown as subsidy revenue.

Other donations and grants include government contributions received towards the upkeep of Returned Servicemen Association cemetery plots, senior housing, community safety and environmental control.

#### **Development and financial contributions**

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

#### **Other revenue**

##### **Provision of services partial cost recovery/subsidised**

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

##### **Provision of services full cost recovery**

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

## Accounting Policy

### Vested assets

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

### Sales of goods

Proceeds from sales of goods are included in Other revenue and are recognised as exchange revenue when goods are delivered and title has passed.

### Insurance revenue

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

## 5. Gains

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Non-financial instruments gains:</b>					
Property, plant and equipment gains on disposal	4	5,516	4	9	5,516
Non-current assets held for sale gains on disposal	646	213	646	-	213
Investment property revaluation gain (note 14)	2,529	2,010	2,529	-	-
Forestry revaluation gain (note 12)	6,627	3,952	6,627	-	3,952
<b>Total non-financial instruments gains</b>	<b>9,806</b>	<b>11,691</b>	<b>9,806</b>	<b>9</b>	<b>9,681</b>
<b>Financial instruments gains:</b>					
Gain on fair value of investments	7	-	7	-	-
<b>Total financial instruments gains</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>
<b>Total gains</b>	<b>9,813</b>	<b>11,691</b>	<b>9,813</b>	<b>9</b>	<b>9,681</b>

## 6. Personnel

### 6.1. Personnel costs

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
Salaries and wages and related entitlements	31,579	28,718	24,317	24,379	22,011
Defined employer contribution plan	1,346	1,224	1,052	965	941
Salaries capitalised (*)	(1,102)	(1,039)	(1,102)	(878)	(1,039)
<b>Total personnel costs</b>	<b>31,823</b>	<b>28,903</b>	<b>24,267</b>	<b>24,466</b>	<b>21,913</b>

(\*) **Prior year disclosure:** Council has adjusted its comparative year financial statements for the year ended 30 June 2019 to include the disclosure of salaries capitalised within Personnel costs. These costs were previously recognised under Other expenses in the Statement of Comprehensive Revenue and Expense.

## Accounting Policy

### Defined contribution schemes

Employer contributions to Kiwi Saver and the National Provident Fund are defined contribution superannuation schemes, and are expensed.

## 6.2. Chief Executive

The incumbent Chief Executive received the following remuneration:

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

Council	
Actual 2019-20	Actual 2018-19
\$000s	\$000s
303	303
22	10
<b>325</b>	<b>283</b>

## 6.3. Elected representatives

Elected representatives received the following remuneration:

### Mayor:

John Leggett\*

### Councillors:

Jenny Andrews  
Jamie Arbuckle  
Cynthia Brooks  
David Croad  
Brian Dawson  
Geoff Evans  
Barbara Faulls  
Michael Fitzpatrick  
Trevor Hook\*  
Gerald Hope  
Francis Maher  
David Oddie  
Mark Peters  
Laressa Shenfield  
Terry Sloan  
Thelma Sowman  
Nadine Taylor

**Total elected representatives' remuneration**

	Group		Council	
	Actual 2019-20	Actual 2018-19	Actual 2019-20	Actual 2018-19
	\$000s	\$000s	\$000s	\$000s
John Leggett*	149	147	138	136
Jenny Andrews	41	38	41	38
Jamie Arbuckle	58	73	58	73
Cynthia Brooks	45	45	45	45
David Croad	30	-	30	-
Brian Dawson	42	39	42	39
Geoff Evans	12	40	12	40
Barbara Faulls	31	-	31	-
Michael Fitzpatrick	43	38	43	38
Trevor Hook*	34	113	29	102
Gerald Hope	44	38	44	38
Francis Maher	32	-	32	-
David Oddie	72	89	66	89
Mark Peters	58	49	47	38
Laressa Shenfield	-	22	-	22
Terry Sloan	15	48	15	48
Thelma Sowman	28	-	28	-
Nadine Taylor	55	45	55	45
<b>Total elected representatives' remuneration</b>	<b>789</b>	<b>824</b>	<b>756</b>	<b>791</b>

Remuneration includes payment for attendance at resource consent hearings.

\*The Mayor and Councillor Mark Peters were directors of MDCH during the reporting periods 2019-20 and were paid directors' fees by MDCH of \$11,128 each (2018-19: \$10,804). Councillor David Oddie took over Councillor Trevor Hook's directorship role in October 2019. They were paid directors' fees of \$6,592 and \$4,536 respectively (2018-19: Nil and \$10,804 respectively).

## 6.4. Staff Employed Full Time Equivalent

At balance date the Council employed 240 full time employees (2018-19: 231) with the balance of staff representing 46 (2018-19: 41) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

## 6.5. Individuals receiving total annual remuneration of:

	2019-20		2018-19
less than \$60,000	109	Less than \$60,000	112
\$60,000 to \$79,999	76	\$60,000 to \$79,999	71
\$80,000 to \$99,999	82	\$80,000 to \$99,999	68
\$100,000 to \$119,999	21	\$100,000 to \$119,999	24
\$120,000 to \$139,999	7	\$120,000 to \$139,999	6
\$140,000 to \$339,999	14	\$140,000 to \$179,999	6
<b>Total</b>	<b>309</b>	\$180,000 to \$299,999	7
		<b>Total</b>	<b>294</b>

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

## 7. Finance costs

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Finance costs:</b>					
Interest expense:					
Interest on borrowings	3,658	3,924	2,693	4,779	3,126
Interest derivatives (presented net):					
Fair value movement on interest rate swaps	4,168	4,026	3,265	-	2,874
<b>Total finance costs</b>	<b>7,826</b>	<b>7,950</b>	<b>5,958</b>	<b>4,779</b>	<b>6,000</b>

### Accounting Policy

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

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

## 8. Other expenses

The follow items are included in Other expenses in the Statement of Comprehensive Revenue and Expense and are required to be separately disclosed:

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2019-20	2018-19	2019-20	2019-20	2018-19
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Other expenses:</b>					
Fees to auditors:					
Audit New Zealand for:					
audit of Council's financial statements	137	135	137	137	135
audit of MDCH financial statements	18	18	-	-	-
Deloitte for audit of Port Marlborough NZ Ltd and Marlborough Airport Ltd financial statements	100	97	-	-	-
Grants and donations	4,431	8,543	4,345	4,288	8,462
Insurance premiums	3,748	3,747	2,414	2,478	2,567
Impairment adjustment of receivables (note 16)	35	(45)	(2)	-	8
Directors' fees	264	251	-	-	-
Property plant and equipment loss on disposal	2,592	3,511	2,592	4	3,511
Property plant and equipment impairment	134	658	134	-	658
Direct operating expenses of investment properties	3,377	3,788	-	-	53
Investment property revaluation loss (note 14)	6,681	-	-	-	-
Payments under operating leases	659	628	583	489	607
Loss on fair value of investments	-	19	-	-	19

### Accounting Policy

#### **Discretionary and non-discretionary grants**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

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

## 9. Tax

9.1 Relationship between tax expense and accounting profit	Group		Council	
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Actual 2018-19 \$000s
<b>Surplus before tax</b>	<b>7,102</b>	<b>29,903</b>	<b>9,169</b>	<b>20,322</b>
<b>Tax at 28% (2019: 28%)</b>	<b>1,988</b>	<b>8,374</b>	<b>2,567</b>	<b>5,690</b>
<b>Plus/(less) tax effect of:</b>				
Non-deductible expenditure	(18)	25	-	-
Non-taxable (income)/expense	(1,937)	(5,040)	(2,567)	(5,690)
Reinstatement of building depreciation	(614)	-	-	-
<b>Income tax expense/(credit)</b>	<b>(581)</b>	<b>3,359</b>	<b>-</b>	<b>-</b>
<b>Comprising:</b>				
Current tax expense	2,300	3,222	-	-
Deferred tax expense	(3,428)	137	-	-
<b>Total tax expense/(credit)</b>	<b>(1,128)</b>	<b>3,359</b>	<b>-</b>	<b>-</b>
<b>Income tax recognised in comprehensive income</b>				
Deferred tax on property revaluations	<b>(259)</b>	<b>(5,079)</b>	<b>-</b>	<b>-</b>

Any amount of income derived by a local authority is exempt from income tax, except for income derived from Council Controlled Organisations or port activity as per section CW39 Income Tax Act 2007.

9.4 MDC Group deferred tax asset/(liability)	Council tax losses \$000s	Property, plant & equipment \$000s	Investment property \$000s	Intangibles	Financial instruments \$000s	Provisions \$000s	Total \$000s
<b>Balance at 1 July 2018</b>	<b>1,004</b>	<b>(11,058)</b>	<b>(2,446)</b>	<b>(145)</b>	<b>773</b>	<b>878</b>	<b>(10,994)</b>
(Charged)/credited to surplus	156	378	(1,113)	12	323	107	(137)
Charged to other comprehensive income	-	(5,079)	-	-	-	-	(5,079)
<b>Balance at 30 June 2019</b>	<b>1,160</b>	<b>(15,759)</b>	<b>(3,559)</b>	<b>(133)</b>	<b>1,096</b>	<b>985</b>	<b>(16,210)</b>
(Charged)/credited to surplus	143	1,122	1,553	24	247	339	3,428
Charged to other comprehensive income	-	(259)	-	-	-	-	(259)
<b>Balance at 30 June 2020</b>	<b>1,303</b>	<b>(14,896)</b>	<b>(2,006)</b>	<b>(109)</b>	<b>1,343</b>	<b>1,324</b>	<b>(13,041)</b>

Council has not recognised a deferred tax asset in relation to tax losses of \$4,654,000 (2018-19: \$4,143,000). However, the asset has been recognised at Group level.

## **Accounting Policy**

### ***Income tax***

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

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

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

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

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

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

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



## 10. Property, Plant and Equipment

	Current year												
	Cost/ Accumulated valuation 1-Jul-2019 \$000s	Carrying amount 1-Jul-2019 \$000s	WIP & other reclassifications Cost \$000s	Additions \$000s	Disposals \$000s	Disposals depreciation adjustment \$000s	Impairment \$000s	Depreciation \$000s	Transfer adjustment \$000s	Revaluation cost adjustment \$000s	Revaluation adjustment \$000s	Cost/ Accumulated revaluation depreciation 30-Jun-2020 \$000s	Carrying amount 30-Jun-2020 \$000s
<b>2019-20 MDC Group</b>													
<b>10.1 Infrastructural assets</b>													
Work in progress	8,264	8,264	(3,221)	8,573	(108)	-	-	-	-	-	-	13,508	13,508
Infrastructure land	15,530	15,530	1	37	-	-	-	-	302	-	-	15,870	15,870
Land under roads	137,323	137,323	-	736	-	-	-	-	-	-	-	138,059	138,059
Flood protection and controlled works	217,456	217,456	1,517	2,568	-	(790)	203	-	-	-	-	220,751	220,548
Road and footpaths	620,620	620,620	(330)	8,731	-	-	10,660	-	(30,158)	(10,659)	598,863	1	598,862
Sewerage schemes other	120,873	120,873	(234)	3,038	(26)	(2)	2,456	-	(755)	(2,454)	122,896	-	122,896
Sewerage treatment and facilities	46,436	46,436	563	107	-	-	725	-	582	(725)	47,688	-	47,688
Stormwater drainage schemes	80,874	80,874	1,061	1,153	(65)	(2)	1,646	-	490	(1,644)	83,513	-	83,513
Water supply schemes - other	132,451	132,451	180	1,823	(809)	(22)	2,926	-	1,245	(2,904)	134,890	-	134,890
Water treatment and facilities	20,858	20,858	-	41	(5)	-	900	-	(210)	(900)	20,684	-	20,684
Wharf infrastructure	51,269	50,945	60	-	-	-	1,592	-	-	-	51,329	1,916	49,413
	<b>1,451,954</b>	<b>1,451,630</b>	<b>(403)</b>	<b>26,807</b>	<b>(1,013)</b>	<b>(26)</b>	<b>(790)</b>	<b>21,108</b>	<b>-</b>	<b>(28,504)</b>	<b>(19,286)</b>	<b>1,448,051</b>	<b>1,445,931</b>
<b>10.2 Operational assets</b>													
Work in progress	4,024	4,024	(4,822)	4,436	(13)	-	-	-	-	-	-	3,625	3,625
Buildings	85,409	82,828	190	1,347	(1,401)	(15)	-	2,827	-	2,694	(2,933)	88,239	85,779
Forest crops	991	991	-	-	-	-	-	-	-	-	-	991	991
Improvements at fair/market value	26,811	25,405	547	442	(2)	(1)	938	-	(513)	(501)	27,285	1,842	25,443
Land	131,131	131,131	-	1,008	-	-	-	-	(531)	1,651	133,259	-	133,259
Landfill	6,273	3,009	224	85	-	-	707	-	-	-	6,582	3,971	2,611
Library books	2,351	1,078	-	197	(637)	(492)	-	229	-	-	1,911	815	1,096
Other structures and improvements	44,376	38,652	480	1,143	(94)	(25)	(134)	1,270	203	-	45,974	6,969	39,005
Office equipment, furniture and fittings	5,822	4,010	-	744	(786)	(780)	-	587	-	-	5,780	3,817	1,963
Plant, machinery and equipment	19,245	10,846	552	1,270	(981)	(960)	1,467	-	-	-	20,086	11,353	8,733
	<b>326,433</b>	<b>28,909</b>	<b>(2,829)</b>	<b>10,672</b>	<b>(3,914)</b>	<b>(2,273)</b>	<b>(134)</b>	<b>8,025</b>	<b>(328)</b>	<b>3,832</b>	<b>(3,434)</b>	<b>333,732</b>	<b>302,505</b>
<b>10.3 Restricted assets</b>													
Buildings	9,286	9,106	3,208	713	-	-	(88)	253	-	618	(185)	13,737	13,489
Land	32,468	32,468	24	248	-	-	-	-	2,584	-	35,324	-	35,324
	<b>41,754</b>	<b>41,574</b>	<b>3,232</b>	<b>961</b>	<b>-</b>	<b>(88)</b>	<b>253</b>	<b>-</b>	<b>3,202</b>	<b>(185)</b>	<b>49,061</b>	<b>248</b>	<b>48,813</b>
<b>Total operational and infrastructural assets</b>	<b>1,820,141</b>	<b>1,790,728</b>	<b>-</b>	<b>38,440</b>	<b>(4,927)</b>	<b>(2,299)</b>	<b>(1,012)</b>	<b>29,386</b>	<b>(328)</b>	<b>(21,470)</b>	<b>(22,905)</b>	<b>1,830,844</b>	<b>1,797,249</b>

2018-19 GROUP	Cost/ Accumulated	Carrying	WIP & other reclassification Cost	Accumulated depreciation	Disposals	Disposals	Disposals	Impairment adjustment	Depreciation	Transfer adjustment	Dpn Adjustment	Revaluation adjustment	Revaluation adjustment	Cost/ Accumulated revaluation	Accumulated depreciation	Carrying								
	valuation	amount															adjustment	adjustment	adjustment	adjustment	adjustment	depreciation	depreciation	amount
	1-Jul-2018 \$000s	1-Jul-2018 \$000s															\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>10.1 Infrastructural assets</b>																								
Work in progress	27,860	27,860	(25,343)	-	-	5,815	(68)	-	-	-	-	-	-	8,264	-	8,264								
Infrastructure land	14,697	14,697	19	-	-	121	-	-	-	-	-	-	-	15,530	-	15,530								
Land under roads	136,722	136,722	-	-	-	601	-	-	-	-	-	693	-	137,323	-	137,323								
Flood protection and controlled works	208,265	208,265	30	-	-	1,234	-	189	-	-	-	7,927	(189)	217,456	-	217,456								
Road and footpaths	581,469	581,469	1,727	-	-	12,405	-	10,009	-	-	-	25,019	(10,009)	620,620	-	620,620								
Sewerage schemes other	106,571	106,571	18,969	-	(63)	6,332	(2,285)	(111)	2,688	-	-	(8,603)	(2,625)	120,873	-	120,873								
Sewerage treatment and facilities	45,476	45,476	-	-	-	391	-	703	-	-	-	569	(703)	46,436	-	46,436								
Stormwater drainage schemes	76,281	76,281	-	-	(5)	2,069	(236)	(5)	1,497	-	-	2,760	(1,492)	80,874	-	80,874								
Water supply schemes - other	126,289	126,289	1,079	-	(23)	5,568	(917)	(188)	2,775	-	-	620	(2,752)	132,451	-	132,451								
Water treatment and facilities	17,139	17,139	3,461	-	-	178	-	-	857	-	-	80	(857)	20,858	-	20,858								
Wharf infrastructure	44,130	41,100	723	(2)	-	-	-	-	1,412	(45)	-	6,461	(4,116)	51,269	324	50,945								
	<b>1,384,899</b>	<b>3,030</b>	<b>1,381,869</b>	<b>(2)</b>	<b>(91)</b>	<b>34,714</b>	<b>(3,506)</b>	<b>(299)</b>	<b>20,130</b>	<b>(45)</b>	<b>-</b>	<b>35,526</b>	<b>(22,743)</b>	<b>1,451,954</b>	<b>324</b>	<b>1,451,630</b>								
<b>10.2 Operational assets</b>																								
Work in progress	2,594	2,594	(1,720)	-	-	8,425	(5,275)	-	-	-	-	-	-	4,024	-	4,024								
Buildings	88,127	85,433	185	-	(2)	367	(80)	(706)	2,520	-	-	(2,484)	(2,631)	85,409	2,581	82,828								
Forest crops	1,603	1,603	-	-	-	-	-	-	-	-	-	(612)	-	991	-	991								
Improvements at fair/market value	17,706	2,004	2,288	-	-	735	-	-	923	11	(10)	6,071	(1,511)	26,811	1,406	25,405								
Land	126,237	164	(2,211)	-	-	63	(119)	-	-	-	(164)	7,161	-	131,131	-	131,131								
Landfill	6,208	2,845	3,363	-	-	65	-	-	419	-	-	-	-	6,273	3,264	3,009								
Library books	2,128	867	1,261	-	-	223	-	-	211	-	-	-	-	2,351	1,273	3,009								
Other structures and improvements	41,591	4,433	95	-	(18)	2,708	(18)	(18)	1,309	-	-	-	-	44,376	5,724	38,652								
Office equipment, furniture and fittings	5,384	3,619	1,765	-	(113)	551	(113)	(110)	501	-	-	-	-	5,822	4,010	1,812								
Plant, machinery and equipment	19,146	10,057	9,089	2	(610)	953	(1,325)	(610)	1,397	(178)	-	-	-	19,245	10,846	8,399								
	<b>310,724</b>	<b>26,683</b>	<b>284,041</b>	<b>2</b>	<b>(740)</b>	<b>14,090</b>	<b>(6,930)</b>	<b>(706)</b>	<b>7,280</b>	<b>(167)</b>	<b>(174)</b>	<b>10,136</b>	<b>(4,142)</b>	<b>326,433</b>	<b>28,909</b>	<b>297,524</b>								
<b>10.3 Restricted assets</b>																								
Buildings	9,408	177	-	-	-	27	-	-	180	-	-	(149)	(177)	9,286	180	9,106								
Land	30,601	-	28	-	-	255	-	-	-	-	-	1,584	-	32,468	-	32,468								
	<b>40,009</b>	<b>177</b>	<b>39,832</b>	<b>-</b>	<b>-</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>1,435</b>	<b>(177)</b>	<b>41,754</b>	<b>180</b>	<b>41,574</b>								
<b>Total operational and infrastructural assets</b>	<b>1,735,632</b>	<b>29,890</b>	<b>1,705,742</b>	<b>(21)</b>	<b>(831)</b>	<b>49,086</b>	<b>(10,436)</b>	<b>(1,005)</b>	<b>27,590</b>	<b>(212)</b>	<b>(174)</b>	<b>47,097</b>	<b>(27,062)</b>	<b>1,820,141</b>	<b>29,413</b>	<b>1,790,728</b>								

2019-20 Council	Current year														
	Cost/ Accumulated valuation depreciation 1-Jul-2019 \$'000s	Carrying amount 1-Jul-2019 \$'000s	WIP & other reclassifications Cost \$'000s	Additions \$'000s	Disposals depreciation adjustment \$'000s	Disposals \$'000s	Impairment \$'000s	Depreciation \$'000s	Transfer adjustment \$'000s	Revaluation adjustment \$'000s	Revaluation cost adjustment \$'000s	Revaluation depreciation adjustment 30-Jun-2020 \$'000s	Cost/ Accumulated depreciation 30-Jun-2020 \$'000s	Carrying amount 30-Jun-2020 \$'000s	
<b>10.1 Infrastructural assets</b>															
Work in progress	8,263	8,263	(3,221)	8,573	(108)	-	-	-	-	-	-	-	13,507	13,507	
Infrastructure land	15,530	15,530	1	37	-	-	-	-	-	302	-	-	15,870	15,870	
Land under roads	137,323	137,323	-	736	-	-	-	-	-	-	-	-	138,059	138,059	
Flood protection and controlled works	217,456	217,456	1,517	2,568	-	-	(790)	203	-	-	-	203	220,751	220,548	
Road and footpaths	620,620	620,620	(330)	8,731	-	-	10,660	-	-	(30,158)	(10,660)	-	598,863	598,863	
Sewerage schemes other	120,873	120,873	(234)	3,038	(26)	(2)	2,456	-	-	(755)	(2,454)	-	122,896	122,896	
Sewerage treatment and facilities	46,436	46,436	563	107	-	-	725	-	-	582	(725)	-	47,688	47,688	
Stormwater drainage schemes	80,874	80,874	1,061	1,153	(65)	(2)	1,646	-	-	490	(1,644)	-	83,513	83,513	
Water supply schemes - other	132,451	132,451	180	1,823	(809)	(22)	2,926	-	-	1,245	(2,904)	-	134,890	134,890	
Water treatment and facilities	20,858	20,858	-	41	(5)	-	900	-	-	(210)	(900)	-	20,684	20,684	
	<b>1,400,684</b>	<b>1,400,684</b>	<b>(463)</b>	<b>26,807</b>	<b>(1,013)</b>	<b>(26)</b>	<b>(790)</b>	<b>19,516</b>	<b>-</b>	<b>(28,504)</b>	<b>(19,287)</b>	<b>203</b>	<b>1,396,721</b>	<b>1,396,518</b>	
<b>10.2 Operational assets</b>															
Work in progress	3,662	3,662	(3,565)	2,259	(13)	-	-	-	-	-	-	-	2,343	2,343	
Buildings	69,355	67,483	63	1,347	(1,389)	(15)	-	2,002	-	2,962	(1,871)	1,988	72,338	70,350	
Forest crops	991	991	-	-	-	-	-	-	-	-	-	-	991	991	
Improvements at fair/market value	5,797	4,550	-	441	-	-	228	-	-	(142)	-	-	6,096	4,621	
Land	111,266	111,266	-	1,008	-	-	-	-	(531)	1,651	-	-	113,394	113,394	
Landfill	6,272	3,008	224	85	-	-	707	-	-	6,581	-	-	6,581	2,610	
Library books	2,350	1,272	-	197	(637)	(492)	-	229	-	-	-	-	1,910	815	
Other structures and improvements	44,376	38,652	480	1,143	(94)	(25)	(134)	1,270	203	-	-	-	45,974	39,005	
Office equipment, furniture and fittings	5,821	1,811	-	744	(786)	(780)	-	587	-	-	-	-	5,779	1,962	
Plant, machinery and equipment	8,837	3,954	29	1,251	(765)	(754)	-	668	-	-	-	-	9,352	4,555	
	<b>258,727</b>	<b>236,649</b>	<b>(2,769)</b>	<b>8,475</b>	<b>(3,684)</b>	<b>(2,066)</b>	<b>(134)</b>	<b>5,691</b>	<b>(328)</b>	<b>4,471</b>	<b>(1,871)</b>	<b>23,832</b>	<b>264,758</b>	<b>240,926</b>	
<b>10.3 Restricted assets</b>															
Buildings	9,286	9,106	3,208	713	-	-	(88)	253	-	618	(185)	248	13,737	13,489	
Land	32,468	32,468	24	248	-	-	-	-	-	2,584	-	-	35,324	35,324	
	<b>41,754</b>	<b>41,574</b>	<b>3,232</b>	<b>961</b>	<b>-</b>	<b>-</b>	<b>(88)</b>	<b>253</b>	<b>-</b>	<b>3,202</b>	<b>(185)</b>	<b>248</b>	<b>49,061</b>	<b>48,813</b>	
<b>Total operational and infrastructural assets</b>	<b>1,701,165</b>	<b>1,678,907</b>	<b>-</b>	<b>36,243</b>	<b>(4,697)</b>	<b>(2,092)</b>	<b>(1,012)</b>	<b>25,460</b>	<b>(328)</b>	<b>(20,831)</b>	<b>(21,343)</b>	<b>24,283</b>	<b>1,710,540</b>	<b>1,686,257</b>	

	Cost/ valuation 1-Jul-2018	Accumulated depreciation 1-Jul-2018	Carrying amount 1-Jul-2018	WIP & other reclassifications Cost		Additions	Disposals depreciation adjustment	Disposals depreciation adjustment	Impairment	Depreciation	Transfer adjustment	Transfers Dpn Adjustment	Revaluation cost adjustment	Revaluation depreciation adjustment	Cost/ revaluation 30-Jun-2019	Accumulated depreciation 30-Jun-2019	Carrying amount 30-Jun-2019
				\$000s	\$000s												
<b>2018-19 COUNCIL</b>																	
<b>10.1 Infrastructural assets</b>																	
Work in progress	27,860	-	27,860	(25,343)	-	5,814	(68)	-	-	-	-	-	-	-	8,263	-	8,263
Infrastructure land	14,697	-	14,697	19	-	121	-	-	-	-	-	-	693	-	15,530	-	15,530
Land under roads	136,722	-	136,722	-	-	601	-	-	-	-	-	-	-	-	137,323	-	137,323
Flood protection and controlled works	208,265	-	208,265	30	-	1,234	-	-	189	-	-	-	7,927	(189)	217,456	-	217,456
Road and footpaths	581,469	-	581,469	1,727	-	12,405	-	-	10,009	-	-	-	25,019	(10,009)	620,620	-	620,620
Sewerage schemes other	106,571	-	106,571	18,969	-	6,332	(2,285)	(63)	(111)	-	-	-	(8,603)	(2,625)	120,873	-	120,873
Sewerage treatment and facilities	45,476	-	45,476	-	-	391	-	-	703	-	-	-	569	(703)	46,436	-	46,436
Stormwater drainage schemes	76,281	-	76,281	-	-	2,069	(236)	(5)	-	-	-	-	2,760	(1,492)	80,874	-	80,874
Water supply schemes - other	126,289	-	126,289	1,079	-	5,568	(917)	(23)	(188)	-	-	-	620	(2,752)	132,451	-	132,451
Water treatment and facilities	17,139	-	17,139	3,461	-	178	-	-	857	-	-	-	80	(857)	20,858	-	20,858
	<b>1,340,769</b>	-	<b>1,340,769</b>	<b>(88)</b>	-	<b>34,713</b>	<b>(3,506)</b>	<b>(91)</b>	<b>18,718</b>	<b>(299)</b>	-	-	<b>29,065</b>	<b>(18,627)</b>	<b>1,400,684</b>	-	<b>1,400,684</b>
<b>10.2 Operational assets</b>																	
Work in progress	2,322	-	2,322	(117)	-	6,732	(5,275)	-	-	-	-	-	-	-	3,662	-	3,662
Buildings	72,211	1,816	70,395	8	-	367	(80)	(2)	(706)	1,874	-	-	(2,445)	(1,816)	69,355	1,872	67,483
Forest crops	1,603	-	1,603	-	-	-	-	-	-	-	-	-	(612)	-	991	-	991
Improvements at fairmarket value	4,302	1,005	3,297	-	-	700	-	-	242	-	-	-	795	-	5,797	1,247	4,550
Land	104,575	-	104,575	-	-	63	(119)	-	-	-	-	-	6,747	-	111,266	-	111,266
Landfill	6,207	2,845	3,362	-	-	65	-	-	-	419	-	-	-	-	6,272	3,264	3,008
Library books	2,127	867	1,260	-	-	223	-	-	-	211	-	-	-	-	2,350	1,078	1,272
Other structures and improvements	41,591	4,433	37,158	95	-	2,708	(18)	(18)	-	1,309	-	-	-	-	44,376	5,724	38,652
Office equipment, furniture and fittings	5,383	3,619	1,764	-	-	551	(113)	(110)	-	501	-	-	-	-	5,821	4,010	1,811
Plant, machinery and equipment	9,009	4,672	4,337	44	-	918	(1,134)	(429)	-	640	-	-	-	-	8,837	4,883	3,954
	<b>249,330</b>	<b>19,257</b>	<b>230,073</b>	<b>30</b>	-	<b>12,327</b>	<b>(6,739)</b>	<b>(559)</b>	<b>(706)</b>	<b>5,196</b>	-	-	<b>4,485</b>	<b>(1,816)</b>	<b>258,727</b>	<b>22,078</b>	<b>236,649</b>
<b>10.3 Restricted assets</b>																	
Buildings	9,408	177	9,231	-	-	27	-	-	-	180	-	-	(149)	(177)	9,286	180	9,106
Land	30,601	-	30,601	28	-	255	-	-	-	-	-	-	1,584	-	32,468	-	32,468
	<b>40,009</b>	<b>177</b>	<b>39,832</b>	<b>28</b>	-	<b>282</b>	-	-	-	<b>180</b>	-	-	<b>1,435</b>	<b>(177)</b>	<b>41,754</b>	<b>180</b>	<b>41,574</b>
<b>Total operational and infrastructural assets</b>	<b>1,630,108</b>	<b>19,434</b>	<b>1,610,674</b>	-	-	<b>47,322</b>	<b>(10,245)</b>	<b>(650)</b>	<b>(1,005)</b>	<b>24,094</b>	-	-	<b>34,985</b>	<b>(20,620)</b>	<b>1,701,165</b>	<b>22,258</b>	<b>1,678,907</b>

## 10.1 MDC Group assets under construction

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

<b>MDC Group</b>	<b>2019-20</b>	<b>2018-19</b>
	<b>\$000s</b>	<b>\$000s</b>
<b>Asset Class</b>		
Roads and footpaths	502	312
Sewerage treatment and facilities	1,038	1,175
Sewerage other	1,290	752
Water other	5,477	1,558
Water treatment and facilities	294	239
Stormwater	1,355	1,205
Flood protection and control works	1,180	2,081
Buildings	3,101	3,740
Landfill	422	224
Other structures and improvements	1,649	729
Land	296	4
Wharf infrastructure	117	139
Plant machinery and equipment	195	41
Fair value improvements	217	89
<b>Total</b>	<b>17,133</b>	<b>12,288</b>

The larger 2019-20 items comprise:

- Buildings – new Blenheim library and Lansdowne Sports Hub;
- Flood protection - stage 2 of the Town Branch drainage upgrades;
- Stormwater – Muller road link to the town branch drainage system;
- Water other – Renwick water reservoir and water meter projects, together with the Flaxbourne irrigation project;
- Sewerage other – Blenheim sewer upgrade project; and
- Sewerage treatment – Havelock and Seddon treatment upgrades.

## 10.2 Council Depreciation and Amortisation by Group of Activities

	<b>2019-20</b>	<b>2018-19</b>
	<b>\$000s</b>	<b>\$000s</b>
People	814	778
Community facilities	2,082	2,018
Roads and footpaths	10,509	9,861
Flood protection and control works	206	190
Sewerage	3,181	3,391
Stormwater drainage	1,648	1,499
Water supply	3,487	3,297
Solid waste management	979	723
Environmental management	362	351
Regulatory	171	144
Regional development	703	659
<b>Total</b>	<b>24,142</b>	<b>22,911</b>

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

### 10.3 Council Core Infrastructure Asset Disclosures

2019-20	Closing	Additions	
	Book Value	Constructed	Vested
	\$000s	\$000s	\$000s
<b>Asset Class</b>			
Flood protection and controlled works	220,751	3,184	-
Road and footpaths	598,863	7,357	1,758
Sewerage schemes-other	122,896	2,447	1,149
Sewerage treatment and facilities	47,688	280	-
Stormwater drainage	83,513	1,407	1,029
Water schemes-other	134,890	5,539	310
Water treatment and facilities	20,684	96	-

Flood protection and controlled works do not include additional assets held in other classes, for example land.

### 10.4 Valuation uncertainty disclosure

In the 2020 year Marlborough Airport Ltd freehold car park and land improvements and buildings were valued by WSP, independent registered valuers and associates of the NZ Institute of Valuers who have experience in the location and category of the items being valued. Due to the impact of Covid-19 WSP stated in its report that it expected market prices on construction costs and optimisation of assets, as being the two key factors that could possibly impact the value of Marlborough Airport Ltd assets.

However, initial forecasts were that construction costs for infrastructure assets would increase by just 2 to 4 percent which would be in the expected range over the next 12 months. In terms of passenger optimisation, although a drop off in demand for airport assets was expected in the short-term, that being a domestic airport this had little impact in the medium to long term. Recent passenger data at Alert level 1 supports that case. Subsequent revaluations will be performed on a three yearly basis.

MRF land was valued by Alexander Hayward Ltd, an independent registered valuer. The valuation has been subject to material valuation uncertainty due to unknown future impact that Covid-19 might have on markets. The valuer has stated that a high degree of caution should be attached to the valuation above what would normally be the case. The valuer has recommended that that valuation is reviewed periodically by Council. MRF land is revalued annually."

### Impairment

Impairment losses of \$1.012 million (2018-19: 1.005 million) were recognised this year. The main impairment relates to the deterioration of the Wairau River edge protection works at six sites together with some changes in useful life of broadband structures and public conveniences. The impairment losses were recognised through the appropriate revaluation reserve and through other comprehensive revenue and expense in accordance with the accounting policy.

In 2018-19 the main component of the impairment loss was due to fire damage at the Waste Sorting Centre in Blenheim.

### Infrastructural assets

Roads, bridges, carparks, wharves, street lighting, street berms and street furniture assets were independently valued at optimised depreciated replacement cost as at 30 June 2020 by Jack Clarke and Fraser Clarke and reviewed by John Vessey of WSP New Zealand Ltd.

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

Water, sewer and stormwater assets were valued at depreciated replacement cost and optimised depreciated replacement cost where possible as at 30 June 2020. The valuation was performed by Council's engineering staff directly associated with managing these assets. An independent review of the valuation was conducted by Alexander Hayward Ltd.

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

- Estimating any obsolescence or surplus capacity of the asset;

- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets from which unit rates are determined. Unit rates can vary based on asset location, topography and ground conditions;
- Estimates are made when determining the remaining useful life over which the assets will be depreciated. These estimates can be affected by local conditions, for example, weather patterns, and traffic growth. If useful lives do not reflect the consumption of the benefits of the asset, then Council could be under or over estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.

To minimise this risk Council has determined the infrastructural asset useful lives with reference to NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of Councils' asset management planning activities, which gives Council further assurance over the useful life estimates; and

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

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

### Land and buildings including restricted land and buildings

Council land was independently valued by QV Valuations (Registered Valuers) as at 1 July 2019. The basis of valuation is fair value with reference to highest and best use as at 1 July 2019.

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

Council's forest (soil erosion prevention) was independently valued at 30 June 2019 by Merrill & Ring New Zealand Ltd.

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

Buildings were independently valued by Alexander Hayward Ltd (Registered Valuers) as at 1 July 2019. The basis of valuation for commercial and Council property buildings was fair value. Assets acquired subsequent to valuation are shown at cost less depreciation.

Other buildings including halls, museums, memorials and public conveniences were valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. Depreciated replacement cost is determined using a number of significant assumptions.

Significant assumptions include:

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

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

buildings and the associated lost rental during the time to undertake the strengthening work.

### Improvements on land

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

### Landfill

Council has amortised the cost of the Blenheim landfill development over its remaining 50 year life and charged the amortisation to operating costs. The amortisation rate is based on volume utilisation divided by the estimated capacity of the landfill site.

### Library books and parking meters

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

#### Accounting Policy

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

- **Infrastructural assets** – these are fixed utility systems such as road networks, sewer systems and water systems. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.
- **Operational assets** – these assets enable the ongoing operations. These include land, buildings, landfill, library books, plant and equipment and motor vehicles.
- **Restricted assets** – these are mainly parks and reserves that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

#### Additions

Additions in the periods 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 rates and useful lives are reviewed annually. Depreciation on assets is charged to the surplus and deficit.

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

<b>Infrastructural assets</b>	<b>Life</b>	<b>Rate</b>
Flood protection and controlled works (pump stations, dams)	1 - 100 years	1 - 100%
Roads and footpaths	1 - 110 years	0.9 - 100%
Sewerage network including treatment	2.5 - 100 years	1 - 40%
Stormwater drainage schemes	1 - 100 years	1 - 100%
Water supply schemes – other	1 - 100 years	1 - 100%
Water treatment and facilities	1 - 100 years	1 - 100%

<b>Operational assets</b>	<b>Life</b>	<b>Rate</b>
Buildings	1 - 100 years	1 - 100%
Landfill	3.68 - 40 years	2.5 - 27.2%
Library books including audio books	5 - 13.34 years	7.5% - 20%
Other structures and improvements	3.23 - 100 yrs	1 - 31%



## Accounting Policy

Office equipment, furniture and fittings	3.01 - 13.33 yrs	7.5 – 33.2%
Plant, machinery and equipment	2.23 - 100 yrs	1 - 45%

Restricted assets	Life	Rate
Buildings	5 - 100 years	1 - 20%

### **Assets not depreciated**

The following assets are not depreciated in line with Council's Depreciation policy:

- Infrastructural assets - Assets under construction, infrastructure land, sewerage oxidation ponds and roading infrastructure including land under roads, roads and carpark formation, sealed roads subbase and street berms.
- Operational assets - Assets under construction, forest crops and land.
- Restricted assets: Land.

### **Disposals**

On the sale or retirement of a revalued asset, the attributable revaluation profit remaining, net of any related deferred taxes, in the asset revaluation reserve is transferred directly to accumulated funds.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the surplus or deficit.

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

The net revaluation results are included in other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. When the net revaluation decrease exceeds the balance in the asset revaluation reserve, this decrease is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expended and then recognised in other comprehensive revenue and expense.

### **Impairment of assets**

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

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

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

## 11. Intangible assets

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

	Group			Council		
	Group total \$000s	Carbon credits \$000s	Software \$000s	Council total \$000s	Carbon credits \$000s	Software \$000s
<b>Cost:</b>						
<b>Balance at 1 July 2018</b>	<b>10,280</b>	<b>830</b>	<b>9,450</b>	<b>9,161</b>	<b>830</b>	<b>8,331</b>
Additions	2,047	-	2,047	1,951	-	1,951
Disposals	(300)	(300)	-	(300)	(300)	-
<b>Balance at 30 June 2019</b>	<b>12,027</b>	<b>530</b>	<b>11,497</b>	<b>10,812</b>	<b>530</b>	<b>10,282</b>
Additions	6,288	1,173	5,115	6,248	1,173	5,075
Transfer adjustments	(203)	-	(203)	(203)	-	(203)
Disposals	(827)	(657)	(170)	(760)	(657)	(103)
<b>Balance at 30 June 2020</b>	<b>17,285</b>	<b>1,046</b>	<b>16,239</b>	<b>16,097</b>	<b>1,046</b>	<b>15,051</b>
<b>Accumulated amortisation and impairment:</b>						
<b>Balance at 1 July 2018</b>	<b>4,622</b>	<b>87</b>	<b>4,535</b>	<b>4,057</b>	<b>87</b>	<b>3,970</b>
Amortisation expense	947	-	947	818	-	818
<b>Balance at 30 June 2019</b>	<b>5,569</b>	<b>87</b>	<b>5,482</b>	<b>4,875</b>	<b>87</b>	<b>4,788</b>
Amortisation expense	967	-	967	825	-	825
Disposals	(134)	-	(134)	(67)	-	(67)
<b>Balance at 30 June 2020</b>	<b>6,402</b>	<b>87</b>	<b>6,315</b>	<b>5,633</b>	<b>87</b>	<b>5,546</b>
<b>Carrying amount:</b>						
<b>Balance at 1 July 2018</b>	<b>5,658</b>	<b>743</b>	<b>4,915</b>	<b>5,104</b>	<b>743</b>	<b>4,361</b>
<b>Balance at 30 June 2019</b>	<b>6,458</b>	<b>443</b>	<b>6,015</b>	<b>5,937</b>	<b>443</b>	<b>5,494</b>
<b>Balance at 30 June 2020</b>	<b>10,883</b>	<b>959</b>	<b>9,924</b>	<b>10,464</b>	<b>959</b>	<b>9,505</b>

### 11.1 Intangible assets under construction

Council had a total of \$4.0 million in intangibles under construction (2018-19: \$1.7 million). The main items include the Pelorus Sound hydrographic survey, online Resource Consents application system and the LiDAR data collection tool.

#### Accounting Policy

##### **Software acquisition and development**

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

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

##### **Carbon credits**

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

##### **Amortisation**

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

Amortisation begins when the asset is available for use and ceases at the date that the asset is de-

## Accounting Policy

recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of computer software, the major class of intangible assets, is 5 to 10 years 10% to 20%.

### **Impairment of intangible assets**

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

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

Forestry assets are predominantly owned and managed by MRF. The forestry estate is managed through a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (KDC) (11.5%). The MRF estate covers 3,145 stocked hectares as at 30 June 2020 (2018-19: 3,143).

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Balance at 1 July</b>	17,019	16,369	17,019	13,485	16,369
Increase due to additions	267	562	267	150	562
Gains arising from changes attributable to physical changes (note 5)	4,669	1,222	4,669	539	1,222
Gains arising from changes attributable to log price changes (note 5)	1,958	2,730	1,958	-	2,730
Decreases due to harvest	(2,797)	(3,864)	(2,797)	(833)	(3,864)
<b>Balance at 30 June</b>	<b>21,116</b>	<b>17,019</b>	<b>21,116</b>	<b>13,341</b>	<b>17,019</b>

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

The estate consists of six forest blocks - Para, Pukaka, Strachan Peak, Koromiko, Waikakaho and Speeds. The planted area consists predominantly of radiata pine with small areas planted with other species. As of 30 June 2020 the weighted average age of the forest estate is 10.4 years old. (2018-19: 1-14 years 79%; 15-28 years 16% and 29-45 years 5%).

Independent registered valuer Alexander Hayward Ltd has valued MRF's land and improvements as at 30 June 2020. Forne Consulting Group Ltd has prepared the forestry crop valuations as at 30 June 2020 based on methodology recommended by the New Zealand Institute of Forestry. For this valuation a discount rate of 7.5%, applied to pre-tax cash flows, has been used in line with rates used by similar forest valuations within New Zealand. The sensitivity of crop value to discount rate is shown below:

	as at 30 June 2020			as at 30 June 2019		
	7%	7.5% (as used)	8%	7%	8% (as used)	9%
Discount rate:						
Tree crop value (\$000s)	26,652	23,860	21,396	23,031	19,230	16,143
MDC Group 88.5% share (\$000s)	23,587	21,116	18,935	20,382	17,019	14,287

Key financial risks arise from increase in costs associated with logging/loads, cartage harvesting costs, sale price for forestry and risks of changing demand from export markets.

Where Council transacts with the joint committee, unrealised profits and losses are eliminated to the extent of Council's share in the joint venture, except to the extent that unrealised losses provide

evidence of impairment of the asset.

MRF Joint Venture	Council and Group	
	2019-20 \$000s	2018-19 \$000s
Current assets	769	1,018
Non-current assets	31,915	27,461
Current liabilities	422	514
Income	12,100	12,977
Expenses	6,100	8,613

### Accounting Policy

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

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

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

## 13. Other financial assets

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Current portion:</b>					
Term deposits and bonds with maturities of 4-12 months	12,299	11,013	12,299	8,980	11,013
<b>Total current portion</b>	<b>12,299</b>	<b>11,013</b>	<b>12,299</b>	<b>8,980</b>	<b>11,013</b>
<b>Non-current portion:</b>					
Term deposits and bonds with maturities 12 months plus	265	1,399	265	3,356	1,399
Community loans	18	-	18	62	-
Unlisted shares in subsidiaries (investment in CCOs)	-	-	6,000	6,000	6,000
Advance to MDCH	-	-	51,640	64,171	50,905
NZ Local Government Insurance Corporation and the LGFA shares	1,453	1,453	1,453	1,293	1,453
Shares other	1	1	1	1	1
<b>Total non-current portion</b>	<b>1,737</b>	<b>2,853</b>	<b>59,377</b>	<b>74,882</b>	<b>59,758</b>
<b>Total other financial assets</b>	<b>14,036</b>	<b>13,866</b>	<b>71,676</b>	<b>83,862</b>	<b>70,771</b>

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

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

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

## Accounting Policy

### **Investments in subsidiaries and similar entities**

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

### **Term deposits, loans to subsidiaries and community organisations**

These investments are measured at their amortised cost, using the effective interest method less impairment. Where applicable, interest accrued is added to the investment balance. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. At year end they are assessed for indicators of impairment.

Impairment is established when there is objective evidence that the MDC Group will not be able to collect amounts due according to the original terms of the receivable. MDC Group has no impairment for the year ended 30 June 2020 (30 June 2019: Nil).

## 14. Investment property

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Balance at 1 July</b>	<b>92,472</b>	<b>86,885</b>	-	-	<b>2,300</b>
Additions from acquisition	5,282	5,677	-	-	-
Transfer from property plant and equipment	-	212	-	-	-
Fair valuation gains/(losses) (notes 5 and 8)	(4,152)	2,010	2,529	-	-
Disposals	-	(2,312)	-	-	(2,300)
Transfer from inventory	8,221	-	8,221	-	-
<b>Balance at 30 June</b>	<b>101,823</b>	<b>92,472</b>	<b>10,750</b>	-	-

### 14.1 Valuation basis

The fair value of investment property at 30 June 2020 has been arrived at on the basis of a valuation carried out at that date by the following independent registered valuers:

- Port Marlborough NZ Ltd - Crighton Anderson Property and Infrastructure Ltd trading as Colliers International (2018-19: Crighton Anderson Property and Infrastructure Ltd trading as Colliers International);
- Marlborough Airport Ltd - Alexander Hayward Ltd (2018-19: Alexander Hayward Ltd); and
- Council - Alexander Hayward Ltd (2018-19: Nil as property transferred from Inventory in 2019-20).

The fair value of investment property has been determined using the capitalisation of net income and discounted cash flow methods. These methods are based upon assumptions including future rental income, anticipated maintenance costs and appropriate discount rates.

The rates adopted are post tax and range between 6.25% and 7% for Council and 6% and 9.5% (2018-19: 7.25% and 8.75%) for Port Marlborough NZ Ltd and 7.5% (2018-19: 7.5%) for Marlborough Airport Ltd.

### 14.2 MDC Group valuation uncertainty disclosure

Due to the uncertain impact of Covid-19 on market values the valuation of investment properties for Marlborough Airport Ltd and Port Marlborough NZ Ltd reported on the basis of having 'significant valuation' uncertainty. In the valuation for Marlborough Airport Ltd Alexander Hayward stated as a consequence that a "high degree" of caution should be attached to the valuation than normally would be.

Similarly, Port Marlborough NZ Ltd valuers stated that "the real estate market that the subject property is transacted is being impacted by the uncertainty that the Covid-19 outbreak has caused. The landscape and market conditions are changing daily at present. At the date of valuation we consider that here is a significant market uncertainty. This valuation is current at the date of valuation only. The value assessed herein may

change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the valuer could not reasonably have been aware of as at the date of valuation)".

### Accounting Policy

Investment property is property held primarily to earn rentals and/or for capital appreciation. Investment property is initially measured at cost and subsequently measured at fair value at each reporting date.

## 15. Cash and cash equivalents

	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2019-20	2018-19	2019-20	2019-20	2018-19
	\$000s	\$000s	\$000s	\$000s	\$000s
Cash at bank and on hand	19,112	26,103	16,027	197	24,168
<b>Total cash and cash equivalents</b>	<b>19,112</b>	<b>26,103</b>	<b>16,027</b>	<b>197</b>	<b>24,168</b>

Cash and cash equivalents included in the Statement of Cash flows comprise of the following Statement of Financial Position amounts:

Cash on hand and balances with banks	6,112	5,853	3,027	197	3,918
Short term investments	13,000	20,250	13,000	-	20,250
<b>Total as per statement of cash flows</b>	<b>19,112</b>	<b>26,103</b>	<b>16,027</b>	<b>197</b>	<b>24,168</b>

### Accounting Policy

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

## 16. Debtors and other receivables

	Group		Council	
	Actual	Actual	Actual	Actual
	2019-20	2018-19	2019-20	2018-19
	\$000s	\$000s	\$000s	\$000s
<b>16.1 Debtors and other receivables from non-exchange transactions</b>				
Rates receivables	1,201	996	1,201	996
GST	1,168	742	1,168	742
Other	606	2,424	606	2,424
<b>Total non-exchange debtors and other receivables</b>	<b>2,975</b>	<b>4,162</b>	<b>2,975</b>	<b>4,162</b>
<b>16.2 Debtors and other receivables from exchange transactions</b>				
Trade receivables	3,578	3,321	3,578	3,321
Related party receivables	-	(33)	844	152
Prepayments and other sundry receivables	5,675	3,910	5,675	3,910
<b>Gross exchange debtors and other receivables</b>	<b>9,253</b>	<b>7,198</b>	<b>10,097</b>	<b>7,383</b>
Less provision for impairment	(65)	(30)	(11)	(13)
<b>Total exchange debtors and other receivables</b>	<b>9,188</b>	<b>7,168</b>	<b>10,086</b>	<b>7,370</b>

### 16.3 Total debtors and other receivables

Group

Council

	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Actual 2018-19 \$000s
Gross total debtors and other receivables	17,868	14,407	13,072	11,545
Less provision for impairment	(65)	(30)	(11)	(13)
<b>Total debtors and other receivables</b>	<b>17,803</b>	<b>14,377</b>	<b>13,061</b>	<b>11,532</b>

#### 16.4 Impairment information

Individual impairment	65	30	11	13
<b>Total provision for impairment</b>	<b>65</b>	<b>30</b>	<b>11</b>	<b>13</b>
Past due 1-60 days	-	-	-	-
Past due 61-120 days	-	-	-	-
Past due >120 days	65	30	11	13
<b>Total individual impairment</b>	<b>65</b>	<b>30</b>	<b>11</b>	<b>13</b>
<b>At 1 July</b>	30	75	13	5
Additional provisions made during the year (note 8)	65	30	11	13
Provisions reversed during the year (note 8)	(30)	(75)	(13)	(5)
<b>At 30 June</b>	<b>65</b>	<b>30</b>	<b>11</b>	<b>13</b>

#### Accounting Policy

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

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

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

Council has provided a sum of \$10,955 (2018-19: \$12,609) for the impairment of trade debtors. The provision has been based on an analysis of previous year's losses and a review of specific debtors.

	2019-20			2018-19		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
<b>16.5 Ageing profile of total receivables</b>						
<b>Council</b>						
Not past due	11,193	-	11,193	10,196	-	10,196
Past due 1-60 days	1,139	-	1,139	793	-	793
Past due 61-120 days	362	-	362	178	-	178
Past due >120 days	378	11	367	378	13	365
<b>Total</b>	<b>13,072</b>	<b>11</b>	<b>13,061</b>	<b>11,545</b>	<b>13</b>	<b>11,532</b>

## 17. Inventory

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Held for distribution inventory:</b>					
Goods held for maintenance	345	366	21	-	31
<b>Commercial inventory:</b>					
Quarry rock and gravel	280	290	280	274	290
<b>Other:</b>					
Queen Street property	-	8,100	-	-	8,100
<b>Total inventory</b>	<b>625</b>	<b>8,756</b>	<b>301</b>	<b>274</b>	<b>8,421</b>

Decision was made by Council to classify the Queen Street property as an investment property, refer to note 11 – Investment property. Other small inventories are held of goods for maintenance and quarry rock and gravel.

### Accounting Policy

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

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

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

### Accounting Policy

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

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

## 19. Borrowings

### 19.1 Council

#### Westpac facility

Secured loans can be raised under a \$20 million (2019-20: \$20 million) wholesale advance facility agreement with Westpac New Zealand Ltd (Westpac). The loans are secured via security stock issued by Council under a Debenture Trust Deed. Council has the option to renew the facility in March 2022.

Council had not utilised the \$20 million facility in 2019-20 or 2018-19.



## New Zealand Local Government Funding Agency Ltd (LGFA)

Total borrowing with the LGFA is \$100.2 million (2018-19: \$99.5 million). The breakdown is provided in the table below.

LGFA borrowings	2019-20		2018-19	
	\$000s	Interest rate	\$000s	Interest rate
<b>Current portion</b>	43,200	\$39.2 million variable at 0.48%-0.88% \$4 million fixed at 6%	38,465	variable at 1.81%-2.53%
<b>Non-current portion</b>	57,000	\$47 million variable at 0.67%-1.49% \$10 million fixed at 2.82%-6.00%	61,000	\$47 million variable at 2.19%-2.72% \$14 million fixed at 2.82%-6.00%
<b>Total</b>	<b>100,200</b>		<b>99,465</b>	

Council holds \$34 million in interest rate swaps (2018-19: \$24 million) fixed at a weighted average rate of 4.02% (2018-19: 3.58%) and with the following maturities: \$14 million in 2025, \$10 million in 2026 and \$10 million in 2027.

### 19.2 MDCH

During the year interest rates ranged between 0.48% and 5.21% (2018-19: 1.81%- 5.21%).

### 19.3 Internal borrowings

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

#### Accounting Policy

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

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

## 20. Provisions

	Group		Council	
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Actual 2018-19 \$000s
<b>Current portion:</b>				
Rescue fire service	550	-	-	-
Rates postponement provision	2	-	2	-
Carbon credits	352	167	352	167
<b>Total current portion</b>	<b>904</b>	<b>167</b>	<b>354</b>	<b>167</b>
<b>Non-current portion:</b>				
Landfill aftercare provision	1,625	1,489	1,625	1,489
Riskpool	100	100	100	100
Other	-	-	-	-
Runway reseal provision	3,249	2,785	-	-
<b>Total non-current portion</b>	<b>4,974</b>	<b>4,374</b>	<b>1,725</b>	<b>1,589</b>
<b>Total provisions</b>	<b>5,878</b>	<b>4,541</b>	<b>2,079</b>	<b>1,756</b>

Provision movements	Group	Runway reseal	Rescue fire service	Council	Riskpool	Carbon credits	Landfill aftercare	Rates postponement
<b>Balance at 1 July 2019</b>	<b>4,543</b>	<b>2,785</b>	<b>-</b>	<b>1,758</b>	<b>100</b>	<b>167</b>	<b>1,489</b>	<b>2</b>
Additional provisions made	1,827	464	550	813	-	350	463	-
Unused amounts reversed	-	-	-	-	-	-	-	-
Amounts used	(492)	-	-	(492)	-	(165)	(327)	-
<b>Balance at 30 June 2020</b>	<b>5,878</b>	<b>3,249</b>	<b>550</b>	<b>2,079</b>	<b>100</b>	<b>352</b>	<b>1,625</b>	<b>2</b>

### Accounting Policy

Provisions are recognised when the MDC Group 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 Group will be required to settle that obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date and are discounted to present value where the effect is material.

### Riskpool

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

### Carbon credits

This provision recognises an additional provision of \$350,000 (2018-19: \$165,000) for the Emission Trading Scheme units cost for landfill use for the six months to 30 June 2020.

### Landfill closure and aftercare liability

The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements and an inflation factor of 2.5% (2018-19: 2.6%) and a discount rate of 5.5% (2018-19: 5.5%).

Council has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. Post-closure responsibilities include: treatment and monitoring of leachate, groundwater and surface monitoring, gas monitoring and recovery, implementation of remedial measures such as needling for cover and control systems, ongoing site maintenance for drainage systems, and final cover and vegetation. The uninflated cash outflows for landfill post-closure monitoring and maintenance are estimated at an average of \$50,000 per annum to occur in perpetuity (2018-19: \$50,000).

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

### Current landfill

Council gained the resource consent in November 1995 to operate the Bluegums landfill. Closure responsibilities occur at the closure of each stage of the landfill and upon final closure. Due to increased quantity of waste delivered to the landfill Council's recent landfill capacity review has provided an updated closure of the stage currently in use and closure of the entire landfill for 2057. This was previously forecast to be in 2070. A number of waste minimisation initiatives are planned to reduce the amount of waste being sent to landfill, including increased kerbside recyclables collection, diversion of food waste from landfill and the Waste Sorting Facility. For more information refer to the Solid Waste Management Activity section.

The cash outflows for landfill post-closure are expected to occur in 37 to 67 years' time. The estimated liability for closure and post-closure is \$1.48 million (2018-19: \$1.47 million).

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

- The remaining capacity of the site is 1.91 million cubic metres (2018-19: 1.97 million cubic metres) (refuse, clean fill and cover);
- The revised estimated remaining life is 36 years (2018-19: 51 years) based on historical volume information; and
- The granting of resource consent renewals.

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

### Runway reseal

The provision reflects Marlborough Airport Ltd cash flows obligation to maintain the runway under their license agreement with New Zealand Defence Force.

The provision for resealing was reviewed in March 2020 by Beca Ltd which undertook a desktop feasibility assessment and prepared a high level Rough Order Cost (ROC) estimate of the surfacing of the runway.

Business and Economic Research Ltd (BERL) price level adjustors plus a 3.5% interest factor were applied to the ROC to calculate the amount to be provided each year up until 2025, when the runway is expected to be resealed.

## 21. Creditors and other payables

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
Creditors and other payables from exchange and non-exchange transactions					
Trade and other payables	12,861	10,959	9,050	10,659	8,517
Accrued expenses	1,756	2,039	1,756	1,799	2,039
Income in advance	2,920	2,740	2,920	1,789	2,740
Deposits	955	1,311	955	1,991	1,311
Related party payables	-	-	3,305	3,021	3,452
<b>Total creditors and other payables</b>	<b>18,492</b>	<b>17,049</b>	<b>17,986</b>	<b>19,259</b>	<b>18,059</b>

### Accounting Policy

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

## 22. Employee entitlements

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Current portion</b>					
Accrued pay	76	629	76	574	629
Annual leave and sick leave	2,788	2,420	1,959	1,572	1,605
Retirement and long service leave	276	275	276	300	275
<b>Total current portion</b>	<b>3,140</b>	<b>3,324</b>	<b>2,311</b>	<b>2,446</b>	<b>2,509</b>
<b>Total employee entitlements</b>	<b>3,140</b>	<b>3,324</b>	<b>2,311</b>	<b>2,446</b>	<b>2,509</b>

### Accounting Policy

Provision is made in respect of the MDC Group liability for retiring gratuity allowances, annual and long service leave and sick leave. The retiring gratuity liability and long service leave liability are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

Liabilities for accumulating short-term compensated absences (e.g. annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance sheet date.

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

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

## 23. Equity and capital management

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Accumulated funds</b>					
<b>Balance at 1 July</b>	<b>701,456</b>	<b>677,596</b>	<b>631,158</b>	<b>614,567</b>	<b>616,136</b>
Transfers (to)/from Reserves	(494)	(8,794)	(494)	9,620	(8,794)
Transfers (to)/from Restricted Reserves	1,597	1,287	1,597	3,890	1,287
Transfers from Property Revaluation Reserves on disposal	1,320	4,823	1,320	-	2,207
Surplus for the year	8,230	26,544	9,169	5,509	20,322
<b>Balance at 30 June</b>	<b>712,109</b>	<b>701,456</b>	<b>642,750</b>	<b>633,586</b>	<b>631,158</b>
<b>Ordinary and Council created Reserves</b>					
<b>Balance at 1 July</b>	<b>61,819</b>	<b>53,025</b>	<b>59,203</b>	<b>62,650</b>	<b>50,409</b>
Transfers (to)/from accumulated funds	494	8,794	494	(9,620)	8,794
<b>Balance at 30 June</b>	<b>62,313</b>	<b>61,819</b>	<b>59,697</b>	<b>53,030</b>	<b>59,203</b>
<b>Restricted Reserves</b>					
<b>Balance at 1 July</b>	<b>4,813</b>	<b>6,100</b>	<b>4,813</b>	<b>1,032</b>	<b>6,100</b>
Transfers (to)/from accumulated funds	(1,597)	(1,287)	(1,597)	(3,890)	(1,287)
<b>Balance at 30 June</b>	<b>3,216</b>	<b>4,813</b>	<b>3,216</b>	<b>(2,858)</b>	<b>4,813</b>
<b>Restricted Reserves consists of:</b>					
Development Contribution Reserve	(1,502)	399	(1,502)	(5,793)	399
Land Subdivision Reserve	4,718	4,414	4,718	2,935	4,414
<b>Property Revaluation Reserve</b>					
<b>Balance at 1 July</b>	<b>1,053,476</b>	<b>990,224</b>	<b>996,208</b>	<b>986,007</b>	<b>943,815</b>
Net revaluation gains	556	73,154	(366)	33,505	54,600
Deferred tax recognised directly in other comprehensive revenue and expense	(259)	(5,079)	-	-	-
Transfers to accumulated funds on disposal of property	(1,320)	(4,823)	(1,320)	-	(2,207)
<b>Balance at 30 June</b>	<b>1,052,453</b>	<b>1,053,476</b>	<b>994,522</b>	<b>1,019,512</b>	<b>996,208</b>
<b>Total Reserves</b>	<b>1,117,982</b>	<b>1,120,108</b>	<b>1,057,435</b>	<b>1,069,684</b>	<b>1,060,224</b>
<b>Total equity</b>	<b>1,830,091</b>	<b>1,821,564</b>	<b>1,700,185</b>	<b>1,703,270</b>	<b>1,691,382</b>

## 23.1 Ordinary reserves

<b>Ordinary Reserves</b>	<b>Activities to which the reserve is applied</b>	<b>Opening Balance at 1 July 2019</b>	<b>Transfer to reserve</b>	<b>Transfer from reserve</b>	<b>Closing Balance at 30 June 2020</b>
		\$000s	\$000s	\$000s	\$000s
Emergency events	Infrastructural assets including roading network and Wairau floodplain river protection.	14,493	2,605	(2,836)	14,261
Port Marlborough NZ Ltd special dividend	All activities.	4,313	237	(237)	4,313
Infrastructure upgrade	Infrastructure such as water and sewerage and other activities as determined by Council from time to time.	7,458	4,720	(2,607)	9,572
Forestry and land development	All activities.	16,344	2,892	(5,457)	13,780
People	People focused services including youth, elderly, community services, housing and energy efficiency, democratic participation, safety and learning.	(1,534)	1,460	(2,531)	(2,607)
Community facilities	Community facilities.	(1,582)	680	(283)	(1,184)
Roads and footpaths	Roads and footpaths.	5,843	5,420	(3,493)	7,771
Flood protection	Flood protection.	1,851	1,060	(1,677)	1,237
Sewerage	Sewerage.	(1,514)	4,031	(2,600)	(86)
Stormwater drainage	Stormwater drainage.	6,421	1,639	(1,311)	6,750
Water supply	Water supply.	1,166	3,501	(4,610)	56
Solid waste management	Solid waste management.	2,123	1,982	(1,063)	3,042
Environmental management	Environmental management.	(63)	362	(368)	(68)
Regulatory	Regulatory.	807	210	(68)	950
Regional development	Regional development.	(457)	531	(725)	(653)
Other non-activity	All activities.	3,534	3,207	(4,178)	2,563
<b>Total Ordinary Reserves 2020</b>		<b>59,203</b>	<b>34,537</b>	<b>(34,044)</b>	<b>59,697</b>

<b>Restricted Reserves</b>	<b>Activities to which the reserve is applied</b>	<b>Opening Balance at 1 July 2019</b>	<b>Transfer to reserve</b>	<b>Transfer from reserve</b>	<b>Closing Balance at 30 June 2020</b>
		\$000s	\$000s	\$000s	\$000s
Land subdivision	Community Facilities	4,412	1,405	(1,101)	4,718
Sewerage	Development contribution	70	665	(2,598)	(1,862)
Stormwater	Development contribution	14	16	-	29
Water supply	Development contribution	315	16	-	331
<b>Total Restricted Reserves 2020</b>		<b>4,811</b>	<b>2,102</b>	<b>(3,699)</b>	<b>3,216</b>

## Purpose of Council's 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.

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

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

**Infrastructure upgrade:** Reserve used to fund up to 50% of essential infrastructure.

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

**Land subdivision:** Reserve set up to provide for Reserve Contributions and their utilisation in accordance with the provisions of the Local Government Act 2002.

Other Council Ordinary reserves such as People, Community facilities, Roads and footpaths, Flood protection, Sewerage, Stormwater, Water supply, Solid waste management, Environmental management, Regulatory, Regional development and Other non-activity are for a specific Activity or individual scheme and exist for the following purposes:

- **General Reserve:** to accumulate targeted rates or other revenue for use in subsequent years.
- **Depreciation Reserve:** to accumulate rates levied to fund depreciation expense, which may be used to fund capital expenditure or repayment of debt raised to fund capital expenditure.
- **Landfill aftercare Reserve:** to accumulate "dump fees" charged from the operation of the landfill (or of a stage) required to fund its closure and management once it is fully utilised.
- **Development Contribution Reserve:** to accumulate development and financial contributions to fund qualifying capital expenditure.

### Accounting Policy

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

Equity is the community's interest in MDC Group 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 Council intends to make of its accumulated surpluses.

The components of equity are:

- **Accumulated funds** – these are the capital fund made up of accumulated surpluses and deficit. A surplus in any year is added to the fund and a deficit in any year and deducted from the fund.
- **Ordinary Reserves** - these are Reserves created by Council decision. Council may alter the purpose of a Reserve without reference to a third party or the Courts. Transfers to and from these Reserves is at the discretion of Council.
- **Restricted Reserves** - these are reserves subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfer from these Reserves can be made by certain specified purposes or when certain specified conditions are met.
- **Property revaluation Reserves** - these relate to the revaluation of property, plant and equipment to fair value.

## 24. Capital commitments and operating leases

	Group		Council	
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Actual 2018-19 \$000s
<b>Capital commitments:</b>				
Property, plant and equipment	21,026	8,342	16,881	8,062
<b>Total capital commitments</b>	<b>21,026</b>	<b>8,342</b>	<b>16,881</b>	<b>8,062</b>
<b>Operating leases as lessee:</b>				
Not later than one year	384	561	353	447
Later than one year and not later than five years	349	736	139	493
Later than five years	1,482	946	-	-
<b>Total non-cancellable operating leases</b>	<b>2,215</b>	<b>2,243</b>	<b>492</b>	<b>940</b>

### Operating leases

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. All operating lease contracts contain review clauses in the event that the MDC Group 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, this includes the Covid-19 lease discounts provided by Council. For more information on Covid-19 lease concessions refer to 'The impact of Covid-19' summary on page 146.

	Group		Council	
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Actual 2018-19 \$000s
<b>Operating leases as lessor:</b>				
Not later than one year	10,943	13,947	4,147	4,256
Later than one year and not later than five years	30,205	30,467	14,287	14,770
Later than five years	40,114	41,906	28,580	31,655
<b>Total non-cancellable operating leases</b>	<b>81,262</b>	<b>86,320</b>	<b>47,014</b>	<b>50,681</b>

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

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

## 25. Contingent assets and liabilities

### 25.1 Contingent assets

#### Earthquake insurance claim revenue

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

### 25.2 Contingent liabilities



	Group		Council	
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Actual 2018-19 \$000s
Uncalled capital in MDCH	-	-	70,000	70,000
Uncalled capital in LGFA	-	-	200	200
<b>Total contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>70,200</b>	<b>70,200</b>

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

### New Zealand Local Government Funding Agency Ltd (LGFA)

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

Council is one of 67 Local Authority Councils participating of the LGFA. When Council's LGFA uncalled capital is aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified.

Also, together with the other shareholders and guarantors, Council is a guarantor of a proportion of LGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2020 LGFA had borrowings totaling \$11.9 billion (2018-19: \$9.3 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. Council's share of this guarantee is 1.2% (2018-19:1.3%). Council believes the 2019-20 fair value of the liability to be less than \$1.4 million (2018-19: less than \$1.5 million). Council has not recognised this as it is considered to be extremely unlikely to ever be called on.

### Financial guarantees

Council has previously served as a guarantor for community organisation's bank loans, however, at balance date no loans were guaranteed by Council.

### Local Authority Protection Programme (LAPP)

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

## 26. Related parties transactions

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

Council is only required to disclose related party transactions that are not within the normal terms and conditions applied by Council to any supplier or client/recipient relationship. No such transactions have been identified in this financial year.

Normal terms and conditions refer to transactions that are no more or less favourable than those that is it reasonable to expect the Council and MDC Group would have applied in dealing with the party at arms-length in the same circumstances.

Key management personnel	Council	
	Actual	Actual
	2019-20	2018-19
	\$000s	\$000s
<b>Councillors including the Mayor:</b>		
Remuneration	756	791
Full-time equivalent members	13.8	13.3
<b>Senior management team including the Chief Executive:</b>		
Remuneration	2,573	2,311
Full-time equivalent members	12.0	12.0
<b>Total remuneration</b>	<b>3,329</b>	<b>3,102</b>
<b>Total full-time equivalent members</b>	<b>25.8</b>	<b>25.3</b>

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, purchase of rubbish bags etc.). These goods and services were supplied on normal commercial terms.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2018: Nil).

## 27. Severance payments

For the year ended 30 June 2020 Council made one severance payment to an employee amounting to \$27,500 that requires disclosure under section 123 of the Employment Relations Act 2000 (2018-19: two payments of \$15,000 and \$11,500).

## 28. Financial instruments

### 28.1 Financial instrument categories

The accounting policies for financial instruments have been applied to the financial instrument asset categories of term deposits and bonds, cash and cash equivalents, debtors and other receivables, shares and community loans and to the financial instrument liability categories of derivative financial liability instruments, creditors and other payables and secured loans. The carrying amount is the approximate fair value for each of these classes of financial instruments, as shown in the Statement of Financial Position.

### 28.2 Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

**Quoted market price (level 1)** – financial instruments with quoted prices for identical instruments in active markets. Financial instruments quoted at market price (level 1) for the MDC Group and Council are \$12.6 million (2018-19: \$32.7 million).

**Valuation technique using observable inputs (level 2)** – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. Financial derivatives valued as observable inputs (level 2) for the MDC Group are \$12.3 million (2018-19: \$8.2 million) and for Council are \$7.5 million (2018-19 \$4.2 million).

**Valuation techniques with significant non-observable inputs (level 3)** – financial instruments valued using models where one or more significant inputs are not observable. There are no financial instruments classified under this category for Council or the MDC Group.

## 28.3 Financial instrument risks

### (a) Credit risk

Credit risk is the risk that a third party will default on its obligation to MDC Group causing it to incur a loss. Financial Instruments which potentially subject Council to credit risk principally consist of bank accounts, local authority stock and accounts receivable.

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

Accounts receivable balances are spread over a large customer base, therefore, minimising exposure to credit risk in respect of these debtors.

Council has a series of policies to manage the risks associated with financial instruments. These policies can be found on the Council website. The web address is: <https://www.marlborough.govt.nz/your-council/long-term-and-annual-plans-policies-and-reports/treasury-management-policies>

MDC Group holds no other collateral or credit enhancements for financial instruments that give rise to credit risk.

	Group		Council	
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Actual 2018-19 \$000s
<b>i) Maximum exposure to credit risk</b>				
Cash at bank and term deposits and bonds	31,676	38,515	28,591	36,580
Debtors and other receivables	17,803	14,392	13,061	11,530
Community and related party loans	18	-	18	-
<b>Total credit risk</b>	<b>49,497</b>	<b>52,907</b>	<b>41,670</b>	<b>48,110</b>
<b>ii) Credit quality of financial assets</b>				
<b>Counterparties with credit ratings -</b>				
<b>cash at bank and term deposits:</b>				
AA-	31,676	38,515	28,591	36,580
<b>Total</b>	<b>31,676</b>	<b>38,515</b>	<b>28,591</b>	<b>36,580</b>
<b>iii) Counterparties without credit ratings</b>				
<b>- existing counterparty with no defaults</b>				
<b>in the past:</b>				
Community and related party loans	18	-	18	-
<b>Total</b>	<b>18</b>	<b>-</b>	<b>18</b>	<b>-</b>

	Group		Council	
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Actual 2018-19 \$000s
<b>i) Maximum exposure to credit risk</b>				
Cash at bank and term deposits and bonds	31,676	38,515	28,591	36,580
Debtors and other receivables	17,803	14,392	13,061	11,530
Community and related party loans	18	-	18	-
<b>Total credit risk</b>	<b>49,497</b>	<b>52,907</b>	<b>41,670</b>	<b>48,110</b>
<b>ii) Credit quality of financial assets</b>				
<b>Counterparties with credit ratings - cash at bank and term deposits:</b>				
AA-	31,676	38,515	28,591	36,580
<b>Total</b>	<b>31,676</b>	<b>38,515</b>	<b>28,591</b>	<b>36,580</b>
<b>iii) Counterparties without credit ratings - existing counterparty with no defaults in the past:</b>				
Community and related party loans	18	-	18	-
<b>Total</b>	<b>18</b>	<b>-</b>	<b>18</b>	<b>-</b>

The MDC Group maximum credit exposure for each class of financial instrument is as follows:

**(b) Liquidity risk**

**(i) Management of liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

MDC Group manages its liquidity in accordance with its funding and financial policies, which include cash flow forecasting, maintaining its financial market investments in liquid instruments, and a debt maturity policy to avoid concentrations of debt maturity dates. The Council has an AA Positive credit rating with S&P Global and banks have indicated that they want to do business with Council.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. The LGFA have a billion dollar facility with the NZ Government. See their website at <http://www.lgfa.co.nz/about-lgfa/lgfa-news/news-lgfa-aims-to-arrange-1b-in-debt>.

These policies were adopted in 2014-15 and can be found on the Council website. The web address is: <https://www.marlborough.govt.nz/your-council/long-term-and-annual-plans-policies-and-reports/treasury-management-policies>

**(ii) Contractual maturity analysis of financial liabilities**

This table analyses MDC Group financial liabilities into maturity groupings based on the remaining period at the balance date to the contractual maturity date. The contractual cash flow includes the principal and any interest component.

	Carrying amount	Contractual cash flow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Group 2019-20</b>						
Creditors and other payables	18,492	18,492	18,492	-	-	-
Secured loans	100,200	137,886	35,510	13,400	38,558	50,418
Interest rate swaps	12,316	11,414	54	509	4,743	6,108
<b>Total financial liabilities</b>	<b>131,008</b>	<b>167,792</b>	<b>54,056</b>	<b>13,909</b>	<b>43,301</b>	<b>56,526</b>
<b>Group 2018-19</b>						
Creditors and other payables	17,050	17,050	17,050	-	-	-
Secured loans	99,465	132,628	41,536	15,948	23,708	51,436
Interest rate swaps	8,148	8,148	54	509	2,284	5,302
<b>Total financial liabilities</b>	<b>124,663</b>	<b>157,826</b>	<b>58,640</b>	<b>16,457</b>	<b>25,992</b>	<b>56,738</b>
<b>Council 2019-20</b>						
Creditors and other payables	17,986	17,986	17,986	-	-	-
Secured loans	100,200	137,886	35,510	13,400	38,558	50,418
Interest rate swaps	7,467	7,467	-	-	2,459	5,008
<b>Total financial liabilities</b>	<b>125,653</b>	<b>163,339</b>	<b>53,496</b>	<b>13,400</b>	<b>41,017</b>	<b>55,426</b>
<b>Council 2018-19</b>						
Creditors and other payables	18,060	18,060	18,060	-	-	-
Secured loans	99,465	132,628	41,536	15,948	23,708	51,436
Interest rate swaps	4,201	4,201	-	-	-	4,202
<b>Total financial liabilities</b>	<b>121,726</b>	<b>154,889</b>	<b>59,596</b>	<b>15,948</b>	<b>23,708</b>	<b>55,638</b>

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

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

	Carrying amount	Contractual cash flow	< than 1 year	1-2 years	2-5 years	5+ years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Group 2019-20</b>						
Cash and cash equivalents	19,112	19,112	19,112	-	-	-
Debtors and other receivables	17,803	17,803	17,803	-	-	-
<b>Other financial assets:</b>						
Term deposits	12,564	12,658	12,658	-	-	-
Local Authority stock and government bonds	1,369	1,288	290	348	572	78
Community loans	18	18	18	-	-	-
<b>Total financial assets</b>	<b>50,866</b>	<b>50,879</b>	<b>49,881</b>	<b>348</b>	<b>572</b>	<b>78</b>
<b>Group 2018-19</b>						
Cash and cash equivalents	5,853	5,853	5,853	-	-	-
Debtors and other receivables	14,297	14,297	14,297	-	-	-
<b>Other financial assets:</b>						
Term deposits	32,662	33,682	30,009	2,525	1,148	-
Local Authority stock and government bonds	1,369	1,358	204	301	510	343
Community loans	-	-	-	-	-	-
<b>Total financial assets</b>	<b>54,181</b>	<b>55,190</b>	<b>50,363</b>	<b>2,826</b>	<b>1,658</b>	<b>343</b>
<b>Council 2019-20</b>						
Cash and cash equivalents	16,027	16,027	16,027	-	-	-
Debtors and other receivables	13,061	13,061	13,061	-	-	-
<b>Other financial assets:</b>						
Term deposits	12,564	12,658	12,658	-	-	-
Local Authority stock and government bonds	1,369	1,288	290	348	572	78
Community loans	18	18	18	-	-	-
<b>Total financial assets</b>	<b>43,039</b>	<b>43,052</b>	<b>42,054</b>	<b>348</b>	<b>572</b>	<b>78</b>
<b>Council 2018-19</b>						
Cash and cash equivalents	3,918	3,918	3,918	-	-	-
Debtors and other receivables	11,530	11,530	11,530	-	-	-
<b>Other financial assets:</b>						
Term deposits	32,662	33,682	30,009	2,525	1,148	-
Local Authority stock and government bonds	1,369	1,358	204	301	510	343
Community loans	-	-	-	-	-	-
<b>Total financial assets</b>	<b>49,479</b>	<b>50,488</b>	<b>45,661</b>	<b>2,826</b>	<b>1,658</b>	<b>343</b>

### (c) Sensitivity analysis

The table following illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) impact for reasonable possible market movements, with all other variables held constant, based on MDC Group financial instrument exposures at balance date.

	2019-20		2018-19	
	-50bps Surplus \$000s	+50bps Surplus \$000s	-50bps Surplus \$000s	+50bps Surplus \$000s
<b>Interest rate risk:</b>				
<b>Group</b>				
<b>Financial assets</b>				
Other financial assets - term deposits	(79)	79	(79)	79
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Secured loans	157	(157)	238	(238)
Interest rate swaps	(2,675)	2,263	(2,153)	1,876
<b>Total sensitivity to interest rate risk</b>	<b>(2,597)</b>	<b>2,185</b>	<b>(1,994)</b>	<b>1,717</b>
<b>Council</b>				
<b>Financial assets</b>				
Other financial assets - term deposits	(63)	63	(62)	62
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Secured loans	331	(331)	377	(377)
Interest rate swaps	(1,766)	1,643	(1,330)	1,279
<b>Total sensitivity to interest rate risk</b>	<b>(1,498)</b>	<b>1,375</b>	<b>(1,015)</b>	<b>964</b>

### (d) Interest rate risk

Interest rate risk is the risk that MDC Group may be affected by changes in the general level of interest rates. MDC Group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swaps contracts.

Under interest rate swap contracts the MDC Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the MDC Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2019-20 %	2018-19 %	2019-20 \$000s	2018-19 \$000s	2019-20 \$000s	2018-19 \$000s
<b>Outstanding fixed for floating:</b>						
<b>Group</b>						
Less than one year	4.86%	3.64%	9,500	3,500	(243)	(55)
1 to 2 years	4.20%	4.86%	400	9,500	(26)	(509)
2 to 5 years	4.20%	4.77%	41,400	11,800	(6,698)	(1,730)
Greater than 5 years	2.41%	3.38%	50,000	60,000	(5,349)	(5,855)
<b>Total sensitivity to interest rate risk</b>	<b>3.37%</b>	<b>3.75%</b>	<b>101,300</b>	<b>84,800</b>	<b>(12,316)</b>	<b>(8,149)</b>
<b>Council</b>						
2 to 5 years	4.05%	-	14,000	-	(2,459)	-
Greater than 5 years	2.47%	3.19%	44,000	44,000	(5,008)	(4,202)
<b>Total sensitivity to interest rate risk</b>	<b>2.85%</b>	<b>3.19%</b>	<b>58,000</b>	<b>44,000</b>	<b>(7,467)</b>	<b>(4,202)</b>

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

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

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

	Group		Council		
	Actual 2019-20 \$000s	Actual 2018-19 \$000s	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Actual 2018-19 \$000s
<b>Current liability portion:</b>					
Interest rate swaps	243	55	-	-	-
<b>Non-current liability portion:</b>					
Interest rate swaps	12,073	8,094	7,467	870	4,202
<b>Total derivative financial instruments liabilities</b>	<b>12,316</b>	<b>8,149</b>	<b>7,467</b>	<b>870</b>	<b>4,202</b>

**(f) Currency risk**

MDC Group has minimal currency risk given that financial instruments are transacted in New Zealand dollars.

## 29. Insurance

Council has estimated its maximum probable loss from either, earthquake, tsunami or flood to be \$485 million (2018-19: \$485 million).

Council has taken the mitigation approach of a mix of full insurance, risk sharing and self-insurance for any applicable excess taking into account the following:

- Not all assets are likely to be impacted on one event, given their diverse nature and location;
- Immediate replacement of all damaged assets will not be required, immediately following an event;
- The balance between premium costs and risk; and
- Councils do not generally insure roads or other land. Roads reinstatement is subject to NZTA subsidies.

Council has an Emergency Events Reserve, currently at \$14.3 million (2018-19: \$14.5 million).

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

	note:	2019-20		2018-19	
		Assets Value at Cost \$000s	Maximum cover \$000s	Assets Value at Cost \$000s	Maximum cover \$000s
<b>Council insurance</b>					
Total value of assets covered by insurance contracts and maximum amount to which they are insured	(a)	240,864	508,619	218,113	497,129
Total value of assets covered by financial risk arrangements and the maximum available under these arrangements	(b)	562,050	56,000	551,653	56,000
Total value of self-insured assets and value of any fund held for that purpose	(c)	633,449	14,261	654,752	14,493
Land	(c)	310,917	-	304,566	-
<b>TOTAL</b>		<b>1,747,280</b>	<b>578,880</b>	<b>1,729,084</b>	<b>567,622</b>



**Note:**

- (a) **Community assets:** with a few exceptions, this replacement cover is for community assets on Council or Council controlled land, for example water treatment plant, WIP, sewerage treatment plant, buildings, library books, computers and office equipment.

**Vehicles:** All vehicles including the leased fleet, mowers, trucks, mobile pumps are insured at replacement value for \$3.4 million (2018-19: \$3.5 million).

Council has an 88.5% share in the MRF. Their assets and standing timber are insured at replacement/ reinstatement value of \$22.7 million (2018-19: \$21.3 million).

- (b) **Underground reticulation and flood protection assets:** These assets are covered by the financial risk sharing arrangement, the Local Authority Protection Programme, with the replacement value of \$680 million (2018-19: \$660 million). The cover is for \$56 million (2018-19: \$56 million) for a first event. A further 60% of central government funding is available for eligible events.
- (c) **Land:** includes MRF land valued at \$13.9 million (2018-19: \$13.3 million) and land under roads \$138 million (2018-19: \$137 million).

**Roading and footpath and carpark assets excluding most bridges:** These activities have a value of \$830 million (2018-19: \$815 million) and are not insured. Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%. Most bridges are uninsured.

**Bridges:** Uninsured bridges have a value of \$46 million (2018-19: \$44 million). Any reinstatement cost would be subsidised by New Zealand Transport Agency at a minimum of 51%.

## 30. Earthquake impacts

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

Estimated repair costs based on current investigation work totals remains at approximately \$24.2 million for the current year. Works have either been carried out or are required across roading, wastewater, storm water, flood protection network and community facilities.

Council has completed all earthquake related river protection repairs with further improvements outside earthquake works also planned to improve the network resilience. The claim process with central government and insurers was finalised in 2018-19. These costs were within the original estimates. Roading repairs were also completed in previous financial years.

Phase one of the priority repairs relating to sewerage earthenware pipes were completed in December 2019 with phase two due for completion in 2020-21. The services replacement at Third Lane in Blenheim CBD was also completed earlier in 2020-21. Phase two costs will form part of the ongoing claim to central government once work is finalised. The claim with insurers has been settled.

The Council is continuing to discuss with insurers the level of claims and recoveries. Until discussions with insurers progress sufficiently to provide a higher level of certainty, we are unable to recognise further insurance proceeds. However, Council has disclosed an unquantifiable contingent asset per note 25.1.

There were no asset impairments due to earthquake damage in 2019-20 (2018-19: Nil).

	<b>Council</b>	
	<b>2019-20</b>	<b>2018-19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Earthquake related transactions</b>		
<b>REVENUE</b>		
Insurance recoveries	-	4,563
NZTA earthquake related road repair subsidy	-	215
<b>EXPENSES</b>		
Earthquake damage repairs and maintenance	(91)	(476)
Earthquake damage roading repairs and maintenance	-	(382)
Earthquake grant paid to strengthen Stadium 2000	-	(2,394)
Taylor River stop bank upgrade	-	(860)
Blenheim CBD (Third Lane) services replacement	(152)	-
Earthenware sewer pipe relining	(1,362)	(1,120)
Ward Hall upgrade	(138)	-
Awatere Hall upgrade	-	(22)
<b>Net costs</b>	<b>(1,743)</b>	<b>(477)</b>

### 31. Variance explanations

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

#### Statement of Comprehensive Revenue and Expense

	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Variance \$000s	Comments
Rates including targeted water rates	68,113	67,694	419	Rates increases includes subdivision growth, increased uptake of the Energy Efficiency rate and higher than anticipated Southern Valley's water sales.
Development and financial contributions	3,173	4,083	(910)	Development Contributions are lower than expected due to the volume of newly consented subdivisions.
Subsidies and grants	8,310	11,024	(2,714)	Subsidies and grants are lower than expected due to a reduction in NZTA subsidies during the COVID-19 lockdown.
Interest revenue	1,457	2,618	(1,161)	Lower than budgeted advances to MDCH combined with lower interest rates.
Gains	9,813	9	9,804	Gains are higher mainly due to unbudgeted gains on revaluation of MRF crop (\$6.6 million), sales of BPOT sections (\$0.6 million) and Queen Street property revaluation (\$2.5 million).
Other revenue	47,230	36,554	10,676	Total Other revenue is higher by \$10.7 million in several categories as explained below: <ul style="list-style-type: none"> <li>- Vested assets and land subdivision revenue: \$3.9 million higher due to the current progress of subdivision work in Marlborough.</li> <li>- User charges: up by \$1.5 million mainly due to increased dump fees, waste discharge directly into sewer ponds (\$0.6 million) and commercial property rentals (\$0.7 million).</li> <li>- MRF Revenue: up by \$1.3 million due to higher export prices and continued demand.</li> <li>- Further Items are: Revenue for the National Wilding Conifer Control programme (\$1.3 million), Revenue for the Container Return Scheme development (\$0.6 million).</li> </ul>
Finance costs	5,958	4,779	1,179	A \$3.2 million fair value movement in swaps, which isn't budget by Council due to uncertainty, and a decline in interest rates that has decreased Council's borrowing costs by \$2.1 million make up the \$1.2 million variance to budget. As shown in note 7, the fair value of swaps has increased by \$0.4 million since last year due to the decline in interest rates.
Other expenses	74,988	63,263	11,725	Total Other expenses were higher than budget by \$10.6 million as explained below: <ul style="list-style-type: none"> <li>- Unbudgeted expenditure for the National Wilding Conifer Control programme (\$1.3 million) and flood damage repairs in the Wairau River (\$1.3 million).</li> <li>- Unbudgeted expenditure for the development of the Container Return Scheme (\$0.6 million).</li> <li>- MRF expenses - up by \$0.9 million due to higher than budgeted loss on revaluation offset by lower expenditure due to decreased harvest volumes.</li> <li>- Loss on assets disposed/impaired of \$2.7 million, including decommissioned building (\$1.5 million) and water reticulation assets (\$0.6 million).</li> <li>- Further items are: preliminary Library design costs (\$0.6 million), initial COVID-19 response (\$0.3 million), demolition of A &amp; P park grandstand (\$0.2 million) and increased uptake in the Energy Efficiency scheme (\$0.6 million).</li> </ul>
Gain on property revaluations	646	33,505	(32,859)	Lower than anticipated revaluation movement primarily due to revaluation in the Roads and Footpaths Activity Group.

## Statement of Financial Position

	Actual 2019-20 \$000s	Budget 2019-20 \$000s	Variance \$000s	Comments
Cash and cash equivalents	16,027	197	15,830	Cash and cash equivalents are higher due to timing of short-term term deposits maturities.
Debtors and other receivables	13,061	11,059	2,002	Debtors are higher as budget was based in 2018-19 debtor levels. Subvention payments and property purchase in advance were also unknown items at time of budget.
Other financial assets - current	12,299	8,980	3,319	Timing of investment maturities and spread between current and non-current assets.
Property, plant and equipment	1,686,257	1,744,803	(58,546)	Primarily lower than budgeted additions and unfavourable revaluations focused in Roads and Footpaths Activity Group.
Intangible assets	10,464	5,682	4,782	Higher than anticipated additions for Pelorus Sound hydrographic survey(\$2.7 million), online Resource Consent application system (\$0.6 million), LiDAR data collection tool (\$0.4 million), Council systems interface (\$0.3 million) and Harbours Incident Management System (\$0.3 million).
Forestry assets	21,116	13,341	7,775	Continuing positive revaluation of MRF due to higher log prices and a change in the discount rate.
Other financial assets - non-current	59,377	74,882	(15,505)	Other financial assets have decreased due to lower than budget advances to MDCH coupled with timing of investment maturities and the spread between current and non-current assets.
Investment property	10,750	0	10,750	Queen Street property reclassified as investment property from inventory.
Creditors and other payables	17,986	19,259	(1,273)	Due to weekly payment runs rather than fortnightly pays.
Total borrowings	100,200	131,137	(30,937)	Borrowings have decreased due to lower than budget advances to MDCH caused by delays in the Waikawa Marina extension (13.1 million) and Council due to lower capital expenditure (\$17.8 million).

## 32. Events after the balance date

There were no events after balance date.

# Funding Impact Statement

<b>Marlborough District Council: Funding Impact Statement for 2019 20</b>				
	<b>Long Term Plan</b>	<b>Annual Report</b>	<b>Annual Plan</b>	<b>Annual Report</b>
	2018-19	2018-19	2019-20	2019-20
	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	43,898	43,952	45,299	45,755
Targeted rates	23,618	23,760	25,050	25,266
Subsidies and grants for operating purposes	5,052	8,058	6,113	5,633
Fees and charges	16,599	19,388	17,888	20,173
Interest and dividends from investments	4,574	4,457	5,529	4,608
Local authorities fuel tax, fines, infringement fees, and other receipts	18,411	26,339	14,286	17,679
<b>Total Operating funding</b>	<b>112,152</b>	<b>125,954</b>	<b>114,165</b>	<b>119,114</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	92,036	81,100	82,867	84,788
Finance costs	3,460	3,202	4,780	2,769
Other operating funding applications	6,737	16,208	4,714	10,662
<b>Total applications of operating funding</b>	<b>102,233</b>	<b>100,510</b>	<b>92,361</b>	<b>98,219</b>
<b>Surplus of operating funding</b>	<b>9,919</b>	<b>25,444</b>	<b>21,804</b>	<b>20,895</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,673	4,369	4,935	2,845
Development and financial contributions	2,766	5,812	3,352	2,507
Increase (decrease) in debt	10,277	7,668	39,164	735
Gross proceeds from sale of assets	21,152	12,923	27	1,271
Lump sum contributions	-	171	100	233
Other dedicated capital funding	3,700	4,835	1,761	6,156
<b>Total sources of capital funding</b>	<b>42,568</b>	<b>35,778</b>	<b>49,339</b>	<b>13,747</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	15,419	16,455	15,104	11,193
Capital expenditure to improve the level of service	31,091	11,318	29,763	9,046
Capital expenditure to replace existing assets	27,286	21,596	23,670	22,252
Increase (decrease) in reserves	(18,085)	4,910	(16,660)	(3,350)
Increase (decrease) of investments	(36,434)	6,945	19,265	(4,501)
<b>Total applications of capital funding</b>	<b>52,487</b>	<b>61,222</b>	<b>71,143</b>	<b>34,642</b>
<b>Deficit of capital funding</b>	<b>(9,919)</b>	<b>(25,444)</b>	<b>(21,804)</b>	<b>(20,895)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Marlborough District Council: Funding Impact Statement for 2019 20</b>				
	<b>Annual Plan</b>	<b>Annual Report</b>	<b>Annual Plan</b>	<b>Actual</b>
	2018-19	2018-19	2019-20	2019-20
	\$000s	\$000s	\$000s	\$000s
<b>Reconciliation</b>				
<b>Total operating funding</b>	112,152	125,955	114,164	119,114
plus - Subsidies and grants for capital expenditure	4,673	4,369	4,935	2,845
plus - Development and financial contributions	2,766	5,812	3,352	2,507
plus - Lump sum contributions	-	171	100	233
plus - Other dedicated capital funding	3,700	4,835	1,761	6,156
plus - Contributions vested assets	1,141	-	1,139	-
plus - Gain on sale of fixed assets	5,674	5,729	8	650
plus - Fair value gains	-	-	-	2,535
plus - Sale of inventory	10,769	-	-	-
plus - Forestry asset revaluation gain	-	3,952	-	6,627
<b>Revenue as per Statement of Comprehensive Revenue and Expense</b>	<b>140,875</b>	<b>150,823</b>	<b>125,459</b>	<b>140,667</b>
<b>Total applications of operating funding</b>	102,233	100,510	92,361	98,219
plus - Depreciation and amortisation	24,873	24,912	26,303	26,285
plus - Loss on sale of fixed assets	9	4,169	4	2,592
plus - Impairment of fixed assets	-	-	-	134
plus - Surrendered New Zealand Carbon Units (NZUs)	-	-	-	844
plus - Landfill aftercare provision	-	-	-	159
plus - Transfer from inventory to investment property	-	-	-	-
plus - Fair value losses	-	19	144	-
plus - Fair value movement (gain) loss on SWAP	-	2,874	-	3,265
<b>Expenditure as per Statement of Comprehensive Revenue and Expense</b>	<b>127,115</b>	<b>132,484</b>	<b>118,812</b>	<b>131,498</b>
<b>Surplus of operating funding</b>	9,919	25,444	21,804	20,895
less - Depreciation and amortisation	(24,873)	(24,912)	(26,303)	(26,285)
less - Loss on sale of fixed assets	(9)	(4,169)	(4)	(2,592)
less - Impairment of fixed assets	-	-	-	(134)
less - Surrendered New Zealand Carbon Units (NZUs)	-	-	-	(844)
plus - Landfill aftercare provision	-	-	-	(159)
less - Transfer from inventory to investment property	-	-	-	-
less - Fair value losses	-	(19)	(144)	-
less - Fair value movement gain (loss) on SWAP	-	(2,874)	-	(3,265)
plus - Subsidies and grants for capital expenditure	4,673	4,369	4,935	2,845
plus - Development and financial contributions	2,766	5,812	3,352	2,507
plus - Lump sum contributions	-	171	100	233
plus - Other dedicated capital funding	3,700	4,835	1,761	6,156
plus - Contributions vested assets	1,141	-	1,139	-
plus - Gain on sale of fixed assets	5,674	5,729	8	650
plus - Sale of inventory	10,769	-	-	-
plus - Fair value gains	-	-	-	2,535
plus - Forestry asset revaluation gain	-	3,952	-	6,627
<b>Surplus as per Statement of Comprehensive Revenue and Expense</b>	<b>13,760</b>	<b>18,338</b>	<b>6,648</b>	<b>9,169</b>

# Notes to Funding Impact Statement

## 1. Statement of accounting policies

**Sources of operating funding** - 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 NZ GAAP they are included in either “Development and financial contributions” or “Other revenue” in the 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 NZ GAAP any such gain is included in “Gains” in the 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 Statement of Comprehensive Revenue and Expense they are deducted from operating expenditure.
- The value of assets vested in (effectively donated to) Council which are specified for funding capital expenditure are not included, they are included in “Other dedicated capital funding” - whereas under NZ GAAP they are included in “Other revenue” in the Statement of Comprehensive Revenue and Expense and added to the value of Fixed assets in the Statement of Financial Position.

**Applications of operating funding** - includes operating expenditure of the activity, but note:

- Depreciation and amortisation expense is excluded as it does not involve a cash payment - whereas under NZ GAAP it is included in Expenditure in the Statement of Comprehensive Revenue and Expense. The value of this expense is shown in the reconciliation section.
- In Council’s 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 NZ GAAP it is included in Expenditure in the Statement of Comprehensive Revenue and Expense.

**Sources of capital funding** - 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 NZ GAAP they are included in either “Development and financial contributions” or “Other revenue” in the Statement of Comprehensive Revenue and Expense.
- Any proceeds from the sale of an asset are included in here - whereas under NZ GAAP only the loss or gain on sale would be included in the Statement of Comprehensive Revenue and Expense.
- The value of assets vested in (effectively donated to) Council which are specified for funding capital expenditure are included - whereas under NZ GAAP they are included in “Other revenue” in the 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.

**Applications of capital funding** - shows how much funding has been:

- Used to fund capital expenditure; and

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

**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 differ from a surplus which would be calculated under NZ GAAP and as presented in the Statement of Comprehensive Revenue and Expense.

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.

**Reconciliation** - provided below each FIS, this reconciles the "Total applications of operating funding" in the FIS to the operating expenditure reported under NZ GAAP for each activity in the "Summary costs of services" Financials note.

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 NZ GAAP; similarly the capital expenditure includes vested assets as per NZ GAAP.





## Part 4: Policies

- Maori Capacity Development Policy
- Council Controlled Organisations

# Statement on Contributions to Decision-making Processes by Māori

## Introduction

Council provides a wide range of services which make important contributions to the many communities in Marlborough. People should have the opportunity to participate in decisions about those services that affect them.

## Context

Council recognises the uniqueness accorded to Māori as tangata whenua.

There are a wide range of Māori, iwi, hapū, business and community organisations in the Marlborough District as well as social and cultural organisations.

Māori make up more than 10% of the population of the Marlborough region (2013 Census), of which a significant number are mana whenua. Iwi authorities are an increasingly significant component of the Marlborough economy, following Te Tau Ihu Tiriti settlements.

There are 9 iwi groups within Marlborough, who have completed Te Tiriti settlements. Most of these iwi have interests across Te Tau Ihu o te Waka a Māui—

- Ngāti Kuia, Rangitāne o Wairau, and Ngāti Apa ki te Rā Tō (from the *Kurahaupō waka*)
- Ngāti Koata, Ngāti Rārua and Ngāti Toa (from the *Tainui waka*)
- Te Ātiawa (from *Aotea* or *Kurahaupō*)
- Ngāi Tahu (Ngāti Kuri hapū)
- Ngāti Tama ki te Tau Ihu (Tainui/Taranaki)

Marlborough's tangata whenua iwi have all signed Deeds of Settlement with the Crown to address breaches of Te Tiriti o Waitangi. The historic claims of each of Marlborough's tangata whenua iwi have now been settled.

Council recognises and respects the Crown's responsibility to take appropriate account of the principles of Te Tiriti, and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

## Contributions to decision-making

Council is charged with the responsibility to promote opportunities for Māori and tauwi (other members of the public) to contribute to its decision-making processes.

These obligations apply to all Māori in the district. Council acknowledges that Māori other than tangata whenua may be resident in the area.

In the normal course of things, Council engages with the iwi authorities that have settled.

A number of key themes emerge from the various pieces of legislation including:

- (a) in Council decision-making processes:
  - i. To consider Te Tiriti o Waitangi principles;
  - ii. Facilitating iwi participation;
  - iii. Recognising and understanding Māori cultural values and perspectives including mātauranga Māori (Māori knowledge), tikanga Māori (Māori principles and protocols); and kaitiakitanga (Māori guardianship);
- (b) Council's duty to contribute to Māori capacity and to enable and promote Māori well-being as part of a comprehensive and effective long-term strategy of the Council; and
- (c) the Māori contribution to the social, economic, environmental, and cultural well-being of Marlborough.

*Council has identified three main areas on which it needs to focus:*

- (a) Assist Māori to build capacity to engage with Council;
- (b) Developing contributions to decision-making processes by iwi;
- (c) Building Council capacity.

## **Assist iwi to build capacity**

Council needs to find out how it can help with resourcing so that iwi can better engage in Council processes and decision-making.

To do this, Council needs to understand from iwi:

- What are their aspirations
- What are their expectations of Council

Council has historically provided assistance to iwi through their Tiriti settlement negotiation processes. Council provides information to iwi on infrastructure provision and various economic development opportunities. However, post-settlement there may be more that Council can do.

Together we can assess what iwi need to be able to fully participate in Council decision-making processes.

## **Council decision-making**

Iwi are entitled to be involved in Council decision-making across Council. This requires us to develop relationships of mutual respect, co-operation and goodwill.

Council will engage with iwi to ensure that its decision-making processes provide opportunities for iwi to take part.

Strong on-going personal relationships and structural arrangements can assist with this.

Regular relationship meetings with key iwi stakeholders allow Council and iwi at governance and management levels to focus on long-term strategic engagement, understanding each other's goals and aspirations.

Council will also review how iwi can have influence at the governance level.

*In particular, Council continues to:*

- (a) Invite iwi authorities to take part in its annual and three-yearly strategic planning to develop the Annual Plan and the Long-Term Plan;
- (b) Have positions available for iwi on Council's main standing committees;
- (c) Consult on new and revised bylaws and other regulatory or planning instruments;
- (d) Attend and assist to organise the Cook Strait Forum; and
- (e) Engage with iwi over Policy statements and Plans under the RMA.

## **Build Council capacity**

Council needs to have a good understanding of Māori in our community, their aspirations and expectations. Knowing about and respecting tikanga, kawa, tē reo, tē Ao Māori will aid in developing relationships for effective engagement.

Council can do some basic things that will make staff and Councillors more at ease in moving in a Māori world.

*Council will:*

- Train staff and Councillors in Council's obligations, basic te reo, tikanga, and an understanding of tē Ao Māori
- Develop resources for Councillors and staff when engaging in the Māori world
- Promote appreciation and understanding of tē Ao Māori.

# Council Controlled Organisations

Marlborough District Council operates the following Council Controlled Organisations (CCO's):

- MDC Holdings Ltd.

Marlborough Housing for the Elderly Trust would be a CCO but Council has exempted it under section 7(3-6) of the Local Government Act 2002.

The Local Government Act 2002 (Schedule 10 section 7) requires Council to include in the Long Term Plan information on CCO's, including:

- The nature and scope of the activities to be provided by the CCO;
- Council's significant policies and objectives in relation to the ownership and control of the organisation; and
- The key performance targets and other measures by which performance is to be judged.

## MDC Holdings Ltd

MDC Holdings Ltd is 100% owned by Marlborough District Council. Council established MDC Holdings Ltd for the purposes of:

- Separating commercial trading activities from the other functions it carries out;
- Bringing Council's main trading activities into one structure; and
- Obtaining commercial borrowing facilities at the most attractive rate attainable.

MDC Holdings Ltd wholly owns the subsidiaries Port Marlborough New Zealand Ltd and Marlborough Airport Ltd.

Port Marlborough New Zealand Ltd undertakes all the activities typically associated with a port and also wholly owns subsidiaries PMNZ Marina Holdings Ltd and Waikawa Marina Trustee Ltd.

Marlborough Airport Ltd is responsible for the maintenance of the runways and taxiways used by civil aircraft by means of an operating lease from the New Zealand Defence Force. It is also responsible for the provision of a terminal facility and associated minor freight handling.

The significant policies in place for MDC Holdings Ltd are:

- That it operate in a commercial manner;
- Decisions to:
  - Acquire assets, the value of which is more than 10% of the value of the company's assets before acquisition;
  - Dispose of any shares in Port Marlborough New Zealand Ltd and Marlborough Airport Ltd require the prior written approval of Council as the major shareholder; and
- That it distribute by way of dividend, subject to solvency requirements, all the net tax paid profit available.

Consistent with an entity operating in a commercial manner, there is only one significant target which is to generate a long-term tax paid return on opening shareholder funds at 7.0%. The return achieved for 2019-20 was 29% (2018-19: 31%). The average for the past three years was 29%.

## Marlborough Housing for the Elderly Trust

Marlborough Housing for the Elderly Trust is a charitable trust that assists in the provision of adequate housing for the elderly people of Marlborough and other members of the community.



## **Part 5: Statement of Compliance and Audit Report**

# Statement of Compliance

## Compliance

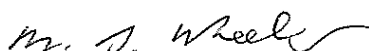
Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act have been complied with.

## Responsibility

Council and management of Marlborough District Council accept responsibility for the presentation of the annual report, including the Financial Statements and the judgments used in them.

Council and management of Marlborough District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and management of Marlborough District Council, the annual report for the year ended 30 June 2020 fairly reflect the financial position and operations and service performance achievements of the Marlborough District Council and Group.



MARK WHEELER  
**CHIEF EXECUTIVE**  
29 October 2020



JOHN LEGGETT  
**MAYOR**  
29 October 2020

## Independent Auditor's Report

### To the readers of Marlborough District Council and Group's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of Marlborough District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Rehan Badar, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 29 October 2020. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 142 to 194:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2020;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on pages 195 to 198, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the performance information on pages 28 to 139:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 28 to 139, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 28 to 139, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 24 to 26, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

## Emphasis of matter - Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the District Council and Group as set out in notes 1.1 (iv) and 31 to the financial statements and pages 28 to 139 of the performance information. We draw specific attention to the following matters due to the significant level of uncertainty caused by COVID-19:

- ***Property, plant and equipment***

Note 10.4 on page 164 describes the significant uncertainties highlighted by the valuer, related to estimating the fair value of Marlborough Regional Forestry's land and improvements (excluding forestry trees).

- ***Investment property***

Note 14.2 on pages 171 and 172 describes the significant uncertainties highlighted by the valuer, related to estimating the fair value of the group's investment property.

## Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.



The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

## **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the District Council.
- We determine the appropriateness of the reported intended levels of service in the performance information, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the District Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other Information

The District Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 23, 200 to 202 and 210, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated.

If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the District Council and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, which is compatible with those independence requirements. Other than this engagement, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Rehan Badar  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



## Appendix

- [MDC Directory](#)

# MDC Directory

## Contact Details

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

Facsimile: (03) 520 7496

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

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

## Addresses

### District Administration Building

15 Seymour Street, Blenheim 7201

### Picton Service Delivery Centre (includes Library)

2 Dublin Street, Picton 7220

### Harbour Control

Mariner's Mall, Picton

### Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

### Works and Operations Depot

Wither Road, Blenheim

### Reserves Depot

Pollard Park, Blenheim

## Solicitor

P J Radich of Radich Law, Blenheim

## Bankers

Bank of New Zealand, Blenheim

Westpac, Blenheim

## Auditor

Rehan Badar, Audit New Zealand, Wellington on behalf of the Auditor General

## General Statistics

Population  
(Usually Resident 2018) 47,340

District Area 17,517 square kilometres

**as at 30 June 2019**

Rateable Land Value \$9,195,811,000

Rateable Capital Value \$19,616,751,200

Number of Rate Assessments 26,625

**as at 30 June 2018**

Rateable Land Value \$9,153,611,300

Rateable Capital Value \$19,403,406,000

Number of Rate Assessments 26,433

### 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.