

ANNUAL REPORT

July 2002 - June 2003



MARLBOROUGH
DISTRICT COUNCIL

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Cover: Garden Marlborough
November 2002
Photo: Skyworks



MARLBOROUGH DISTRICT COUNCIL



MDC DIRECTORY

POSTAL ADDRESS

P O Box 443, Blenheim
Telephone: (03) 578-5249
0800 4 MDC 4U (0800 463 248)
(For use by residents in the
outer Sounds and Rai Valley
areas)
Facsimile: (03) 578-6866
Email: mdc@marlborough.govt.nz

GENERAL STATISTICS

- POPULATION 42,240 – (Census 6 March 2001)
- Inter-Census Population Movement (+) 5%
- DISTRICT AREA – 17,517 square kilometres

as at 30 June 2003

RATEABLE LAND VALUE \$1,932,828,900

RATEABLE CAPITAL VALUE \$4,450,188,560

NUMBER OF RATE ASSESSMENTS 21,906

ADDRESSES

District Administration Building

*15 - 21 Seymour Street,
Blenheim*

Picton Service Delivery Centre (includes Library)

67 High Street, Picton

Marlborough Library

*Corner Arthur and Seymour
Streets, Blenheim*

Animal and Plant Pests Depot

Nelson Street, Blenheim

Services and Reserves Depot

Parker Street, Blenheim

SOLICITOR

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

BANKERS

*Bank of New Zealand
Blenheim*

AUDITOR

*Auditor General
Audit New Zealand
Christchurch*

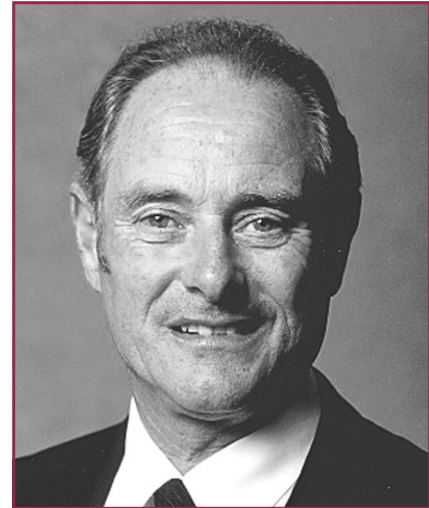
MAYOR'S REPORT

As I wrote in my introduction to the Annual Plan for 2002/03, Council had made a clear commitment to striking a balance between infrastructure development and community responsiveness, within a funding package that distributed costs as fairly and as reasonably as possible.

I am pleased to say that, as this report attests, we have been able to achieve almost everything that we set out to do, and that we have kept within the budget that was set in 2002/03. This is no small achievement. As everyone knows, increasing costs for electricity and insurance have impacted across the board. The effect of international currency movements, and events in other countries, eventually work their way down to us all, often resulting in increased costs over which we have little or no control. Many of our key industries, including tourism, viticulture, forestry and aquaculture, have faced very difficult conditions in their respective markets.

Despite this, the 2002/03 year has seen Marlborough continue a period of positive growth. This has been most evident in the continuing pressure on house prices, and the difficulties many employers are facing in securing the labour that they need. I am very pleased to see local industry working more closely with Council, and with government agencies, to anticipate some of these pressures and to find innovative solutions. A good example this year was the partnership between Work and Income and the viticulture industry, designed to ensure that the labour needs of the industry were able to be met without causing undue stress on local accommodation. Good forward planning, sharing of information, and a willingness to solve problems by working together were hallmarks of this project. The wine industry, and Work and Income New Zealand, are to be congratulated for their approach.

More and more, this will need to be the way in which our community responds to the challenges of change. Working by ourselves is a recipe for failure, if not disaster. Working together, I see no limits to what we can achieve. Our province is blessed with everything a community needs to prosper, and can provide a quality of life that would be the envy of anybody. It is in our hands whether we take advantage of this. Council for one is committed to this path.



At the community level, the diversity and vibrancy of our people is another positive indication of what the future holds. One of the highlights for us all this year would have been the Classic Wings airshow. This event has grown on the efforts and enthusiasm of a very small band of extremely dedicated volunteers. It is now shaping up to be one of our premier events, alongside the wine festival and the garden festival. The airshow is especially interesting as it forms one part of an aviation "cluster" – a group of businesses and organisations that are all, in some way or other connected to the aviation industry here in Marlborough. The RNZAF/NMIT aviation engineering training initiative is another aspect of this industry. Council's support for the development of the aviation cluster is an example of how small investments can make a big difference in lifting local endeavours to a new level.

Although an Annual Report is predominantly a reflection on past achievements, it also charts the progress that is being made towards long term objectives. The introduction of the new Local Government Act earlier this year is bringing with it a new set of planning and reporting requirements, including a new emphasis on long term planning for the community as a whole. I believe Marlborough, and Council, can be justly proud of what it has achieved to date, and I am confident that whatever our future may hold, that by working together we can meet all challenges that may come.

Tom Harrison
MAYOR

CHIEF EXECUTIVE'S REPORT

Council's annual report for 2002/03 records the financial performance of the organisation, and the degree to which the objectives and targets that were set for the year have been achieved. The pages that follow provide extensive information detailing the activities of the past year. It is pleasing to be able to report to the community that Council is in good financial health and has achieved the targets set for the year.

It has been a challenging year for Council staff as Marlborough continues to grow and experience increasing economic activity. This increased activity impacts greatly on Council and the need to respond to community expectations and needs. Increased activity can be seen through record numbers of Land Information Memorandums (LIMs), resource consents and building consents being processed.

The increased economic activity and growth puts demands on Council in all aspects of its servicing from the provision of infrastructure to the development of environmental policy and monitoring to ensure the protection and sustainability of our environment for future generations.

I am particularly pleased with the achievements of Council over the past twelve months in all aspects of our vision of social, economic and environment development. The introduction of the Local Government Act 2002 has seen Council form closer alliances with community groups and other agencies with a view to collaboration in achieving community outcomes. The Long Term Community Plan for Marlborough, to be produced in 2004, will seek to bring all parties together under collectively agreed outcomes.

In the economic development area the Marlborough Economic Development Trust and Council have worked together in a way that has made us a role model for other regions. The achievements of establishing a wine research facility on the NMIT campus supported by the wine industry, the commencement of civilian aviation engineering training at the RNZAF Base Woodbourne by NMIT and the establishment of the aquaculture and aviation clusters are achievements that will have a significant impact on Marlborough's future. A key focus for the coming year is the development of the aviation cluster and the establishment of a Aviation Heritage Centre for the emerging and rapidly growing aircraft restoration industry in Marlborough.



Three key infrastructure projects have taken a lot of staff effort over the year for which I am grateful. These projects are the Southern Valleys' Irrigation Scheme, the Renwick Sewerage Scheme and the purchase of water and sewerage assets at Riverlands as a result of the closure of the PPCS freezing works. Each of these projects will have a large impact on the direct community serviced and the wider community, and provide significant environmental, social and economic benefits. The process of decision making in all cases has ensured that the communities affected have been well informed and been able to participate in the decision made. The Southern Valleys' Irrigation Scheme is the largest infrastructure project undertaken in Marlborough for many years and projected to cost in the vicinity of \$16 million.

I am very proud to see staff delivering consistently high quality work under constant pressure, and I would like to take this opportunity to thank all staff for the contribution they have made to the achievements recorded in this year's annual report.

Andrew Besley
CHIEF EXECUTIVE

ROLE OF ANNUAL REPORT

This Annual Report has been prepared to enable readers to assess the performance of the Marlborough District Council against the policies, activities, objectives, performance targets and financial details contained in the Council's 2002/2003 Annual Plan.

An Annual Report is required by Section 223E of the Local Government Act 1974 (now Section 283 of the Local Government Act 2002). Financial and non-financial information is required to be included for each activity.

If any member of the public wishes to discuss any aspect of this report, a council officer will be more than pleased to meet with you. In the first instance please telephone Judith North, Committee Secretary (03) 578-5249, Blenheim.

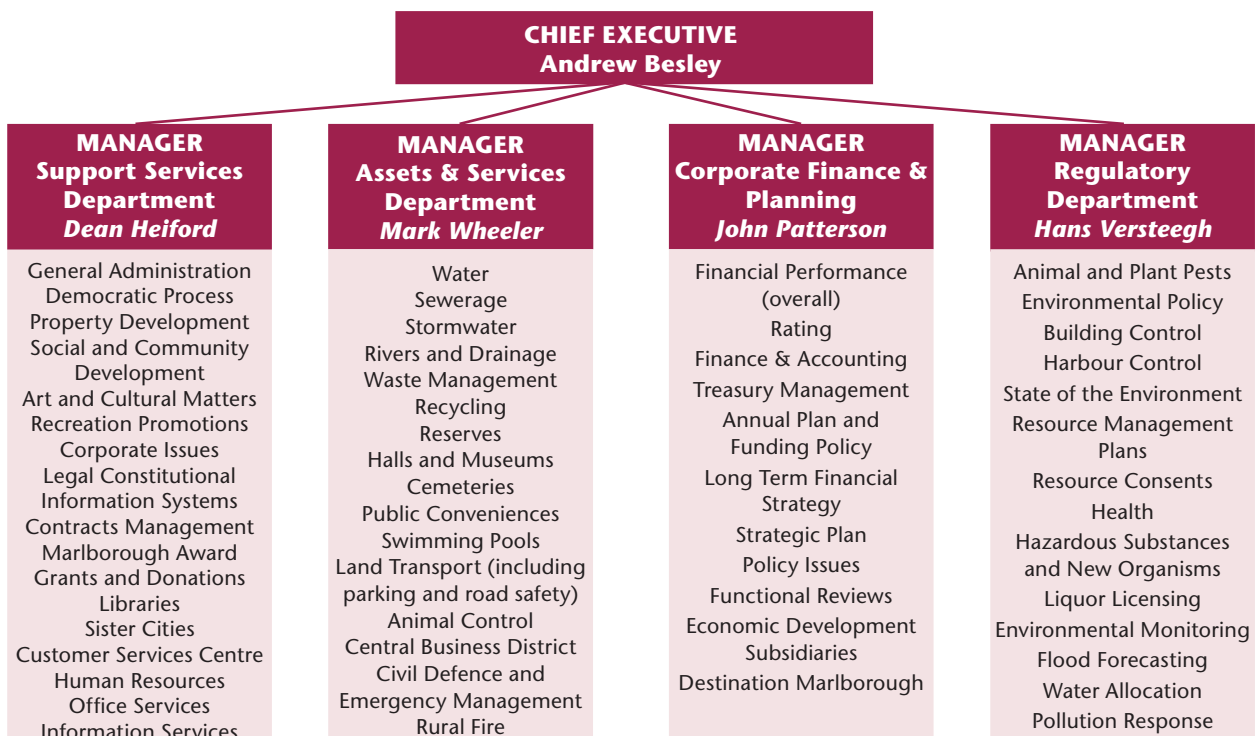
ENTITY STATEMENT

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

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

- MDC Holdings Limited (100% owned by Council).
- Port Marlborough New Zealand Limited (100% owned by MDC Holdings Limited).
- Marlborough Airport Company (100% owned by Port Marlborough New Zealand Limited).
- Marlborough Regional Forestry (88.62% owned by Council).
- Housing for the Elderly Trust.
- Destination Marlborough Trust
- Mayoral Drought Relief Fund.

COUNCIL STAFF STRUCTURE



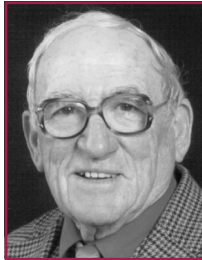
ELECTED COUNCIL MEMBERS

(AS AT 30 JUNE 2003)

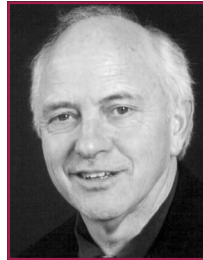
BLenheim WARD



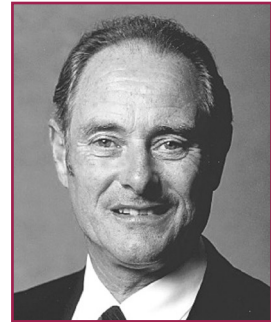
Jenny Andrews



Frank Connor



John Craighead



Tom Harrison
Mayor



Liz Davidson

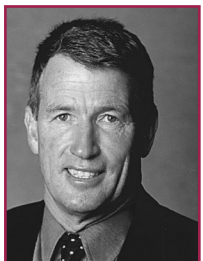


David Dew

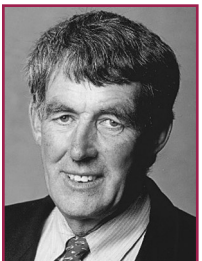


Alistair Sowman

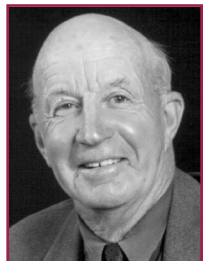
WAIraU WARD



Francis Maher

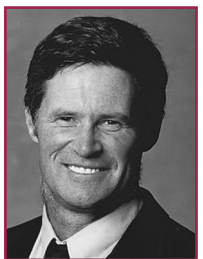


Ian Mitchell



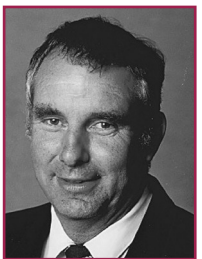
Larry Pigou

AWATERE WARD



Andrew Barker
(Deputy Mayor)

PICTON WARD



Cliff Bowers

PELORUS/NORTHERN MARLBOROUGH SOUNDS WARD



Cheryl Cairns

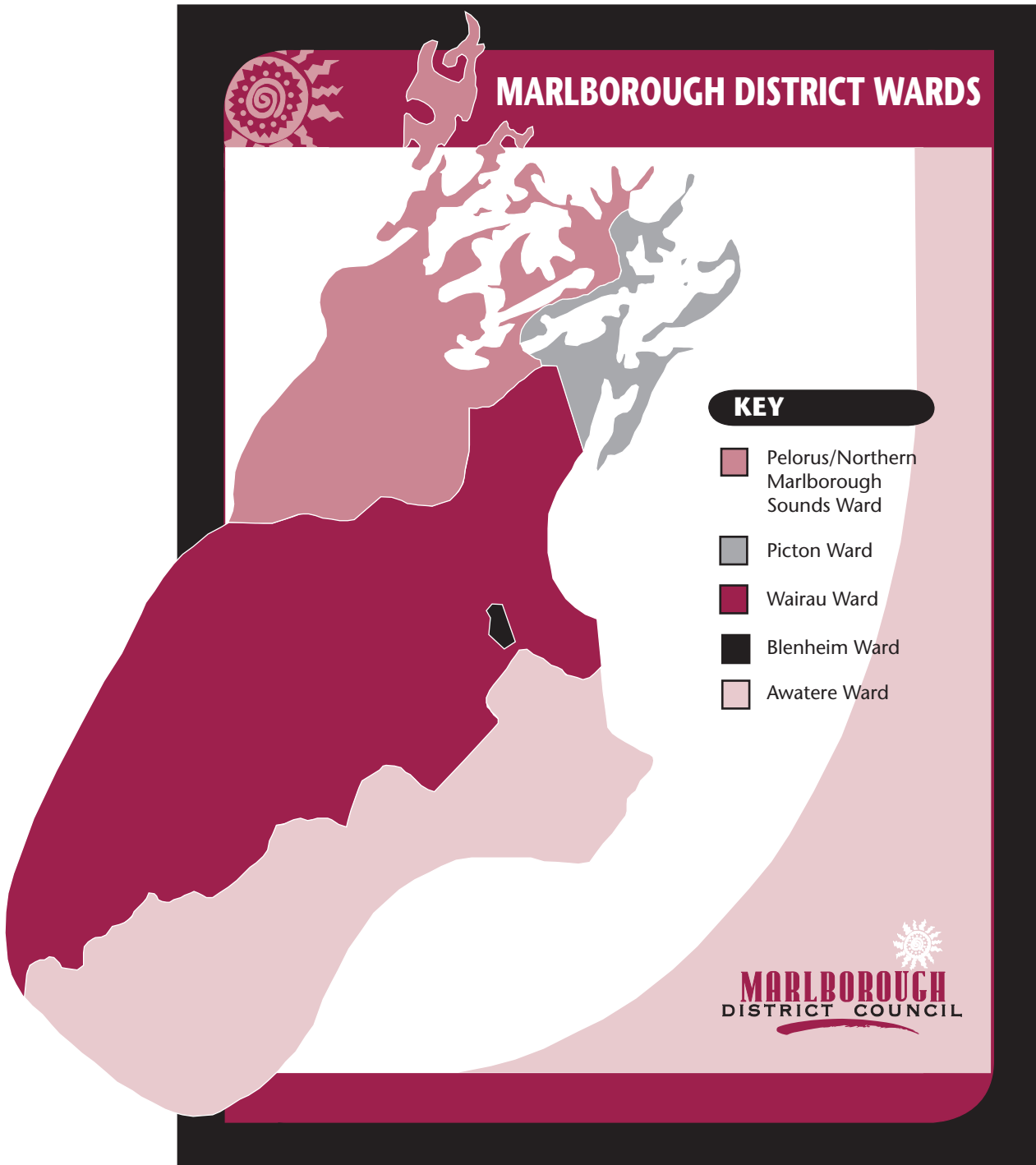


Graeme Barsanti

MISSION STATEMENT

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

MARLBOROUGH DISTRICT ELECTORAL WARDS



COUNCIL COMMITTEES AND MEMBERS

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

The present committees and their membership are as follows:

FINANCE & ADMINISTRATION

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

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

• Liquor Licensing Sub-Committee

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

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

COMMUNITY DEVELOPMENT

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

Chairperson – Clr Alistair Sowman
 Deputy Chairperson – Clr Francis Maher
 Clr Jenny Andrews
 Clr Cheryl Cairns
 Clr John Craighead

Clr David Dew
 Clr Ian Mitchell
 Clr Larry Pigou
 Mayor Tom Harrison (ex officio)

• Grants Sub-Committee:

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

Clr Jenny Andrews - Chair
 Clr Andrew Barker
 2 iwi representatives
 Creative Marlborough representative
 Sports Trust representative
 4 community representatives

• Sister City Sub-Committee:

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

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

• Youth, Elderly and Access Sub-Committee:

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

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

ASSETS & SERVICES

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

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

- **Animal Control Sub-Committee:**

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

Clr Liz Davidson - Chair
Clr Jenny Andrews
Clr John Craighead

- **Regional Land Transport Committee:**

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

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

ENVIRONMENT

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

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

HEARINGS

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

Any three out of the following pool:

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

MARLBOROUGH CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP

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

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

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

MAORI ADVISORY KOMITI

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

Currently, there are six iwi represented on the committee:

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

APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES

MDC Holdings Limited

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

Port Marlborough NZ Limited and Marlborough Airport Limited

Clr David Dew (Chairperson)

Marlborough Regional Forestry

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

Clr Andrew Barker (Chairperson)
 Mayor Tom Harrison

STAFF EMPLOYED (FULL TIME EQUIVALENTS) (AS AT 30 JUNE 2003)

	30.6.03		30.6.02	
	Male	Female	Male	Female
Support Services				
Community Development Management	1		1	
Democratic Services Management	1	1	1	1
Office Services	1.25	12.8	1.4	10.6
Treasury	4	5	4	5
Contracts Management	.5		.5	
Human Resources	1		.9	
Information Services	5.5	3	5.5	3
General Management				
Corporate Finance & Planning	2		2	
Management and Support	3	2	3	2
Regulatory				
Animal and Plant Pests	7		13	
Building Control	7		7	
Environmental Health and Liquor	2		2	
Environmental Unit	8	5	8	5
Harbour Functions	2		2	
Resource Management Control	8	7.6	8	5.6
Management and Support	3	9	3	7
Assets and Services				
Development and Project Management	5		4	
Engineering	7	1	7	1
Operations	14	3	14	3.2
Reserves and Amenities	3.6		3.6	
Rivers and Land Drainage	5		5	
Management and Support	3	1	3	1
Civil Defence/Emergency Management	1.75		1.75	
Customer Service Centres	1	15.5	1	15.4
Libraries	4	9.3	4	9.3
Totals	98.6	77.2	103.75	71

INFRASTRUCTURAL ASSETS

	30.6.03		30.6.02	
Roads				
	Urban	Length	Urban	Length
	Sealed	164.0 km	Sealed	161.9 km
	Metalled	1.2 km	Metalled	1.2 km
	Rural	Length	Rural	Length
	Sealed	664.7 km	Sealed	663.1 km
	Metalled	692.9 km	Metalled	693.3 km
TOTAL		1522.8 km		1519.5 km
Bridges				
	Number	Lineal Metres	Number	Lineal Metres
One lane bridges	298	5195	299	5207
Two lane bridges	55	781	54	771
Footbridges	6	209*	6	71
* Corrected after detailed survey.				
TOTAL	359	6185	359	6049
Wharves				
	12		12	
Street Lighting				
	3,254 lights		3,016 lights	
Water Supply Schemes				
	7 schemes with 355 kms of reticulation		7 schemes with 344 kms of reticulation	
Sewerage Systems				
	5 schemes with 205 kms of reticulation		5 schemes with 194 kms of reticulation	
Stormwater System				
	115 kms of reticulation		111 kms of reticulation	

REPORT ON LONG TERM FINANCIAL STRATEGY AND POLICIES

During the 2002/2003 financial year MDC has made significant progress towards the achievement of objectives and policies for the year as set out in the Annual Plan and its Long Term Financial Strategy, Funding Policy and Treasury Management Policy. Council reviewed its Funding Policy and its Long Term Financial Strategy in consultation with the community during the 2000/2001 financial year.

LONG TERM FINANCIAL STRATEGY

Background

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

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

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

Overall Performance

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

FUNDING POLICY

Background

The Funding Policy, as outlined in the Annual Plan, is designed to ensure that the allocation of costs by function is met by the people or groups benefiting from the function.

Overall Performance

Council has funded the cost of functions in the manner outlined in the Funding Policy.

Treasury Policy

The Treasury Policy sets out the parameters for the Treasury operations both in terms of investments and borrowings. There have been no significant variations or material departures from the Council's treasury policy as reported in the Annual Plan.

STATEMENT OF COMPLIANCE

COMPLIANCE

The Council and management of Marlborough District Council confirm that all the statutory requirements of Subparts 3 and 4 of Part 6 of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

RESPONSIBILITY

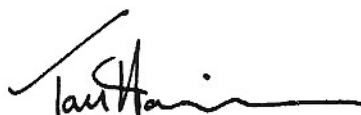
The Council and management of Marlborough District Council accept responsibility for the preparation of the Annual Financial Statements and the judgments used in them.

The Council and management of Marlborough District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Marlborough District Council, the annual Financial Statements for the year ended 30 June 2003 fairly reflect the financial position and operations of Marlborough District Council.



Andrew Besley
Chief Executive
19 November 2003



Tom Harrison
Mayor
19 November 2003

AUDIT OFFICE REPORT



Audit New Zealand

**REPORT OF THE AUDITOR-GENERAL
TO THE READERS OF THE FINANCIAL STATEMENTS OF
MARLBOROUGH DISTRICT COUNCIL AND GROUP
FOR THE YEAR ENDED 30 June 2003**

We have audited the financial statements on pages 18 to 73. The financial statements provide information about the past financial and service performance of Marlborough District Council and group and its financial position as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 18 to 22.

Responsibilities of the Council

Section 283 of the Local Government Act 2002 requires the Council to prepare its annual report for the year ended 30 June 2003 under section 223E of the Local Government Act 1974. That section requires the Council to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of Marlborough District Council and group as at 30 June 2003 and the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 requires the Auditor-General to audit the financial statements presented by the Council. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and to report that opinion to you.

The Auditor-General has appointed Bruce Robertson of Audit New Zealand to undertake the audit.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Council in the preparation of the financial statements; and
- ▲ whether the accounting policies are appropriate to Marlborough District Council and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Marlborough District Council or any of its subsidiaries.

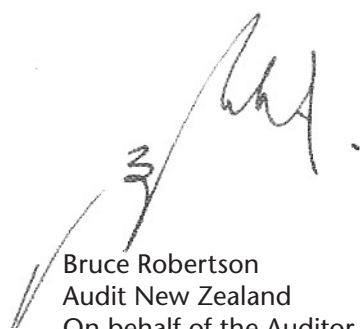
Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of Marlborough District Council and group on pages 15 to 68:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
 - Marlborough District Council and group's financial position as at 30 June 2003;
 - the results of its operations and cash flows for the year ended on that date; and
 - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 20 November 2003 and our unqualified opinion is expressed as at that date.



Bruce Robertson
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand



STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

The group consists of:

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

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

MEASUREMENT BASE

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

ACCOUNTING POLICIES

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

BASIS OF CONSOLIDATION - PURCHASE METHOD

The consolidated financial statements include Marlborough District Council and its subsidiaries. The subsidiaries are accounted for using the purchase method, which involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis. All significant inter-entity transactions are eliminated on consolidation.

ACCOUNTS RECEIVABLE

Accounts receivable are valued at expected realisable value.

INVENTORIES

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

PROPERTIES INTENDED FOR SALE

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

FIXED ASSETS

Land Improvements and Buildings

Leased land at Conders Bend and the Forum site was valued by Alexander Hayward Limited (Registered Valuers). The value is net current value as at 30 June 2003. All other land was valued by QV Valuations (Registered Valuers). The value is net current value as at 1 July 1999.

Improvements and buildings were valued by Alexander Hayward Limited (Registered Valuers). The values are based on the 1 July 1999 lower of depreciated replacement cost or net realisable value. Depreciation has been provided for the year ended 30 June 2003. Any assets acquired subsequent to 1 July 1999 are shown at cost less depreciation.

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

In the case of Marlborough Regional Forestry, land and improvements were valued by Merrill & Ring New Zealand Limited (Forestry Consultants). The land was based on the 1 September 1999 government valuation adjusted for capital roading undertaken after government valuation date.

Library Books and Parking Meters

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

Forestry

Forest crop values were determined by Mr Murray Turbitt (Bachelor of Forestry) of Merrill & Ring New Zealand Limited as at 30 June 2003. The basis of valuation is the estate based 'Net Present Value Method'.

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

OTHER FIXED ASSETS EXCLUDING INFRASTRUCTURAL ASSETS

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

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

INFRASTRUCTURAL ASSETS (Marlborough District Council Only)

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

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

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

Reserves, public conveniences and war memorials land were valued by QV Valuations (Registered Valuers). The value is based on as at 1 July 1999 'net current value'. Any land acquired after 1 July 1999 is shown at cost.

Reserves, public conveniences and war memorials buildings and improvements were valued by Alexander Hayward Limited (Registered Valuers). The value is based on, as at 1 July 1999, the lower of cost and net realisable value. Any buildings and improvements acquired after 1 July 1999 are shown at cost less depreciation.

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

DEPRECIATION

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

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

MAJOR ASSET CLASSES**Roads, Streets and Bridges**

- Land under roads
- Pavement formation
- Pavement layers
- Pavement surface
- Culverts
- Kerb and channel
- Concrete stormwater channels
- Earth water channels
- Footpaths
- Bridges
- Footbridges
- Retaining walls
- Street berms
- Traffic signs
- Street lighting
- Traffic islands
- Street trees
- Street furniture
- Paved and cobbled areas
- Council wharves
- Port Marlborough wharves and marinas

USEFUL LIFE**DEPRECIATION RATE****Carparks**

- Parking meters
- Land
- Formation
- Basecourse
- Surfacing
- Markings

Buildings (excluding properties intended for sale)**Council Computers (excluding GEMs)****Council GEMS computer equipment****Plant, equipment (excluding Council infrastructural assets)****Mowers/chainsaws****Sewerage**

- Pipes
- Pump stations
- Oxidation ponds
 - Liner
 - Waveband
- Treatment plant

Stormwater

- Pipes
- Pump stations

Water

- Pipes
- Reservoirs
- Surface connections
- Pumps
- Pump stations
- Treatment plant
- Dams

Rivers and Drainage

- Pump stations
- Stopbanks/earthworks
- Rock and gabion protection
- Trees and tree retards
- Culverts and gates
- Channels
- Dam

Library books

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

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

Landfill Post Closure Costs

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

BUDGET FIGURES

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

TAXATION

Marlborough District Council

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

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

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

Marlborough Regional Forestry

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

Goods and Services Taxation

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

COST OF DISTRICT COUNCIL'S SIGNIFICANT ACTIVITIES

- (a) Operating Costs
All direct costs of providing services and allocating overheads have been charged to the relevant significant activity.
- (b) Direct costs include salaries and wages, materials, services, depreciation and a share of the other costs of managing each significant activity within the groupings of:
 - Services
 - Resource Management and Regulatory
 - Commercial and Other Property
- (c) Allocated Overheads
The costs of providing supporting services for the Marlborough District Council are accumulated and then allocated to each significant activity using appropriate allocation bases which reflect usage and/or capacity for each significant activity.
- (d) General type rates have been allocated to significant activities of Council in the Cost of Service statements. The basis of allocation is as detailed in the Annual Plan.

SEPARATE RATE FINANCED ACTIVITIES

Where significant activities include the delivery of services which benefit a specific group within the community, the net cost of delivering such services is financed where practicable by separate rate charged only to that specific group. Such rates are shown separately as revenue earned by the particular significant activity.

RESTRICTED RESERVES

(a) *Revenue*

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

(b) *Expenditure*

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

(c) *Appropriations*

The net amount of restricted reserves revenue less allowable expenditure as in (b) above, is appropriated from accumulated funds to restricted reserves each year. These appropriations are shown in note 9.

EMPLOYEE ENTITLEMENTS

The gratuity and long service provisions have been calculated on an actuarial basis which recognises the liability for what is likely to be paid out to staff over the long term based on years of service accumulated to date.

INVESTMENTS

All investments are valued at the lower of cost and net realisable values. Records of the cost were not available for all investment when the Council adopted accrual accounting methods. In those instances where the original cost of an investment was not available, par or nominal value has been used. Where investments have been purchased at a premium/discount that premium/discount is amortised over the term of the investment.

FINANCIAL INSTRUMENTS

The Council and its subsidiaries are party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, investments, receivables, payables and borrowing. These instruments are generally carried at their estimated fair value as described in the Statement of Financial Position. Revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

STATEMENT OF CASH FLOWS

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

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

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

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

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

CHANGES IN ACCOUNTING POLICIES

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

COUNCIL GOALS

The Marlborough District Council has nine key goals:

1 Customer Service

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

2 Community

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

3 Sustainability

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

4 Development

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

5 Services

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

6 Communication

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

7 Employment

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

8 Assets and Property

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

9 Administration

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

SIGNIFICANT ACTIVITIES

COMMUNITY, RECREATION, CULTURE AND HERITAGE

Activities in this group are associated with the following outcome:

- *Marlborough residents, and visitors to Marlborough, have access to services and facilities that foster community health and well-being.*

Description

Marlborough District Council considers social and community development to be an important part of the well-being of Marlborough's community and is an appropriate organisation - in partnership with others - to play an active role in the development of the community. Council assists this development by:

Providing and maintaining:

- Library facilities
- Parks, reserves, walkways and sports grounds
- Community halls and pavilions
- Memorials
- Cemeteries
- Public conveniences
- Civil Defence services

Providing financial assistance for the provision of:

- Sports and Events Centre
- Swimming facilities
- Recreation and leisure programmes
- Art facilities
- Historical facilities
- Social and community services

OBJECTIVES FOR 2002/2003

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

To provide access to recreation opportunities for all communities in Marlborough.

PERFORMANCE INDICATORS

- Maintain reserves to the standard required in the Reserves Asset Management Plan.
All Council reserves have been maintained to the required standard throughout the course of the reporting year.
- 100% compliance of playground equipment with NZS 5828.
Achieved. No serious faults noted or failures in equipment reported by public or contractors.
- Respond to all customer enquiries within three working days.
Customer enquiries responded to within three working days or within agreed timeframes.
- Report on future management and development of the Wither Hills.
Review process completed. Final management plan approved by Council on 18 September 2003.
- Facilities are maintained to agreed services and standards.
Achieved.
- Facilities are allocated to meet the needs of Marlborough Sports Codes.
All user group applications for use/allocation of Council facilities were satisfactorily met.
- Hillary Commission Community Sports Fund is administered in accordance with partnership agreement.

To provide support for arts, museums and historical facilities.

The Hillary Commission was replaced by Sport and Recreation New Zealand (SPARC) during the 2002-2003 year. SPARC advised that it would not continue with the Community Sport Fund so funding was not available to administer within the community. Rural Travel funding has been made available for the 2003-2004 financial year.

- Administer the Creative Communities New Zealand Funding Scheme in line with partnership agreement.

The Scheme was administered in accordance with the agreement with Creative New Zealand. 25 grants totalling \$37,730 were allocated to organisations providing arts activities in the community.

- Provide assistance to museums and archives on a case by case basis as provided in existing budgets.

Works were undertaken on the Renwick and Picton museum buildings as required. Major redevelopment project on Renwick museum involves Council staff during current planning stages. Funding to be sought in 2004/05 financial year.

- Maintain to an appropriate standard all memorial monuments, clocks and fountains.

Extensive upgrade of 14 memorials was undertaken, with relettering of plaques and general repairs and renovations carried out.

- Develop and implement a Heritage Policy.

The Draft Heritage Strategy was adopted by Council. Consultation will take place with the Heritage sector of the community to provide feedback to Council with the intention of having the Strategy adopted in December 2003. Key outcomes from this process will be included in the Long Term Council Community Plan.

- Implement the recommendations of the Arts and Culture Policy Review.

The Draft Arts and Culture Strategy was adopted by Council after the review of the existing Arts and Culture Policy was completed. Consultation will take place with the Arts and Culture sector of the community to provide feedback to Council with the intention of having the Strategy adopted in December 2003. Key outcomes from this process will be included in the Long Term Council Community Plan.

To provide and promote a library service which is accessible and cost effective for the Marlborough community.

- Increase usage and membership of library services.

Active membership 2001/02 – 17,852; 2002/03 – 20,501. Issues 2001/02 – 592,074; 2002/03 – 606,830. Public internet revenue increased by 4% in 2002/03 (2001/02 \$18,958; 2002/03 \$19,650). 15,906 public enquiries were recorded at the Information Services help desk in 2002/03; an increase of 11% (1,602). In-house book reserves in 2002/03 increased by 14% to 10,661.

To plan and promote community development within the Marlborough community.

- Maintain average age of library resources.

The average age of stock was maintained at 10 years.

- Maintain the average cost per issue.

2001/02 - \$2.02 per issue; 2002/03 - \$2.02 per issue.

- Establish processes for the establishment of a long term community plan.

Planning project is underway. Community wellbeing workshop was held December 2002 with follow up consultation January/February 2003. Project to identify regional outcomes and indicators commenced in partnership with central government and other local authorities. A Community Development Committee was established.

- Provide grants and donations for social and community development groups from within existing budgets.

Council provided grants to the following organisations in the 2002/2003 financial year:

• Citizens Advice Bureau	\$5,097
• Marlborough District Brass Band	\$10,000
• Creative Marlborough	\$10,000
• Picton Resource Centre	\$1,500
• Sport Marlborough	\$7,500
• Marlborough Safer Community Group	\$7,500
• Marlborough Rugby Union	\$10,000
• Millennium Art Gallery	\$77,300
• Marlborough Historical Society	\$50,000
• Marlborough Youth Trust	\$15,000
• Awatere Community Activities	\$5,200
• Ten Pin Bowling Trust	\$23,854
• Awatere Rugby Club	\$20,000
• Nopera Golf Club	\$6,000
• Marlborough Historical Society	\$7,875
• Spring Creek School	\$3,500

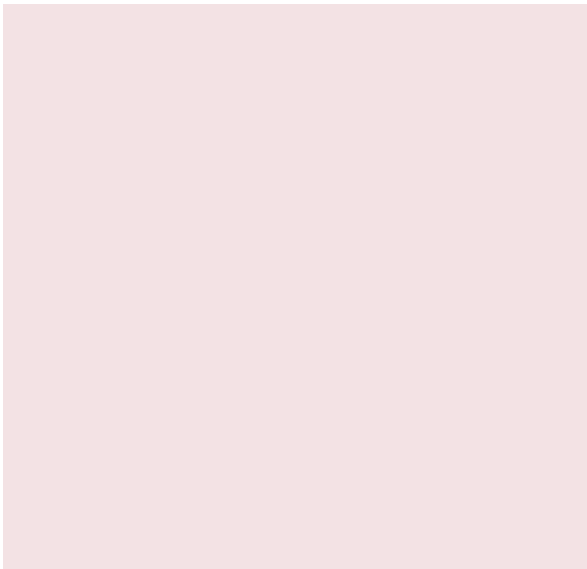
In addition Council allocated \$81,075 under the Financial Assistance Policy (grants applied annually) as follows:

• Havelock Museum Society	\$5,000
• Havelock Community Association	\$5,000
• Marlborough Historical Society	\$9,000
• Blenheim Amateur Operatic Society	\$1,000
• Marlborough Riding for the Disabled	\$500
• Bread of Life Trust	\$3,000
• Picton Volunteer Ambulance Service	\$6,334
• Senior Net Marlborough Sounds	\$950
• D'Urville Island Association	\$1,000
• NZ CCS Nelson/Marlborough	\$5,000
• Picton Community Creche	\$1,012
• Marlborough Pacific Island Social Services	\$969
• Super Kidz Trust	\$4,422
• Guides Marlborough	\$460
• Awatere Community Activities	\$1,290

• Marlborough Riding for the Disabled	\$7,421
• Royal NZ Foundation for the Blind	\$4,500
• Lifeline Marlborough	\$750
• Riverlands School	\$300
• Marlborough District Rose Society	\$1,000
• Brooklyn Croquet Club	\$4,060
• Spring Creek Play Centre	\$338
• Blenheim Branch of Marlborough PonyClub	\$2,500
• Air Training Corps 27 Squadron	\$670
• Blenheim Rowing Club	\$1,560
• Marlborough Cricket Association	\$1,633
• Sport Marlborough	\$8,000
• Marlborough 4 Fun	\$3,466

Annual grants were also made to community and resident groups – Hockey Turf Trust, Marlborough Rugby Football Union and Forest and Bird to enable their maintenance and provision of community based facilities on Council land or where services provided are for the benefit of recreational user groups.

- Provide assistance as required to community groups to access funds from other sources.
In excess of 50 organisations received assistance with funding information and/or application completion to access funding from other sources. Funding workshops and information sessions were provided during the year. In addition the Funding Information Service database is made publicly accessible at the Blenheim and Picton libraries. This was extended to the Awatere Community Centre along with the Breakout database of scholarships and grants for individuals which is now available at all locations.
- Continue to support the Marlborough Safer Community Group in line with sponsorship agreement.
The partnership with the Crime Prevention Unit of the Ministry of Justice continues with Council providing administration support, funding assistance and liaison as required to the Marlborough Safer Community Group and the projects they manage including Truancy Service Marlborough, Pathways Marlborough (alternative education programme), Turnaround Marlborough (restorative justice project), and support for the Marlborough Youth Trust. Assistance has also been provided to establish the organisation as a charitable trust.
- Provide liaison and develop partnerships between community organisations.
Liaison and assistance is provided through the Community Development Co-ordinator in conjunction with other areas of Council. Partnerships on community projects have included TrustPower Community Awards, Community



To provide cost effective cemetery services to meet the needs of the Marlborough community.

To provide attractive, hygienic public conveniences at locations designed to cater for public needs.

Directory Project, Regional Arts Strategy Development, Regional Physical Activity Plan Development and Older Persons Transport Project. Assistance for the monthly Community Worker Forum meetings, Picton Community Whanau meetings, and Council's Youth and Older Peoples Forums, encourage linkages and networks between organisations and agencies.

- Provide assistance for regular networking and forums for youth workers and youth issues.

Assistance was provided to the Youth Worker Forum, Marlborough Youth Trust and Marlborough Mentoring Group for development of youth issues and networking opportunities. In addition six weekly youth forums have been held with the Youth, Elderly and Access Sub Committee of Council and youth representatives from secondary schools in Marlborough.

- Review of cemetery operations completed by December 2002.

Review deferred until the 2003/04 financial year.

- Inspect all public conveniences monthly to ensure compliance with contract specifications.

Audit checks in conjunction with the contractor were undertaken as required. Satisfactory performance noted.

- Investigate complaints relating to operations and facilities within 12 hours.

All complaints responded to and repairs undertaken within 12 hours.

- Remedy minor faults within public conveniences within 24 hours of notification.

Achieved within required timeframe on all minor faults.

Cost of Services - \$000's	ACTUAL BUDGET LAST YEAR			ACTUAL BUDGET LAST YEAR	ACTUAL BUDGET LAST YEAR	ACTUAL BUDGET LAST YEAR	
	2002/03	2002/03	2001/02				
OPERATING COSTS				REVENUE			
Swimming Pools	430	410	464	Rates	4,293	4,189	4,163
Reserves	1,966	1,864	1,981	Subsidies	96	5	233
Halls, Museums and Memorials	177	182	172	Other Revenue	684	473	500
Libraries	1,042	1,088	1,017	Total Revenue	5,073	4,667	4,896
Cemeteries	291	274	300				
Public Conveniences	348	332	314				
Community Development	1,126	979	1,183				
Special Work Schemes	6	10	4	General Revenues Applied	313	472	539
Total Operating Costs	5,386	5,139	5,435		5,386	5,139	5,435

CAPITAL WORKS			
Swimming Pools	3	4	-
Reserves	1,120	263	1,150
Cemeteries	82	85	19
Halls and Museums	22	52	-
Libraries	292	183	180
Public Conveniences	66	250	153
Total Capital Works	1,585	837	1,502

Note 1: The unfavourable variance in Reserves capital works is attributable to vested assets, the Wither Hills Restoration works, the Blenheim Skate Park Development. Riverside Park, Harling Park and other additional Reserve capital works funded by subsidies, grants, donations and cash reserves. The additional capital expenditure in the libraries relates to Computer Equipment - This has been funded from cash reserves.

Note 2: The subsidies variance is mainly attributable to grants received in respect of Councils involvement with the Safer Community Group.

Note 3: The Other Revenues variance is mainly caused by vested assets and donations and grants.

Note 4:	Operating Costs			
	as above	5,386	5,139	5,435
	Less Internal Interest	92	82	86
	Operating Costs			
	as per page 54	5,294	5,057	5,349

ECONOMIC DEVELOPMENT

Activities in this group are associated with the following outcome:

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

Description

Council's actions significantly affect the development of the regional economy. As a provider of infrastructure, a regulator and a democratic organisation for the people, Council is able to be a facilitator and encourager of the development of the region. Council has determined that its role in economic development is:

- To ensure that Council's infrastructure is able to cope with present and future business and industry needs.
- To ensure that Council services are provided in the most efficient and cost effective manner.
- To ensure that the compliance costs associated with the Council's regulatory responsibilities are balanced with community benefits.

- To ensure that both information providers and seekers are able to easily obtain information on the District.
- To promote Marlborough.

Council provides funding to the following organisations who assist in carrying out its roles:

- | | |
|---------------------------------------------------------------------------------------|-----------|
| • Destination Marlborough | \$400,000 |
| • Marlborough Economic Development Trust
(to be increased to \$155,000 in 2004/05) | \$ 50,000 |
| • Marlborough Research Centre | \$120,000 |

OBJECTIVES FOR 2002/2003

To increase the productivity of agricultural land in Marlborough.

To encourage education and research opportunities in Marlborough.

PERFORMANCE INDICATORS

- Provide support for water augmentation groups in the Awatere and Southern Wairau valleys.
Proposal to construct a reticulated irrigation scheme in the Southern Valleys area was included in the 2003/04 Annual Plan. The Awatere water augmentation group completed its dam feasibility study. Through lack of community support this has ceased to continue operating.
- Facilitate the establishment of Centres of Excellence in education for aviation engineering, viticulture, and aquaculture.
The first intake of students to the Nelson Marlborough Institute of Technology (NMIT) aviation-engineering course commenced in February 2003. Building work has commenced on the Viticulture Centre of Excellence. A Memorandum of Understanding has been signed between NMIT, Cawthron Institute and Marlborough Economic Development Trust for the development of aquaculture in Marlborough. A Diploma Course in aquaculture has commenced at the Marlborough Campus of NMIT.
- Facilitate the establishment of Centres of Excellence in research in wine and aquaculture.
Building work has commenced on the Viticulture Centre of Excellence. Discussions are continuing with relevant parties in the aquaculture industry.

[Redacted]

To encourage business development in Marlborough.

To promote tourism in Marlborough by supporting and monitoring Destination Marlborough.

- Report on Marlborough Research Centre initiatives supported by Council.

Report provided to the Finance and Administration Committee of Council on 28 November 2002.

- Report on Marlborough Economic Development Trust initiatives supported by Council.

Achieved. Reports were presented to the Finance and Administration Committee of Council on 28 November 2002 and the Community Development Committee on 21 July 2003.

- Increase in domestic and international guest nights.

Not achieved. The tourism industry was substantially affected in 2002/03 by an international downturn in travel.

- Increase in average visitor spending.

A benchmark for average visitor spending has been established.

Cost of Services - \$000's	ACTUAL BUDGET LAST YEAR		
	2002/03	2002/03	2001/02
Destination Marlborough	300	300	300
Marlborough Research Centre	120	121	121
Other	188	189	107
	608	610	528

REVENUE	ACTUAL BUDGET LAST YEAR		
	2002/03	2002/03	2001/02
Rates	378	374	368
Other Revenue	-	-	-
Total Revenue	378	374	368
General Revenues Applied	230	236	160
	608	610	528

LAND TRANSPORT

Activities in this group are associated with the following outcome:

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

Description

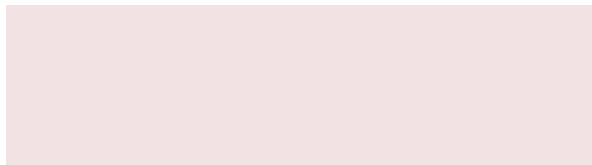
As owner of the local roading network Council has a legal requirement to provide services to certain standards.

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

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of Transit New Zealand. In addition Council is responsible for all roading

related assets - footpaths, berms, street trees and plots, kerb and channelling, undergrounding (in conjunction with Marlborough Lines), street lighting and carparks. Council also participates in road safety programmes for Marlborough roads.

OBJECTIVES FOR 2002/2003	PERFORMANCE INDICATORS
<p>To provide a cost effective, safe and efficient roading network.</p>	<ul style="list-style-type: none"> • Maintain average road roughness standards for sealed roads of: <ul style="list-style-type: none"> (a) 120 for urban roads, and (b) 85 for rural roads. <p><i>Note: A newly sealed road has an average roughness value of 50-70. A very rough gravel road will have a roughness value higher than 300.</i></p> <p>Average roughness was within desired limits: 105 for urban roads 83 for rural roads</p> • Not more than eight motor vehicle crashes involving injury on District roads recorded on the Land Transport Safety Authority database with a reported contributing factor of "Road Conditions". <p>There were seven injury crashes recorded in the Land Transport Safety Authority database with road conditions cited as the contributing factor.</p> • Maintain roading network in accordance with the Asset Management Plan. <p>The annual roading programme devolves directly from the Asset Management Plan. Routine audits continue to be undertaken and show the network to be in good condition.</p> • Maintain residents' level of satisfaction with roading network to: 80% for sealed roads. 50% for unsealed roads. <p>Residents' level of satisfaction was maintained for sealed and unsealed roads.</p>
<p>Adequately manage the impacts of increased forestry traffic.</p>	<ul style="list-style-type: none"> • Negotiated measures with forest industry to mitigate the effects of significant road damage. <p>Marlborough Roads has negotiated a contribution from Weyerhaeuser NZ Ltd to ensure that logging on Northbank Road is sustainable. Marlborough District Council has undertaken an extensive consultation process with Port Underwood forest owners, other road users and landowners adjacent to the Port Underwood and Waikawa Bay Roads.</p>
<p>Maintain all sealed footpaths free from potholes and concrete footpaths free from unevenness.</p>	<ul style="list-style-type: none"> • Minor faults on footpaths repaired within 20 working days of detection. Unevenness greater than 8mm repaired within 5 days. <p>Achieved.</p>
<p>Create an environment in the Central Business District conducive for retail shopping.</p>	<ul style="list-style-type: none"> • Complete Blenheim CBD upgrade at the eastern end of High Street. <p>This fourth and final stage of the CBD upgrade is underway and approximately 50% complete.</p>
<p>To provide well maintained street trees and plots.</p>	<ul style="list-style-type: none"> • Maintain street trees and plots to contract standards and monitor through three monthly audits. <p>Audits of contract performance were undertaken within three month return period; with frequency being increased as staff time permitted.</p>



To ensure that parking is reasonably available for the use of shoppers and visitors.



- Plant no fewer than 100 new or replacement street trees each year.

Because of drought conditions in autumn the decision not to plant was made. The intention is to increase the number in 2003/04.

- Maintain estimated occupancy rates (on and off-street) at no more than 85%.

Occupancy of the Queen Street car park is recorded at 91% for December 2002. For all other car parks, 85% occupancy was not exceeded.

- Increased compliance with parking limits.

Slightly more infringement notices (10,514) had been issued compared to the previous year (10,056). There was an increased rate of compliance in off-street car parks with 96% parked with paid parking (current figures 90%). Compliance in kerbside parks – 61% paying for parking (current figures 50%).

Cost of Services - \$000's	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
OPERATING COSTS			
Roads, Streets and Bridges	9,303	8,582	9,391
Subdivision Works	32	34	35
Parking	485	514	462
Total Operating Costs	9,820	9,130	9,888
Operating Surplus	895	53	-
	10,215	9,183	9,888

CAPITAL WORKS			
Roads, Streets and Bridges	4,608	5,046	4,789
Subdivision Works	132	113	177
Parking	122	125	598
Total Capital Works	4,862	5,284	5,564

	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
REVENUE			
Rates	5,492	5,425	5,352
Subsidies	3,060	3,154	3,100
Other Revenue	1,663	604	1,046
Total Revenue	10,215	9,183	9,498
	-	-	390
General Revenues Applied	10,215	9,183	9,888

Note 1: The Other Revenue is above budget due to roading contributions and vested asset income.

Note 2:	Operating Costs			
	as above	9,820	9,130	9,888
	Less Internal Interest	594	482	356
	Operating Costs			
	as per page 54	9,226	8,648	9,532

RIVERS AND LAND DRAINAGE

Activities in this group are associated with the following outcome:

- ***There is a level of protection against flood damage to houses and property commensurate with the economic risk that is faced by the community.***

Note: The Wairau River is a potential destroyer of resources and is the greatest threat to the Wairau plains. Council is committed to protect Blenheim and the main Wairau floodplain (downstream of the Waihopai) to a high standard and ratepayers in this area are charged a rivers works rate accordingly. Picton and Waikawa are also protected to a high standard. Outside of these areas, and given the level of risk and the cost of reducing that risk, Council has assumed limited responsibility for protection work to lessen the impact of flooding and erosion.

- ***The productive capacity of the land is improved.***

Description

Council carries out river protection, land drainage works and storm water collection and disposal in order to protect the communities and the economic resources potentially at risk from flood damage and to improve the productive capacity of land. Flood protection work is concentrated on the high –risk areas associated with the Wairau river. Land drainage works are carried out predominantly in the low lying land to the east of State Highway One.

The ten year programme of upgrade works commenced in 1993 to bring the protection levels up to a one in a hundred year flood

for the Wairau floodplain is scheduled to be completed in 2002/2003. At this time the level of funding required for flood protection works is to be reduced. Given the limit to which Council can protect against all flood risks, communities and landowners especially above the Waihopai and in the Marlborough Sounds need to consider the level of flood protection necessary for their particular circumstances. Council is prepared to assist communities and landowners to help themselves.

OBJECTIVES FOR 2002/2003	PERFORMANCE INDICATORS
Provide protection from river flooding on the Wairau floodplain.	<ul style="list-style-type: none"> • Stopbanks raised and maintained to sustain a 1 in 100 year return period flood event. <i>Wairau River stopbank raising and relocation was carried out on the northbank downstream of State Highway 6. Stopbank strengthening work was carried out in the Hillocks Road and Selmes Road area. Upgrading work was carried out on Lower Opawa stopbanks. Maintenance was carried out to ensure flood event standard met.</i> • Rock training banks repaired and maintained to sustain a 1 in 100 year return period flood event. <i>Achieved. There were no major floods.</i> • Gravel extraction carried out where it is beneficial to river control within the Wairau Plains. <i>Gravel extraction by the major contractors is continuing to be monitored and controlled carefully. Some extractors have been relocated to more beneficial locations.</i>
Provide protection from river flooding outside the Wairau floodplain.	<ul style="list-style-type: none"> • Rivers outside the floodplain will be kept as clear and efficient as practical and economic. <i>Achieved. Particular effort was put into the Wairau above Waihopai in association with private stopbanking work in the area.</i>
Provide land drainage for the Lower Wairau.	<ul style="list-style-type: none"> • Upgrade the land drainage network pumping stations in accordance with the Drainage plan. <i>Proceeding in accordance with plan.</i>

Cost of Services - \$000's	ACTUAL	BUDGET	LAST	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR		2002/03	2002/03
	2002/03	2002/03	2001/02		2002/03	2001/02
OPERATING COSTS				REVENUE		
Wairau Floodplain Rivers	1,869	1,619	1,929	Rates	2,873	2,823
Wairau Floodplain Drainage	492	478	448	Subsidies	-	-
Rivers Outside Wairau	80	101	222	Other Revenue	1,345	821
Wairau River Leases	16	55	67			
Total Operating Costs	2,457	2,253	2,666			
Operating Surplus	1,761	1,491	978			
	4,218	3,744	3,644	Total Revenue	4,218	3,644
CAPITAL WORKS						
Wairau Floodplain Rivers	848	798	642			
Wairau Floodplain Drainage	114	280	103			
Rivers outside Wairau	9	-	94			
Total Capital Works	971	1,078	839			

Note 1: The variance in operating costs relate to environmental weed control works in Spring Creek and additional maintenance works in Gibsons Creek.

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

Note 3:

Operating Costs as above	2,457	2,253	2,666
Less Internal Interest	-	-	45
Operating Costs as per page 54	<u>2,457</u>	<u>2,253</u>	<u>2,621</u>

SEWERAGE

Activities in this group are associated with the following outcome:

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

Description

Council operates urban sewage collection, treatment and disposal system to protect both the health of the community and the physical environment.

Council operates five sewerage systems as follows:

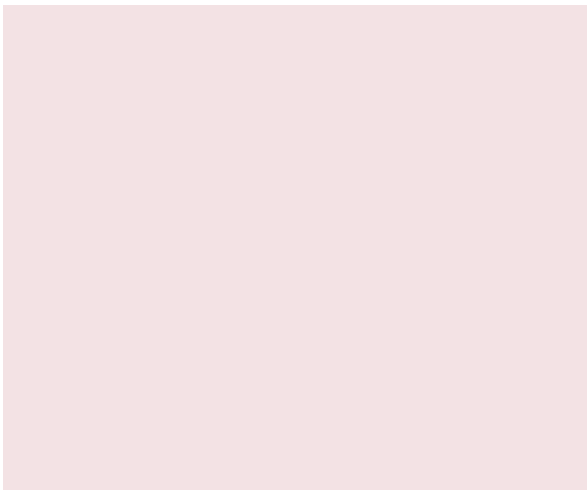
AREA	PIPELINE LENGTH (Kms)	NUMBER OF PROPERTIES (Estimate)
Blenheim	126 km	9,570
Picton	27 km	2,110
Havelock	7 km	249
Seddon	7 km	210
Spring Creek	4 km	149

OBJECTIVES FOR 2002/2003

To provide sewage collection, treatment and disposal to a high standard.

PERFORMANCE INDICATORS

- Respond to 95% of unplanned interruptions or blockages of the sewerage system of such events within two hours, and to restore toilet facilities to all customers affected within six hours of notification.
We are confident that service line blockages were responded to within the target times, however the recording of notification, arrival and completion times was not done. Action will be taken to improve recording.
- Where extended interruption occurs, to provide alternative toilet facilities after the six hour period.
There were no sewer interruptions exceeding six hours.



To dispose of sewage in a manner which does not endanger public health.

To provide sustainable sewage disposal networks.

- Respond to blockages in the sewerage reticulation system causing an overflow within one hour of notification, take action to stop the overflow within two hours, and clean up after overflows within 24 hours.

This was achieved. All sewer pumps with the potential to overflow to the environment should a pump failure occur are monitored via radio telephone and staff are notified automatically through this alarm system. No notification has been necessary other than overflows caused by rainfall events.

- Monitor groundwater flows against sewer flows and report on the effectiveness of the infiltration improvement programme.

Taking measurements of groundwater is on going in the evaluation of infiltration improvements. Results are recorded.

- 100% compliance with Resource Consent requirements.

Achieved.

- Maintain asset management systems and plans for all sewerage systems.

Infrastructure Management System (IMS) is being maintained as per council policy. Council annually updates its sewer asset management plans.

Cost of Services - \$000's	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
OPERATING COSTS			
Blenheim	1,767	1,739	1,486
Picton	618	675	623
Havelock	87	75	86
Seddon	49	44	40
Spring Creek	42	40	39
Total Operating Costs	2,563	2,573	2,274
Operating Surplus	710	335	538
	3,273	2,908	2,812

	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
REVENUE			
Rates	2,528	2,495	2,320
Other Revenue	745	413	492
Total Revenue	3,273	2,908	2,812

CAPITAL WORKS			
Blenheim	2,743	2,055	5,094
Picton	109	61	145
Havelock	1	54	93
Renwick	353	1,782	19
Seddon	2	1	3
Spring Creek	-	13	-
Total Capital Works	3,208	3,966	5,354

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

Note 2: The variance in Renwick Sewerage Capital relates to work on the new scheme carried forward to the new year.

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

Note 4: Operating Costs			
as above	2,563	2,573	2,274
Less Internal Interest	526	273	374
Operating Costs			
as per page 54	2,037	2,300	1,900

STORMWATER

Activities in this group are associated with the following outcome:

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

Description

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

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

There is an increasing community expectation in relation to stormwater disposal. Short term ponding of stormwater during heavy storm events is less acceptable now than in the past. This increased expectation coupled with the increased flow to stormwater systems from driveway and yard drainage has created a need to review design standards. Council has commissioned an investigation of the entire Blenheim stormwater system in order to determine the extent of capacity restrictions in order to develop an upgrade programme. The cost of any upgrades required are likely to be significant but are not able to be quantified at present. As such no provision has been included in the budgets for upgrade work.

OBJECTIVE FOR 2002/2003

To provide stormwater collection and disposal to a high standard.

PERFORMANCE INDICATORS

- Carry out scheduled maintenance of stormwater disposal assets and ensure that flow obstruction caused by debris build up is kept within acceptable limits.

A target in the Asset Management Plan is to ensure no more than three blockages in a year affect any one property. No instances of this happening occurred. A schedule is set for checking of inlet structures on a monthly basis. Checks and comments are recorded.

- For storms of severity equivalent to a two-year return period, there will no incidences of stormwater damage to homes or commercial buildings.

No incidences of stormwater damage to homes or commercial building were notified to Council.

Cost of Services - \$000's	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
OPERATING COSTS			
Blenheim	593	574	583
Picton	143	132	133
Other Schemes	42	68	53
Total Operating Costs	778	774	769
Operating Surplus	126	-	58
	904	774	827
CAPITAL WORKS			
Blenheim	246	290	526
Picton	84	55	80
Other Schemes	16	18	-
Total Capital Works	346	363	606

	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
REVENUE			
Rates	673	667	657
Other Revenue	231	51	170
Total Revenue	904	718	827
General Revenues Applied	-	56	-
	904	774	827

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

Note 2: Operating Costs			
as above	778	774	769
Less Internal Interest	221	215	221
Operating Costs			
as per page 54	557	559	548

WASTE MANAGEMENT

Activities in this group are associated with the following outcome:

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

Description

Council provides waste management services for public health reasons and to protect the environment. Kerbside refuse collection is provided in Picton and Blenheim and waste transfer stations are operated at seven locations throughout Marlborough. Waste is transported to the regional landfill south of Blenheim on the Taylor Pass road. Green waste composting

and some recycling facilities are provided at the Blenheim transfer station along with a hazardous waste collection facility.

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

OBJECTIVES FOR 2002/2003

To ensure the provision of waste collection in specified areas.

To dispose of the District's waste in an environmentally acceptable manner.

To encourage better recycling and Waste Management practices.

PERFORMANCE INDICATORS

- Weekly kerbside refuse collection services in Blenheim and Picton.
Kerbside collection completed as advertised.
- Landfill sites comply fully with resource consent conditions.
All landfill sites in Marlborough are monitored to ensure that the environmental effects of each landfill site open or closed are not causing any significant adverse effects on the local environment. Council is not aware of any significant adverse effects as a result of additional ecological surveys being undertaken at specific sites.
- Provide schools, businesses and interest groups with education and training programmes for waste minimisation.
Developed and delivered a range of programmes and activities to encourage waste minimisation including sustainable households, worm seminars, sustainable schools, organic recycling programmes for schools and an industry waste programme for the commercial sector.
- Support community recycling initiatives.
Council supports community recycling by funding the Blue Door Recycling Centre \$24,000 per annum and promotes this facility on a regular basis. Support has also been given to schools setting up local recycling centres for their community.

Cost of Services - \$000's

	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
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OPERATING COSTS	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
Landfill and Transfer Stations	2,304	1,842	1,887
Blenheim Refuse	606	605	624
Picton Refuse	181	166	173
Total Operating Costs	3,091	2,613	2,684
Operating Surplus	-	-	-
	3,091	2,613	2,684

CAPITAL WORKS	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
Landfill and Transfer Stations	186	240	2,480
Total Capital Works	186	240	2,480

Note 1:

Operating Costs as above	3,091	2,613	2,684
Less Internal Interest	397	246	318
Operating Costs as per page 54	2,694	2,367	2,366

REVENUE

	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
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REVENUE	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
Rates	1,472	1,441	1,408
Subsidies	-	-	14
Other Revenue	962	788	1,284
Total Revenue	2,434	2,229	2,706
General Revenues Applied	449	384	-
	2,883	2,613	2,706

WATER SUPPLY

Activities in this group are associated with the following outcome:

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

Description

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

AREA	PIPELINE LENGTH (Kms)	NUMBER OF CONNECTIONS (Est)
Blenheim	105	9,440
Picton	41	2,020
Havelock	6	230
Renwick	11	650
Riverlands	3	89
Wairau Valley	13	42
Awatere	134	600

OBJECTIVES FOR 2002/2003

To provide a reliable water supply.

To provide a water supply which meets agreed community standards.

To provide a sustainable water supply.

PERFORMANCE INDICATORS

- Council and its contractors operate to the following service targets:
 - (a) Respond within two hours to complaints of lost supply.
We are confident that complaints of lost supply were responded to within the target time, however the recording of notification and response times was not done. Action will be taken to improve recording.
 - (b) Restore any lost supply within eight hours of the fault.
Achieved.
 - (c) Install 85% of new connections within 10 working days of application, or by agreed alternative date.
30% of connections were installed within 10 days. Connections were delayed at the owner's request.
- All water systems tested regularly to ensure that the water quality established for that system is maintained (the standard against which results are compared is the Drinking Water Standards for New Zealand 2000).
All sampling undertaken as per requirements of the drinking water standards 2000 by contract with Connell Wagner. Apart from Awatere, all Council water supply schemes were compliant with the Drinking Water Standards. Awatere water supply was compliant with agreed community standards.
- Details of test results supplied to the Ministry of Health for inclusion in the national grading programme.
Results were logged to the Ministry of Health's WINZ database.
- Maintain asset management systems and plans for all water supply systems.
Asset management systems and plans were maintained.

Cost of Services - \$000's	ACTUAL BUDGET LAST YEAR			ACTUAL BUDGET LAST YEAR	ACTUAL BUDGET LAST YEAR		
	2002/03	2002/03	2001/02		2002/03	2002/03	2001/02
OPERATING COSTS				REVENUE			
Blenheim	1,719	1,552	1,612	Rates	3,411	3,272	3,365
Picton	685	543	577	Other Revenue	315	131	215
Renwick	139	110	138				
Havelock	107	111	114				
Awatere	211	223	233				
Riverlands	88	40	49				
Wairau Valley	20	17	21				
Total Operating Costs	2,969	2,596	2,744				
Operating Surplus	757	807	836				
	3,726	3,403	3,580	Total Revenue	3,726	3,403	3,580
CAPITAL WORKS							
Blenheim	759	666	933				
Picton	213	604	337				
Renwick	29	47	1				
Havelock	14	39	16				
Awatere	12	69	1				
Riverlands	965	1	25				
Wairau Valley	-	-	-				
Total Capital Works	1,992	1,426	1,313				

Note 1: Variances in the Rates and Other Revenue relate to increased metered water sales and vested assets respectively.

Note 2: Variances in the Picton Water capital expenditure relate to reprogrammed Essons Valley Treatment Upgrade.

Note 3: Variances in the Riverlands Water capital expenditure relate to the PPCS asset purchase and associated pipeline link to the reservoirs

Note 4: Operating Costs

as above	2,969	2,596	2,744
Less Internal Interest	565	537	539
Operating Costs as per page 54	2,404	2,059	2,205

ANIMAL CONTROL

Activities in this group are associated with the following outcome:

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

Description

Council carries out animal control functions in accordance with the Dog Control Act 1996, the Impounding Act 1995, and Dog Control Bylaws. Council is required to control animals and stock

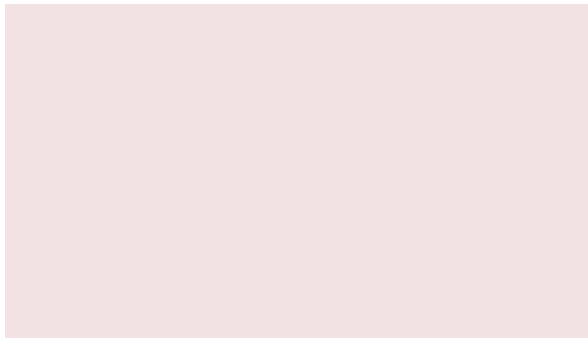
within the region, and to educate the public about the care and control of animals. A large part of the activity involves dogs and dog registrations.

OBJECTIVE FOR 2002/2003

To provide effective animal control in the Marlborough District.

PERFORMANCE INDICATORS

- Investigate all dog attacks within four hours of notification and complete processing within three days.
Investigations were initiated within the four hour requirement with recommended action provided to Council within four days. Two court prosecutions occurred during the year.
- Investigate all other complaints within two working days.
Achieved.



- Recover all dog control costs through registration fees and fines.
\$236,372 recovered: - \$217,488 registration, \$9,069 impounding, \$6,959 fines, miscellaneous \$2,856. Expenses = \$228,360 (increased operating costs associated with – legal cost of prosecutions; InfoStructure development costs; and financial audit and procedure manual).
- Recover 70% of other pound costs through impounding fees.
Pound recoveries 90% of costs incurred.

Cost of Services - \$000's	ACTUAL BUDGET LAST YEAR		
	2002/03	2002/03	2001/02
OPERATING COSTS			
Animal Control	228	194	181
	8	9	17
	236	203	198
Animal Control	11	-	-
	11	-	-

	ACTUAL BUDGET LAST YEAR		
	2002/03	2002/03	2001/02
REVENUE			
User Charges	236	203	198
	236	203	198

DEMOCRATIC PROCESS

Activities in this group are associated with the following outcomes:

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

Description

Council is an elected body that governs the direction and objectives it is responsible for on behalf of the District.

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

MARLBOROUGH DISTRICT COUNCIL COMMITTEES, STATUTORY AND SUB-COMMITTEES:

- | | |
|--------------------------------------|----------------------------|
| • Assets & Services | • Animal Control |
| • Regional Land Transport | • Finance & Administration |
| • Liquor Licensing | • Community Development |
| • Grants | • Youth, Elderly & Access |
| • Sister City | • Environment |
| • Resource Hearings | • Maori Advisory Komiti |
| • Civil Defence Emergency Management | |

OBJECTIVES FOR 2002/2003

To represent constituents in a fair and equitable manner.

To conduct Council business in a transparent manner.

PERFORMANCE INDICATORS

- All meetings of councillors to comply with the provisions of the Local Government Official Information and Meetings Act and Standing Orders.
No breaches of the Local Government Official Information and Meetings Act and Standing Orders has occurred.
- All scheduled meetings advertised in the local media no less than five working days prior to meeting wherever possible.

Scheduled meetings were advertised each month and complied with s46 of the Local Government Official Information and Meetings Act which requires a more stringent condition than the performance target. Advertisements were placed not more than 14 days and not less than 5 days before the end of every month, notifying scheduled meetings to be held in the following month (including date, time and venue).

- Agendas and attachments available at least three working days prior to meeting.

Agendas, including attachments, were completed and therefore were available at least three clear working days prior to the meeting i.e. for a Thursday meeting, the agenda was photocopied and posted to members on the Friday prior, and was available for viewing on that day.

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

Council adopted the 2001/02 Annual Report on 28 November 2002 and adopted the 2003/04 Annual Plan on 1 July 2003.

Cost of Services - \$000's	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
OPERATING COSTS			
Democratic Process	1,657	1,626	1,689
Total Operating Costs	1,657	1,626	1,689
CAPITAL WORKS			
Democratic Process	-	10	-
Total Capital Works	-	10	-

	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
REVENUE			
Rates	1,607	1,566	1,585
Other Revenue	13	2	35
Total Revenue	1,620	1,568	1,620
General Revenues Applied	37	58	69
	1,657	1,626	1,689

EMERGENCY MANAGEMENT

Activities in this group are associated with the following outcome:

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

Description

Council is responsible for a number of emergency services such as civil defence, rural fire response, oil spills in the Marlborough Sounds, and flooding. Revised legislation is expected to set new requirements for local authorities to have in place systems and processes so that communities are prepared

for civil defence events, and respond effectively when events occur. As part of its response to these new requirements, Council is consolidating the management of its emergency services, and will be upgrading civil defence facilities.

OBJECTIVE FOR 2002/2003

The Marlborough region is adequately prepared for emergency events.

PERFORMANCE INDICATORS

- Maintain a Civil Defence plan for the region.
Achieved. The Marlborough Regional Civil Defence Emergency Management Plan is renewed and approved by council every three years. The current plan was approved by council on 19 September 2002 for a further period of three years.
- Upgrade emergency management control facilities and communication systems.
The emergency management control facilities have undergone a major upgrade with the replacement of the old Civil Defence headquarters. The new Marlborough Emergency Operations Centre (EOC) was opened on 2 August 2003. Along with the new EOC an extensive upgrade of the radio communications antennae and systems has been carried out.

Cost of Services - \$000's

	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
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OPERATING COSTS

Emergency Management	505	444	354
Total Operating Costs	505	444	354

CAPITAL WORKS

Emergency Management	477	427	70
Total Capital Works	477	427	70

REVENUE

	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
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Rates	342	385	187
Subsidies	17	6	27
Other Revenue	54	53	91
Total Revenue	413	444	305
General Revenues Applied	92	0	49
	505	444	354

ANIMAL AND PLANT PESTS

Activities in this group are associated with the following outcomes:

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

Description

This activity provides protection to the environment and productive land. Council carries out animal and plant pest control in accordance with its Regional Pest Management Strategy, prepared in conjunction with stake holders and in compliance with the Biosecurity Act 1993 and the Resource Management Act 1991. Control is carried out jointly by Council and land occupiers, and a major part of Council's pest management activity is directed towards providing advice to land owners on identifying and controlling pests. The Regional Pest Management Strategy defines and classifies pests in the region into four categories:

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

In the main land occupiers have responsibility for controlling pests on their properties - the exception to this is where Council manages pests classified as "total control" pests. Further information on Council's control of regional plant and animal pests is available in the Regional Pest Management Strategy, which can be viewed on our website or is available from Council. An annual operational plan provides detailed information on activities being undertaken in any year.

Council also carries out activities to reduce the impact of bovine tuberculosis in the region, as part of a proposed national strategy for a Tb free New Zealand by 2012/13. Central government provides funding (with other stakeholders) to carry out the programme of works for bovine Tb vector control.

OBJECTIVES FOR 2002/2003

PERFORMANCE INDICATORS

To monitor and implement control for regional animal and plant pests throughout the District.

- Monitor and report on the effectiveness of control programmes for regional pests.
- Long-term (5 year +) trend of no increase in containment pest populations in known sites.
- Long-term (5 year +) trend of decline in total control pest populations.

The majority of known pest sites have been inspected to determine pest status and ensure land occupier compliance with control programmes. Monitoring of pest population trends has also been achieved. The Regional Pest Management Strategy for Marlborough's operational plan report 2002/03 provides comprehensive detail of the achievements of pest programme objectives, population trends and surveillance outcomes.

- 100% compliance for all land occupiers where containment control pests exists above the maximum allowable levels determined by the Pest Management Strategy.

Nine property occupiers were served with 'Notices of Direction' for non-compliance. All complied with the exception of one occupier whom was served with a 'Notice of intention to do work on Default'. Council carried out the required works and recovered costs.

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

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

All sixteen possum control operations, treating approximately 198,606 ha of the District, were carried out. All monitoring targets (residual trap catch) were met, as prescribed in the Animal Health Board's programme.

- No infected herds outside existing risk areas.

No infected herd was recorded in the vector free area as at 30 June 2003.

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

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

A total of 10 infected cattle and deer herds were recorded as at 30 June 2003, in the defined vector risk area.

Cost of Services - \$000's	ACTUAL	BUDGET	LAST YEAR		ACTUAL	BUDGET	LAST YEAR
	2002/03	2002/03	2001/02		2002/03	2002/03	2001/02
OPERATING COSTS					REVENUE		
Animal Pests	-	-	233	Rates	686	679	605
Plant Pests	-	-	396	Subsidies	2,206	2,425	1,733
Regional Pest Control	499	467	-	Other Revenue	261	376	397
Bovine TB Control	2,709	3,152	2,360	Total Revenue	3,153	3,480	2,735
Total Operating Costs	3,208	3,619	2,989	General Revenues Applied	55	139	254
	3,208	3,619	2,989		3,208	3,619	2,989
CAPITAL WORKS							
Bovine TB Control	1	-	23				
Total Capital Works	1	-	23				

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

CONSENTS AND COMPLIANCE

Activities in this group are associated with the following outcomes:

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

REGULATORY

- Resource Consents
- Compliance
- Buildings Consents
- Environmental Health

Description

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

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

The majority of resource consents are approved subject to conditions. Council encourages consent holders to undertake monitoring functions. Compliance with consent conditions is monitored by way of a sample audit process.

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

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

OBJECTIVES FOR 2002/2003

To meet all statutory timeframes for regulatory processing.

To monitor resource users for compliance with resource consent conditions.

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

PERFORMANCE INDICATORS

- **Resource Consents**

- 100% compliance with statutory timeframes

Application Type	S139	Non-notified	Notified
Total No of Consents	* 336	1,128	336
No. Not Complying with Statutory Timeframe	6	345	188
Percentage Complying with Timeframe	83%	69%	44%
Use of S37 ** 79			
* Certificate of Compliance			
** Relates to time extension			

The table shows the total number of resource consents granted which indicates the continuing trend from the last three years that processing numbers remain high. The Ministry for the Environment's two-yearly Resource Management Act survey in 2001/2002 showed that Marlborough District Council processed the fifth largest number of consents in the country. Compliance with statutory timeframes was not met due to the number and complexity of consent applications received.

- **Building Consents**

- There were 1809 building consent applications less or equal to \$500,000 in value issued in 2002/03, with 1,803 issued within 10 days.

Compliance 99.7%. There were 218 building consent applications greater than \$500,000 issued in the period, all within the 20 days required. Compliance 100%.

- **Liquor Licences**

- 671 liquor licensing applications were processed in 2002/03.

We are confident that these were processed in accordance with statutory timeframes, however, the recording of processing times was not done. The new system introduced from 1 July 2003 will improve recording.

- Maintain a database for the monitoring of resource consents.

As required by Section 35 of the Resource Management Act 1991 council monitors all resource consents issued. A database is maintained for the monitoring of the resource consents.

- Resolve all complaints, or develop a resolution strategy, within 21 days of receipt.

A total of 1187 requests for action were received by the Regulatory Department. All requests for action were dealt with in the targeted timeframe.

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

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

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

- To carry out at least one inspection of all registered food premises, and premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders to ensure compliance with health standards.

542 inspections carried out. All premises were registered during the year.

- To carry out at least one inspection of all premises where dangerous goods are manufactured, stored or used to ensure that safety standards are being met.

199 inspections carried out. This did not account for all premises licensed. Due to the development of the proclaim licensing system, 34 low risk premises were not inspected. Generally these were Telecom, Broadcast Communications Limited and Airways Corporation premises in remote locations.

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

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

Cost of Services - \$000's	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
OPERATING COSTS			
Resource Consents	1,938	1,709	1,811
Building Consents	902	906	890
Resource Consent Hearings	550	491	559
Environmental Health	281	298	279
Total Operating Costs	3,671	3,404	3,539
	3,671	3,404	3,539

CAPITAL WORKS			
Resource Consents	15	4	8
Building Consents	1	1	12
Resource Consent Hearings	-	2	-
Environmental Health	-	-	5
Total Capital Works	16	7	25

	ACTUAL 2002/03	BUDGET 2002/03	LAST YEAR 2001/02
REVENUE			
Rates	1,818	1,793	1,758
Other Revenue	1,801	1,317	1,590
Total Revenue	3,619	3,110	3,348
General Revenues Applied	52	294	191
	3,671	3,404	3,539

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

ENVIRONMENT

Activities in this group are associated with the following outcomes:

- *Policy statements and resource management plans promote the sustainable management of Marlborough's natural and physical resources.*
- *There is extensive and reliable information available on the state of the District's environment.*
- *Local communities are active participants in sustainable management of the District's resources.*

Description

As a unitary authority, the Marlborough District Council has the powers, functions and responsibilities of both a regional and district council. The Council has statutory obligations to comply with and must enforce legislation; the most significant being the Resource Management Act 1991. This Act requires the Council to promote the sustainable management of the natural and physical resources of the District.

Under the Resource Management Act 1991, the Council is required to prepare a regional policy statement and resource management plans for the District and to monitor and review them to ensure their ongoing effectiveness. The Marlborough Regional Policy Statement underpins the District's resource management framework and sets out the Council's policy approach to significant resource issues. The Council's two resource management plans: the

Wairau/ Awatere Plan and the Marlborough Sounds Plan combine the Regional Coastal Plan, the District Plan and the Regional Plan into single integrated planning documents.

The Resource Management Act 1991 requires that the Council shall gather information, monitor and keep records of the state of the environment. A detailed State of the Environment Report for Marlborough is prepared every five years with environmental updates prepared for the years in between. The report describes Marlborough's environmental quality and outlines what the Council and other agencies and organisations are doing to monitor and protect the environment from the pressures placed on human activity. The state of the natural environment (air, land and water quality and their use) and the physical and social factors affecting the quality of life are monitored and reported on.

OBJECTIVES FOR 2002/2003

To develop Policy Statements and Plans

PERFORMANCE INDICATORS

- Discussion document on review of water allocation provisions of the Proposed Wairau/ Awatere Resource Management Plan released for public consultation by 30 November 2002.
Focus has been on developing the Southern Valleys Irrigation Scheme. Issues for the review process have been identified with supporting information gathered.
- Release of discussion document on aquaculture policy review, and completion of public consultation by 31 December 2002.
Some work has been commenced but put on hold because of delays in the Government introducing law reforms for aquaculture. The reforms will have an impact on the policy review.
- 75% of references on the Proposed Wairau/ Awatere Resource Management Plan resolved by 30 June 2003.
Approximately 50% of references have been resolved. Some delay has resulted in the unavailability of the Environment Court. Additionally there have been difficulties in engaging referrers in the negotiation process.

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

- Notification of variations to resource management plans for the management of large, high-speed ships, and for the introduction of coastal occupancy charges (if adopted) and decisions publicly notified by 30 June 2003.

The variation on management of ship wake has been publicly notified and two submissions periods have been completed. The variation on the introduction of coastal occupancy charges has been delayed as the Council has joined a group of regional councils to investigate the possibility of adopting a national approach for the method of charging.

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

Air Quality – visibility, particulate and nitrogen and sulphur dioxide monitoring has continued.

Hydrology – there has been ongoing gathering of rainfall and river flow information.

Groundwater – monitoring of quality for nitrates, metals and seawater intrusion. Monitoring of aquifer levels for trends and long term sustainability.

Fresh and Coastal Water Quality – has included the following:

- *recreational bathing water monitoring and shellfish quality monitoring.*
- *macro invertebrate monitoring in 2002/2003 involved gathering data. This will be reported on in the next financial year.*
- *a study into biocides and tributyltin in estuaries.*

Freshwater, Terrestrial and Coastal Ecosystems

- *monitoring for National Freshwater Fish Database.*
- *monitoring for Ministry for the Environment Coastal Habitat Assessment Program.*
- *ongoing monitoring of shoreline and ecology for assessment of effects from shipwake.*
- *monitoring with Department of Conservation and Fish and Game to determine fish populations.*
- Carry out resource investigations to assist in their management and conservation – significant projects include:
 - *Wairau Plain aquifer sustainability studies. Reports were prepared regarding groundwater quality, management of Wairau Valley groundwater and groundwater management rules for the coastal Wairau Plain.*
 - *South Marlborough ecology. Survey work for South Marlborough has been completed.*
 - *North Marlborough terrestrial and freshwater ecology. Survey work underway for investigation into significant natural areas. Survey of small Marlborough Sounds streams for fish life completed.*
 - *Coastal ecosystems. Effects of forestry use on ecology assessed. There was partial development of a Council database which gathers all information relating to the Sounds' environment in one place.*

To report on the state of the environment.

- Record environmental data and report on any significant trends, as soon as they are detected, to the Environment Committee.

The Environment Policy and Information Group report six weekly to the Environment Committee on ongoing projects, trends and data when appropriate.

- Arrange media articles on environmental issues and projects.

A number of articles were published. Examples of these media articles include Rural Environment Awards; significant natural areas; landscape concept plans for the Wairau Plain. Dream job – promoting freshwater ecology; air quality; whitebait; Grovetown lagoon; water restrictions and shortages.

- Provide rainfall and flow information to the Rivers group, and others, as specified in the Flood Response Manual.

Achieved.

- Provide resource information as required to assist in the assessment of applications for resource consents.

Resource information was provided to assist in assessing resource consents on groundwater and surfacewater takes and use, air quality, land use, contaminated sites, discharges to water and land and aquatic habitat.

- Provide resource information as required to assist in the development of policy.

Resource information was provided to assist in the development of policy on groundwater and surfacewater takes and use, air quality, land use, contaminated sites, discharges to water and land and aquatic habitat.

- Provide daily river flows for publication in the Marlborough Express, and maintain a river information line as part of the public information process.

River flows were published daily and the river line was maintained and updated as necessary.

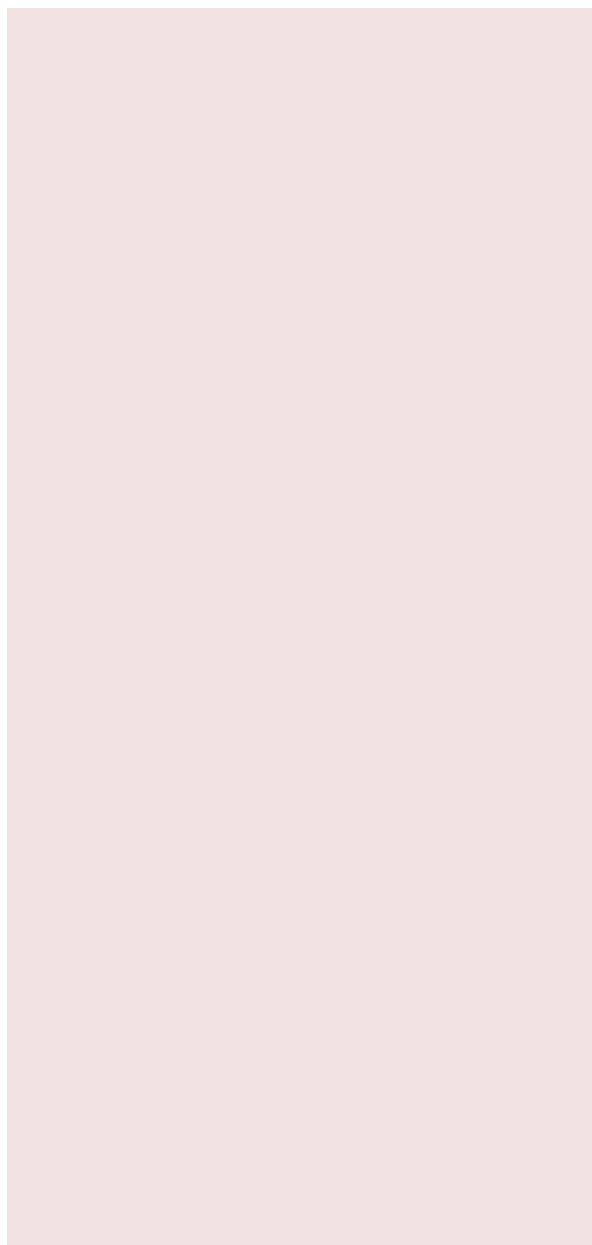
To work with iwi, industry and the community on projects for maintaining and enhancing the condition of natural resources.

- Provide information, education, advocacy to the community on opportunities to maintain or enhance resources.

Information, education and advocacy were provided by working with school groups, through school science fairs, university groups and community groups and also through publishing the State of the Environment report. Continuing liaison with iwi on key projects such as landscape plan, significant natural areas, Spring Creek and Grovetown Lagoon. Provided information to water users through regular aquifer newsletters in southern Valleys area and Rarangi.

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

South Marlborough ecological areas – a pilot programme is underway with several landowners to protect areas of significant conservation value.



Spring Creek – preparation of landscape plans for farmers along the Creek.

Rai River – working with the local community to develop and implement a strategy to eliminate dairy herd crossings of waterways.

Rarangi Beach – ongoing support for a Landscare Group. Use of Outward Bound students to help undertake plant restoration on the beachfront.

Grovetown Lagoon – Worked with iwi, landowners and Department of Conservation to assist in restoration of lagoon environment. The Council has prepared a management plan and landscape vision plan for the lagoons and employed a project coordinator to manage the project.

- Find solutions and promote best practice relating to resource use and development issues, including:
 - Irrigation practice.
Regulated deficit irrigation trials were undertaken.
 - Agri-chemical use.
Promotion of alternatives through Rural Environment Award field days and practice notes. Shade experiment was undertaken on stream as alternative to agrichemical use. Contributed to development of national ranking of pesticide toxicity on the environment. Flyer was produced for best practice use of pesticides over Rarangi shallow aquifer.
 - Riparian management.
This was done through projects on Spring Creek, Rai River, Landscape Concept Plan for Wairau Plain and Grovetown Lagoon restoration project.
 - Coastal activities.
A Sounds Advisory Group was established.
 - Domestic waste disposal.
Investigations commenced to look at developing local guidelines for design, construction and management of domestic waste water systems in the Marlborough Sounds.

Cost of Services - \$000's	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
OPERATING COSTS			
Environment Policy	965	1,137	1,002
Environment Monitoring	1,400	1,021	1,093
Total Operating Costs	2,365	2,158	2,095
CAPITAL WORKS			
Environment Monitoring	45	49	50
Total Capital Works	45	49	50

	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
REVENUE			
Rates	1,860	1,840	1,675
Subsidies	-	-	-
Other Revenue	12	-	24
Total Revenue	1,872	1,840	1,699
General Revenues Applied	493	318	396
	2,365	2,158	2,095

Note 1: The unfavourable variance in the net cost of service is due to additional environmental project work. The main projects relate to Water Augmentation, Marine Ecology and Groundwater Issues.

HARBOUR CONTROL

Activities in this group are associated with the following outcome:

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

Description

Harbour control is undertaken primarily to ensure safety in Marlborough's water ways as required by legislation.

The Marlborough Sounds contain 4,136 square kilometres (total water area) and approximately 1,500 kilometres of coastline that is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries.

The Harbourmaster is tasked with the responsibility of addressing matters of navigation and safety as required in the Local Government Amendment Act. In addition the Marine Transport Act 1994 requires councils to prepare, maintain and review Regional Marine Oil Spill Contingency Plans. For the purpose of oil spill response, the Marlborough region's area of responsibility extends to the 12 nautical mile territorial boundary.

OBJECTIVES FOR 2002/2003

To ensure that marine farms comply with lighting requirements and do not pose a danger to navigation.

To maintain swimming areas and water-ski access lanes in the Marlborough Sounds.

To ensure that the existing navigation aid network is kept fully operational.

To monitor waters within harbour limits for breaches of Marlborough District Council Bylaws and appropriate Maritime legislation.

PERFORMANCE INDICATORS

- Carry out a programme of random auditing to increase compliance rates.
A total of 494 marine farms in 27 areas were audited with the following results: Compliance 250 (50.6%). Partial compliance 214 (43.4%). Non-compliance 30 (6.1%).
- Inspect swimming and water-ski access lanes monthly between Labour weekend and Easter of the following year.
The monthly inspection regimes were carried out as per contract requirements.
- Inspect leading lights quarterly, remaining lights bi-annually.
All lights were inspected and reported on as per contract requirements.
- Repair outages within 24 hours. Action on leading light outages to be taken immediately.
15 failures were reported during the course of the year with the majority attributable to battery failures. Repairs completed within specified timeframes.
- Implement new Harbour Bylaws in accordance with the provisions of the Local Government Amendment Act prior to 31 March 2003.
New bylaws in accordance with the Local Government Act came into force and were implemented on 1 October 2002.
- Investigate reports of breaches of Bylaws and appropriate Maritime legislation and respond within five working days.
A number of breaches were reported and investigated during the busy holiday period but no prosecutions resulted. Infringement regulations are anticipated being in place prior to Labour weekend and will complement the education of the boating public campaign.

To maintain a Regional Marine Oil Spill Contingency Plan.

- Review the approved Marlborough Maritime Oil Spill Contingency Plan as required pursuant to Section 297 of the Maritime Transport Act prior to 23 January 2003.
Not achieved as the review of the contingency plan is not due until 23 January 2004.
- Conduct a desk-top marine oil spill response management exercise annually.
Owing to time constraints, the desk-top exercise was not conducted.
- Conduct at least one water equipment deployment exercise of appropriate oil spill response equipment located in Marlborough.
An on-water equipment exercise was conducted in conjunction with a Tier 1 site (a site from which hydrocarbon products are transferred between vessels and shore e.g. marina refuelling site) and completed satisfactorily.
- Evaluate oil spill reports within one hour of notification.
A total of 7 oil spills were reported and investigated. Two spills were from Tier 1 sites and responded to and reported on by the site owner's responders. The remainder were evaluated within the required time-frame.

Cost of Services - \$000's	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
OPERATING COSTS			
Harbour Control	591	501	476
Total Operating Costs	591	501	476
Operating Surplus	-	-	11
	591	501	487
CAPITAL WORKS			
Harbour Control	16	25	37
Total Capital Works	16	25	37

	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
REVENUE			
Rates	346	343	315
Other Revenue	145	103	172
Total Revenue	491	446	487
Operating Deficit	100	55	-
	591	501	487

PROPERTY

Activities in this group are associated with the following outcome:

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

Description

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

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

In addition to holding property Council occasionally becomes involved in the development of land holdings. Outlined in the Treasury Management Policy of Marlborough District Council are the various reasons why Council holds property.

Council has limited its role in the development of land by selling or leasing land to enable commercial development to occur. Examples include the lease of land to enable vineyard development at Conders, Renwick and the sale of land for subdivision at Harbour Heights,

Picton. In the case of the Forest Hills residential development at the Taylor Pass/Wither Road area, Council entered into a development agreement with a third party which has seen the risks associated with development resting with the developer. Council intends to consult with the community with regard to the developments around the Wither Hills area, including the potential for further development of Forest Hills.

Council constantly reviews its land holdings to ensure that they are required by Council and are achieving the best return for the District.

OBJECTIVES FOR 2002/2003

To maximise return on investment.

To provide provision of maximum benefit to the community.

PERFORMANCE INDICATORS

- Achieve a market acceptable return for land development whilst retaining minimal risk to Council.
Forest Park View development showed a return to council to date of 77% against Block Land Value.
- Manage Council's rental portfolio (including Community Housing) to achieve a minimum level of 90% occupancy at market rentals.
A minimum level of 90% occupancy was achieved at all times throughout the year. The occupancy rate as at 30 June 2003 was 96.06%. Council reviewed the Community Housing rentals and approved on 3 April 2003, an increase of \$2.25 per week commencing 1 July 2003.
- Monthly report to be provided within ten working days from the end of the month that outlines expenditure/income across all property groups against budget, compliance certifications, status of rent renewals, and acquisitions and disposals being undertaken for Council.
Monthly reports were received per requirements.

Cost of Services - \$000's	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
OPERATING COSTS			
Leased Property	919	881	891
Forestry	1,349	8	956
Land Development	9	16	15
Total Operating Costs	2,277	905	1,862
Operating Surplus	433	357	0
	2,710	1,262	1,862

CAPITAL WORKS			
Leased Property	163	120	224
Land Development	-	-	-
Total Capital Works	163	120	224

	ACTUAL	BUDGET	LAST
	2002/03	2002/03	YEAR 2001/02
REVENUE			
Other Revenue	2,710	1,262	1,739
	2,710	1,262	1,739
General Revenues Applied	-	-	123
Total Revenue	2,710	1,262	1,862

Note 1: The Forestry Operating Costs variance results from the additional maintenance works at Conders Bend and the write down of the forest crop value. The lease income resulting from the land clearance is reported in the Rivers and land drainage Significant Activity.

Note 2: The variance in Other Revenue relates to the profit on sale of Forest Hills Sections.

Note 3: Operating Costs

as above	2,277	905	1,862
Less Internal Interest	130	131	131
Operating Costs			
as per page 54	2,147	774	1,731

SUBSIDIARIES

MARLBOROUGH DISTRICT COUNCIL

MDC Holdings Ltd

Port Marlborough NZ Ltd

Marlborough Airport Ltd

MDC HOLDINGS LIMITED

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

OBJECTIVES FOR 2002/2003

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

PERFORMANCE INDICATORS

- Prepare and forward financial statements to Council in accordance with legislative requirements.
Achieved in accordance with annual reporting requirements.
- Report annually to Council on the performance of the subsidiary trading enterprises.
Achieved in accordance with annual reporting requirements.
- Report annually to Council on the level and rate of its borrowings.
Achieved in accordance with annual reporting requirements.

PORT MARLBOROUGH NEW ZEALAND LIMITED

Mission Statement

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

Relationship to Marlborough District Council

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

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

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

OBJECTIVE FOR 2002/2003	PERFORMANCE INDICATORS
<p>To operate a successful port company.</p>	<ul style="list-style-type: none"> • To achieve a pre-tax profit of \$5.836 million for the operations of Port Marlborough for the year ending 30 June 2003. <i>A pre-tax profit of \$5.45 million was achieved.</i> • To achieve non-ferry terminal cargo flows in excess of the previous three year average (781,575 tonnes). <i>Achieved (1,013,932 tonnes).</i> • To achieve 95% capacity usage of marina berths. <i>Achieved 95%.</i> • To achieve 95% capacity usage of small craft storage facilities. <i>Achieved 95%.</i> • Construction of new harvester unloading berth in Havelock southern basin by November 2002, plus 56 additional marina berths by December 2002. <i>Completed by November 2002 and June 2003 respectively.</i> • Construct additional wharf and an expanded unloading area for marine farming harvesters at Oyster Bay, Port Underwood by December 2002. <i>Completed by June 2003.</i> • To achieve a customer satisfaction level, as measured by customer survey, of 95% or greater. <i>Achieved 95%.</i>

MARLBOROUGH REGIONAL FORESTRY

Goal:

To maximise return on investment.

Marlborough Regional Forestry (MRF) is a joint committee of the Marlborough District Council and the Kaikoura District Council (KDC). MDC owns 88.62% of the forestry estate and KDC owns the remaining 11.38%. The estate was valued at \$33.3 million as at 30 June 2001.

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

Clear felling operations, which have commenced are expected to reach a sustainable annual harvest of 59,000m³.

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

OBJECTIVE FOR 2002/2003	PERFORMANCE INDICATORS
<p>To ensure the programme of timber extraction maximises return on investment.</p>	<ul style="list-style-type: none"> • Harvesting strategy maintained. <i>Achieved – harvest for year of 45,000m³.</i> • Operating plans for pruning, maintenance and replanting reviewed annually. <i>Achieved.</i>

STATEMENT OF FINANCIAL PERFORMANCE

Statement of Financial Performance - \$'000's for the year ended 30 June

EXPENDITURE	NOTES	CONSOLIDATED			MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL 2002/03	BUDGET 2002/03	ACTUAL 2001/02	ACTUAL 2002/03	BUDGET 2002/03	ACTUAL 2001/02
SERVICES							
Community Amenities / Services	(2)	5,294	5,057	5,349	5,294	5,057	5,349
Economic Development		608	610	528	608	610	528
Rivers and Land Drainage		2,457	2,253	2,621	2,457	2,253	2,621
Land Transport and Other Services	(2)	9,226	8,648	9,324	9,226	8,648	9,324
Sewerage	(2)	2,037	2,300	1,900	2,037	2,300	1,900
Stormwater	(2)	557	559	548	557	559	548
Waste Management	(2)	2,694	2,367	2,366	2,694	2,367	2,366
Water	(2)	2,404	2,059	2,205	2,404	2,059	2,205
Animal Control		228	194	181	228	194	181
Democratic Process		1,657	1,626	1,689	1,657	1,626	1,689
Emergency Management		505	575	354	505	575	354
		27,667	26,248	27,065	27,667	26,248	27,065
RESOURCE MANAGEMENT AND REGULATORY							
Animals and Plant Pest Control		3,208	3,619	2,989	3,208	3,619	2,989
Consents and Compliance		3,671	3,404	3,539	3,671	3,404	3,539
Harbour Control		591	501	476	591	501	476
Environment		2,365	2,158	2,095	2,365	2,158	2,095
		9,835	9,682	9,099	9,835	9,682	9,099
COMMERCIAL							
Commercial and Other Property	(2)	2,147	774	1,731	2,147	774	1,731
		2,147	774	1,731	2,147	774	1,731
Subvention Payment to MDC Holdings		0	0		558	619	588
General District Expenses		921	817	605	921	817	605
Marlborough Regional Forestry Expenditure		912	511	1,248	912	511	1,248
Total Expenditure Council Services		41,482	38,032	39,748	42,040	38,651	40,336
SUBSIDIARIES EXPENDITURE							
MDC Holdings (Consolidated)		8,551	8,800	7,410	0	0	0
Total Expenditure		50,033	46,832	47,158	42,040	38,651	40,336
REVENUE							
Rates	(6A)	27,548	27,095	26,163	27,762	27,372	26,390
Subsidies and Grants	(6B)	5,379	5,591	5,080	5,379	5,591	5,080
Interest	(6C)	882	597	1,043	1,661	1,195	1,662
Dividends	(6D)	0	0	0	400	578	0
Subvention Payments		0	0	0	0	0	52
Other Income	(6E)	11,262	7,525	9,225	11,382	7,525	10,004
Marlborough Regional Forestry	(6F)	2,492	3,284	3,896	2,492	3,283	3,896
Total Revenue Council Services		47,563	44,092	45,407	49,076	45,544	47,084
SUBSIDIARIES REVENUE							
MDC Holdings Limited (Consolidated)		13,545	14,751	12,380	0	0	0
Total Revenue		61,108	58,843	57,787	49,076	45,544	47,084
Operating Surplus/(Deficit)		11,075	12,011	10,629	7,036	6,893	6,748
Assets vested in Council from Subdivisions		1,354	0	300	1,354	0	300
Surplus/(Deficit)		12,429	12,011	10,929	8,390	6,893	7,048
Less Taxation	(7)	1,578	2,074	1,306	0	0	0
Net Surplus/(Deficit) After Taxation		10,851	9,937	9,623	8,390	6,893	7,048

Explanation of Council Net Surplus

* The Council has made a net Surplus after tax of \$8.390m compared to a Budget of \$6.893m

The main areas Other Income is over budget are -

- Profits on sale of property
- Additional lease income.
- Increased subdivision levies
- Increased user charges from Consents.
- Contributions received for capital and operating works for Reserves, Roading, and Services.

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

STATEMENT OF MOVEMENTS IN EQUITY

Statement of Movements in Equity - \$000's for the year ended 30 June

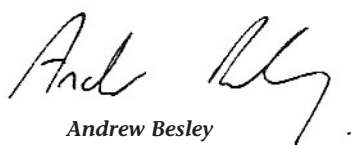
EXPENDITURE	NOTES	CONSOLIDATED			MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL 2002/03	BUDGET 2002/03	ACTUAL 2001/02	ACTUAL 2002/03	BUDGET 2002/03	ACTUAL 2001/02
Equity at the beginning of the year		543,135	457,063	450,356	537,558	452,699	447,354
Surplus and Revaluations							
Net Surplus for the period		10,851	9,937	9,623	8,390	6,893	7,048
Revaluation of Properties intended for sale		0		0			
Revaluation of Fixed Assets	(9)	11,795		83,156	11,795	0	83,156
Total recognised revenues and expenses for the period		22,646	9,937	92,779	20,185	6,893	90,204
Closing Ratepayers Equity		565,781	467,000	543,135	557,743	459,592	537,558

STATEMENT OF FINANCIAL POSITION

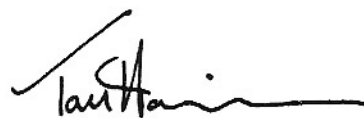
Statement of Financial Position - \$000's as at year ended 30 June

EXPENDITURE	NOTES	CONSOLIDATED			MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL 2002/03	BUDGET 2002/03	ACTUAL 2001/02	ACTUAL 2002/03	BUDGET 2002/03	ACTUAL 2001/02
RATEPAYERS' EQUITY AND MINORITY INTERESTS							
Accumulated funds	(8)	407,399	410,902	397,917	401,977	403,494	394,956
Ordinary and Council Created Reserves	(8)	23,851	21,524	22,160	21,235	21,524	19,544
Restricted Reserves	(8)	5,613	0	5,793	5,613	0	5,793
Revaluation Reserve	(9)	128,918	34,574	117,265	128,918	34,574	117,265
Total Ratepayers Equity		565,781	467,000	543,135	557,743	459,592	537,558
<i>Represented by:-</i>							
CURRENT ASSETS							
Cash and Deposits	(10)	8,732	11,615	4,990	7,425	11,242	4,308
Receivables and Prepayments	(11)	8,472	4,497	7,836	7,190	2,515	7,172
Stocks		311	261	233	141	100	42
Tax refund due		392	0	304	0	0	0
Properties for Sale		578	0	1,038	578	0	1,038
		18,485	16,373	14,401	15,334	13,857	12,560
CURRENT LIABILITIES							
Bank Current Account		180	0	512	180	0	512
Payables and Accruals	(16)	10,250	8,171	9,868	8,439	7,211	8,337
Deposits Trusts and Agencies	(17)	1,094	690	977	1,094	690	977
Provision for Taxation		34	0	0	0	0	0
Current portion of Term Liabilities	(18)	886	0	96	886	0	96
		12,444	8,861	11,453	10,599	7,901	9,922
Working Capital		6,041	7,512	2,948	4,735	5,956	2,638
NON CURRENT ASSETS							
Deferred Taxation	(7)	305	184	238	0	0	0
Investments	(13)	7,434	7,735	10,093	21,174	21,475	23,828
Fixed Assets	(12)	579,777	498,656	555,683	533,368	443,075	513,626
		587,516	506,575	566,014	554,542	464,550	537,454
Less Non Current Liabilities	(18)	27,776	47,087	25,827	1,533	10,914	2,534
Net Assets		565,781	467,000	543,135	557,743	459,592	537,558

Signed on behalf of Council by



Andrew Besley
Chief Executive
19 November 2003



Tom Harrison
Mayor
19 November 2003

STATEMENT OF CASHFLOWS

For the Year Ended 30 June 2003

	NOTES	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
		ACTUAL 2002/03	ACTUAL 2001/02	ACTUAL 2002/03	ACTUAL 2001/02
OPERATING ACTIVITIES		\$000's	\$000's	\$000's	\$000's
CASH WAS PROVIDED FROM:					
Rates		27,538	26,230	27,752	26,456
Monies from deposits, agency and in trust		206	25	206	25
Receipts from customers		31,395	30,303	18,439	18,597
Interest received		917	351	1,657	910
Dividends		0	0	400	0
Net GST		0	0	0	0
		60,056	56,909	48,454	45,988
CASH DISBURSED TO:					
Payments to suppliers and employees		(38,736)	(34,883)	(34,276)	(31,184)
Interest paid		(1,620)	(1,832)	(116)	(124)
Deposits, agency, trust fund money refunded		(89)	(277)	(89)	(277)
Taxes paid		(1,699)	(993)	0	(1)
Net GST		234	(965)	234	(955)
		(41,910)	(38,950)	(34,247)	32,541
Net Cash Flows from Operations	(21)	18,146	17,959	14,207	13,447
INVESTING ACTIVITIES					
CASH WAS PROVIDED FROM:					
Sale of assets		2,393	905	2,393	848
Proceeds from sale of investments		1,873	26	2,038	21
		4,266	931	4,431	869
CASH WAS SUPPLIED TO:					
Purchase of fixed and forestry assets		(21,079)	(26,457)	(15,180)	(19,291)
Purchase of investments		0	(2,953)	0	(3,078)
		(20,179)	(29,410)	(15,180)	(22,369)
Net Cash Flow from Investing Activities		(16,813)	(28,479)	(10,749)	(21,500)
FINANCING ACTIVITIES					
CASH WAS PROVIDED FROM:					
Term Liabilities		2,750	2,800	0	0
		2,750	2,800	0	0
CASH WAS APPLIED TO:					
Repayment of term liabilities		(9)	(568)	(9)	(568)
		(9)	(568)	(9)	(568)
Net Cash Flow from Financing Activities		2,741	2,232	(9)	(568)
Net Increase /(Decrease) in Cash		4,074	(8,288)	3,449	(8,621)
Add opening cash		4,478	12,766	3,796	12,417
Ending Cash Balance		8,552	4,478	7,245	3,796
Represented by:					
Cash and Bank		1,732	957	425	275
Bank Overdraft		(180)	(512)	(180)	(512)
Short Term Investments		7,000	4,033	7,000	4,033
		8,552	4,478	7,245	3,746

STATEMENT OF COMMITMENTS AND CONTINGENCIES

Commitments:

These represent contracts entered into but the goods or services have either not been received or the work has not been completed as of 30 June 2003. They do not include such things as lease contracts for photocopiers, mowing contracts etc which are deemed to be of an ongoing operational nature. Council does have contractual commitments with many suppliers of services that are of a maintenance nature and the costs of these services are included in our operational expenditure for the year. Total commitments for Council are 2002/2003 \$1,311,068, (2001/2002 \$1,360,142).

A summary of commitments is as follows:

Emergency Management	
• EMOC Building	\$19,023
Library	
• Software Upgrade	\$58,374
Public Conveniences	
• Blenheim Railway Station Toilet	\$130,163
Services and Operations	
• Southern Valleys' Irrigation Scheme Professional Services	\$527,507
Land Transport	
• Blenheim CBD Upgrade – Stage 4	\$273,001
• Renwick Power Undergrounding	\$275,000
• Havelock Power Undergrounding	\$28,000
TOTAL COMMITMENTS	\$1,311,068

Contingencies and Guarantees:

A loan from the former Marlborough Harbour Board amounting to \$1,000,000 is now vested in the Council as the residual authority. This loan is accounted for and being repaid by Port Marlborough New Zealand Limited under an agreement made at the formation of the Port Company. Council is liable to repay the loan in the event that the Port Company defaults on their arrangement.

The following loan guarantees have been provided by Council:

• Marlborough Hockey Association	\$70,000
• Havelock Community Association	\$17,000
• Awatere Settlers Association	\$20,000

As at 30 June 2003 Council has issued uncalled share capital from MDC Holdings of \$30,000,000 (2001/02 \$30,000,000).

Intentions to Commit:

Your attention is drawn to the Marlborough District Annual Plan for July 2003 to June 2004. This document is available from Council offices and agencies and shows details of our intentions for the next year in particular, and the ensuing two years in general terms.

STATEMENT OF FINANCIAL INTEREST IN LOCAL AUTHORITY TRADING ENTERPRISES

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

- \$6,000,000 Share Capital (\$1 shares)
- \$7,740,019 Loan Advance

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

• Dividends	\$400,000
• Interest	\$619,200
Total	<u>\$1,019,200</u>

NOTES TO THE FINANCIAL STATEMENT

NOTES - \$000's

1. Expenditure Disclosures

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	ACTUAL 2002/03 \$000's	ACTUAL 2001/02 \$000's	ACTUAL 2002/03 \$000's	ACTUAL 2001/02 \$000's
Audit Fees				
- Audit NZ	84	75	76	70
- Other Auditors	25	8	2	8
- Other Services	0	24	0	5
Bad Debts				
- Write-offs	122	142	119	136
- Increase in Provision	0	0	0	0
Councillors and Directors Fees	469	464	353	364
Depreciation / Amortisation				
- Landfill	546	573	546	573
- Bridges	589	1,072	589	1,072
- Buildings	554	485	320	315
- Carparks	69	71	69	71
- Library books	130	165	130	165
- Office Equipment, Furniture & Equipment	677	668	540	541
- Parking Meters	24	22	24	22
- Plant Machinery and Equipment	561	624	231	350
- Public Conveniences	9	*	9	*
- Reserves	53	*	53	*
- River Works	86	85	86	85
- Roads and Streets	3,358	2,628	3,128	2,420
- Sewerage schemes	525	458	525	458
- Stormwater Drainage Systems	274	268	274	268
- War Memorials	1	*	1	*
- Water Supply Schemes	671	655	671	655
- Wharves	616	509	0	0
Loss/(Gain) on Sale	(811)	383	(811)	383
Grants and Donations	1,292	1,437	1,271	1,422
Interest Expense	1,918	1,750	116	124
Lease of Equipment	571	539	495	462
Rentals	74	29	74	29

* Previously included as Buildings depreciation

2. Internal Interest Eliminations

Interest on internally financed loans has been charged to the Significant Activity Accounts for the current year.

This interest has been eliminated in the Statement of Financial Performance as follows:

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

3. Remuneration of the Chief Executive

The Chief Executive of the Marlborough District Council appointed under Section 119C(1)(a) of the Local Government Act 1974 received a salary of \$156,855 (last year \$145,000).

In terms of his contract, the Chief Executive also receives the following additional benefits:

Additional Benefit	2002/03	2001/02
Car (see note below)	16,257	15,563
Miscellaneous Employment related expenses	1,780	1,780

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

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

4. Miscellaneous Expenditure

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

	Marlborough District Council	
	2002/03 \$000's	2001/02 \$000's
• The payment of premiums in respect of any contract of insurance entered into by the Council for any purpose which the Council considered appropriate with its functions, duties and powers.	908	665
• Severance payments exceeding \$50,000	0	0
• The making of any exgratia payments to any person who suffered any loss or damage to property while rendering assistance to, or performing any action the control or authority of, the Council.	0	0
• Ceremonies for the public or a section of the public.	23	28
• The purchase of insignia and robes of office and civic insignia of any kind.	0	0
• The provision of entertainment	17	12
• The payment of subscriptions, levies, fees or general contribution to any organisation that the Council considered appropriate in connection with its functions, duties and powers.	1,341	1,513

5. Unauthorised Expenditure

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

6. Reconciliation of Total Revenue

A) Rates

Activity

	Consolidated		Marlborough District Council	
	2002/03 \$000's	2001/02 \$000's	2002/03 \$000's	2001/02 \$000's
Total Significant Activity Rates	27,779	26,394	27,779	26,394
Other Revenues				
Other MDC Activities	3	14	3	14
Inter Company Eliminations	(234)	(245)	(20)	(18)
Total Rates	27,548	26,163	27,762	26,390
B) Subsidies and Grants	5,379	5,080	5,379	5,080
C) Interest				
Total Significant Activity Interest	219	153	219	153
Other Revenues				
Other MDC Activities	1,631	890	507	890
MDC Holdings Revenue	0	0	935	619
Total Interest	882	1,043	1,661	1,662
D) Dividend Income	0	0	400	0
E) Other Council Income				
Significant Activity Other Income	9,605	8,167	9,605	8,167
Other Revenues				
Land Subdivision Revenues	681	386	681	386
Development Impact Levies	184	78	184	78
Other MDC Activities	912	1,425	912	1,373
Inter Company Eliminations	(120)	(831)	0	0
Total Council Other Income	11,262	9,225	11,382	10,004
F) Marlborough Regional Forestry	2,492	3,896	2,492	3,896
Subvention Payment Received	0	0	0	52
Total Revenue Council Services	47,563	45,407	49,076	47,084

7. Taxation

Profit Before Taxation	12,429	10,929	8,390	7,048
Prima Facie Tax at 33%	4,102	3,607	2,769	2,326
Plus (less) effect of permanent differences	(2,524)	(2,301)	(2,769)	(2,326)
Over provision in previous years		0	0	0
* Less Imputation tax credit adjustment		0	0	0
	1,578	1,341	0	0
<i>Comprising :</i>				
Current tax	1,646	1,348	0	0
Deferred tax	(68)	(42)	0	0
	1,578	1,306	0	0
Tax losses of \$654,418 with a tax benefit of \$215,958 have been transferred to Port Marlborough NZ Ltd via group loss offset.				
DEFERRED TAX ACCOUNT				
Opening balance	238	196	0	0
Current year's movement	68	42	0	0
Closing balance	305	238	0	0
TAX IMPUTATION ACCOUNT				
Opening Balance	9,149	8,697	0	0
Credits :				
Income tax payments	2,001	1,652	0	0
Imputation credits attached to dividends paid or payable	0	0	0	0
Income tax refund	(304)	(660)	0	0
Adjustment	(540)			
Imputation credits attached to dividends received	0	0	0	0
Closing balance	10,846	9,149	0	0
At 30 June, the imputation credits available to the shareholders of the parent Company were:				
Through Direct Shareholding in the Parent Company	1,901	1,544	0	
Through indirect interest in the Subsidiaries	8,945	7,605	0	0
Closing balance	10,846	7,149	0	0

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

8. Movements in Equity

	Consolidated		Marlborough District Council	
	2002/03 \$000's	2001/02 \$000's	2002/03 \$000's	2001/02 \$000's
Reserves, Special and Separate Funds				
Accumulated Fund				
Opening Balance	397,917	385,875	394,956	385,468
Surplus/(deficit)	10,851	9,623	8,390	7,048
Transfers (To)/From Reserves	(1,369)	2,419	(1,369)	2,440
Closing Balance	407,399	397,917	401,977	394,956
Ordinary and Council Created Reserves				
Opening Balance	22,160	25,950	19,544	23,355
Transfers (To)/From Accumulated Fund	1,691	(3,790)	1,691	(3,811)
Closing Balance	23,851	22,160	21,235	19,544
Restricted Reserves				
Opening Balance	5,793	4,447	5,793	4,447
Transfers (To)/From Accumulated Fund	(180)	1,346	(180)	1,346
Closing Balance	5,613	5,793	5,613	5,793

9. Revaluation Reserve

Opening Balance				
- Land	11,876	12,183	11,876	12,183
- Buildings and Improvements	0	0	0	0
- Forestry Crop	24,662	21,901	24,662	21,901
- Roading	29,707	0	29,707	0
- Bridges	134	0	134	0
- Rivers	18,926	0	18,926	0
- Sewerage	8,947	0	8,947	0
- Stormwater	11,336	0	11,336	0
- Water	10,572	0	10,572	0
- Car Parks	1,104	0	1,104	0
Plus Revaluations				
- Land	17,166	(322)	17,166	(322)
- Forestry Crop	(5,371)	2,761	(5,371)	2,761
- Buildings and Improvements	0	0	0	0
- Car Parks	0	1,104	0	1,104
- Bridges	0	134	0	134
- River and land Drainage assets	0	18,927	0	18,927
- Roads	0	29,707	0	29,707
- Sewerage	0	8,947	0	8,947
- Stormwater	0	11,336	0	11,336
- Water	0	10,572	0	10,572
- Transfers (To)/From Accumulated Fund	(141)	25	(141)	25
	128,918	117,275	128,918	117,275

10. Cash and Deposits

Cash Floats	2	2	2	2
Current Accounts	1,730	955	423	273
Term Deposits	7,000	4,033	7,000	4,033
	8,732	4,990	7,425	4,308

Funds Which Have Legal Restrictions

Within the definition of cash for the Statement of Cash Flows, and within both bank and Deposits per the Consolidated Statement of Financial Position of the Council, there are \$5,793,000 of funds which have legal restrictions.

11. Receivables and Prepayments

	Consolidated		Marlborough District Council	
	2002/03 \$000's	2001/02 \$000's	2002/03 \$000's	2001/02 \$000's
Sundry	2,321	752	2,321	752
Inter Entity Receivables	0	0	619	789
G.S.T. Receivable	571	619	571	619
Trade Debtors (includes rates)	3,879	4,093	1,944	2,606
Less Provision for Doubtful Debts	(75)	(75)	(41)	(41)
	6,696	5,389	5,414	4,725
Roading Subsidy	675	645	675	645
Prepayments and Accruals	1,101	1,802	1,101	1,802
	8,472	7,836	7,190	7,172

12. Fixed Assets

MARLBOROUGH DISTRICT COUNCIL	Cost or Accumulated		30/06/03	30/06/02
	Valuation \$000's	Depreciation \$000's	Book Value \$000's	Book Value \$000's
(a) Operational Assets				
Work in Progress	523	0	523	1,600
Buildings	13,816	1,469	12,347	12,376
Forest Crops	23,731	0	23,731	29,318
Land	38,697	0	38,697	20,120
Land Development	825	0	825	1,118
Landfill	6,116	2,749	3,367	2,394
Library Books	3,054	2,076	978	936
Other Structures and Improvements	2,720	173	2,547	2,595
Office Equip, Furnishings & Fittings	6,136	3,882	2,254	1,139
Paintings	52	0	52	52
Parking Meters	497	272	225	128
Plant, Machinery & Equipment	2,964	2,015	949	1,091
	99,131	12,636	86,495	72,867
(b) Infrastructural Assets				
Work in Progress	1,176	0	1,176	5,295
Bridges	27,477	1,173	26,304	26,674
Car parks	6,553	145	6,408	6,467
Public Conveniences	782	31	751	649
Reserves and Parks	13,293	533	12,760	12,633
River Works	94,268	171	94,097	93,372
Roads and Streets	223,855	6,016	217,839	216,599
Sewerage Schemes	38,327	982	37,345	30,360
Stormwater Drainage Schemes	20,686	542	20,144	20,000
War Memorials	117	15	102	84
Water Supply Schemes	31,273	1,326	29,947	28,626
	457,807	10,934	446,873	440,759
Total Operational and Infrastructural Assets	556,938	23,570	533,368	513,626
CONSOLIDATED ASSETS				
(a) Operational Assets				
Work in Progress	6,889	0	6,889	6,492
Buildings and Improvements	21,156	2,678	18,478	18,540
Forest Crops	23,731	0	23,731	29,318
Land	46,276	0	46,276	27,699
Land Development	825	0	825	1,118
Landfill	6,116	2,749	3,367	2,394
Library Books	3,054	2,076	978	936
Office Equip, Furnishings & Fittings	7,077	4,585	2,492	1,424
Other Structures and Improvements	2,720	173	2,547	2,595
Paintings	52	0	52	52
Parking Meters	497	272	225	128
Plant, Machinery & Equipment	7,277	4,308	2,969	3,367
	125,670	16,841	108,829	94,063

CONSOLIDATED ASSETS	Cost or Accumulated		30/06/03	30/06/02
	Valuation \$000's	Depreciation \$000's	Book Value \$000's	Book Value \$000's
(b) Infrastructural Assets				
Work in Progress	1,176	0	1,176	5,295
Bridges	27,477	1,173	26,304	26,674
Car parks (unmetered areas)	6,553	145	6,408	6,467
Public Conveniences	782	31	751	649
Reserves and Parks	13,293	533	12,760	12,633
River Works	94,268	171	94,097	93,373
Roads and Streets	225,660	7,821	217,839	216,559
Sewerage Schemes	42,740	982	41,758	34,867
Stormwater Drainage Schemes	20,686	542	20,144	20,040
War Memorials	117	15	102	84
Water Supply Schemes	31,273	1,327	29,946	28,626
Wharves	24,358	4,695	19,663	16,353
	488,383	17,435	470,948	461,620
Total Operational and Infrastructural Assets	614,053	34,276	579,777	555,683

Fair Value of Land and Improvements

The Council considers the fair value of the Land and Improvements to be \$80,528,006 (consolidated) and \$55,415,106 (Council). This is the aggregate of the latest government valuation of land and improvements and additions since the September 1999 valuation.

Urban Portions of the State Highway Network

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

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

13. Investments

	Consolidated		Marlborough District Council	
	2002/03 \$000's	2001/02 \$000's	2002/03 \$000's	2001/02 \$000's
Local Authority Stock	1,000	2,022	1,000	2,022
Term Deposits	5,571	6,992	5,571	6,992
Shares - MDC Holdings Limited	0	0	6,000	6,000
- Other	75	75	75	75
Sinking Funds	708	624	708	624
Mortgage Advances	80	380	7,820	8,115
	7,434	10,093	21,174	23,828

14. Joint Venture

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

(a) Share of assets employed

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

Fixed assets				
Forest crops	23,410	28,639	23,410	28,639
Land	4,224	4,142	4,224	4,142
Plant	27	25	27	25
Current assets				
Cash	1,561	503	1,561	503
Debtors	852	1,357	852	1,357
Share of assets employed	30,074	34,666	30,074	34,666

	Consolidated		Marlborough District Council	
	2002/03 \$000's	2001/02 \$000's	2002/03 \$000's	2001/02 \$000's
(b) Share of Liabilities				
Term Liabilities	1,018	2,030	1,018	2,030
Current Liabilities	1,343	449	1,343	449
Share of Liabilities employed	2,361	2,479	2,361	2,479
(c) Share of net expenses	912	1,248	912	1,248
(d) Share of revenue	1,599	3,138	1,599	3,138

15. Bank Overdraft Facility

Although Marlborough District Council had no formal overdraft facility in place as at 30.06.03, a "setoff" facility was in place which allows Council to have its net position assessed on the 00, 02, 03, 05, 06, and 08 accounts. The interest rates are 8.95% (overdraft) and 2.25% in funds. Interest accrues daily and is paid at the end of the month.

16. Payables and Accruals

Trade Creditors	4,505	5,317	3,706	3,792
G.S.T. Payable	173	19	173	19
Wages, including Holiday Pay	1,943	1,767	1,673	1,528
Interest	0	0	0	0
Other Sundry Accruals	3,630	2,765	2,329	2,410
Inter Entity Payables	0	0	558	588
	10,250	9,868	8,439	8,337

17. Deposits, Trust Funds and Agencies

Deposits	716	516	716	516
Monies held as agent	214	303	214	303
Trust Funds	164	158	164	158
	1,094	977	1,094	977

18. Non Current Liabilities

Loan Maturities and Interest Rates

Maturity Interest Rate Range				
Up to one year	886	96	886	96
One to two years 5.0% -7.2%	26,172	23,695	642	1,915
Two to three years 5.0%	0	1,000	0	0
Three to four years 16.0%	0	0	0	0
Four to five years	0	0	0	0
Five to ten years 5.0%	376	140	376	140
Over ten years 5.0%	0	0	0	0
	27,434	24,931	1,904	2,151
Loans	27,434	24,931	1,904	2,151
Less Current Portion	(886)	(96)	(886)	(96)
Balance 30 June	26,548	24,835	1,018	2,055
Provisions				
Employee Entitlements	114	101	114	101
Provision for Landfill aftercare	401	378	401	378
Provision for runway reseal	712	513	0	0
Total Non Current Liabilities	27,775	25,827	1,533	2,534

19. Landfill aftercare liability

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

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

Closure responsibilities:

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

Post-closure responsibilities:

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

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

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

Capacity of the Site

- The remaining capacity of the site is 1.975 million cubic meters (refuse cleanfill and cover)
- The estimated remaining life is 44 years. Estimates of the life have been made by the Council's engineers based on historical volume information. These estimates assume the granting of Resource Consent renewals

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

	Consolidated		Marlborough District Council	
	2002/03 \$000's	2001/02 \$000's	2002/03 \$000's	2001/02 \$000's
Net Surplus/(deficit) from operations	10,851	9,623	8,390	7,048
Add/(Less) non cash Items:				
Depreciation	8,743	8,283	7,196	6,995
Assets vested in Council	(1,354)	(300)	(1,354)	(300)
Movement in deferred tax	(68)	(42)	0	0
Runway Seal Provision	200	50	0	0
Write down in Building Valuation	0	735	0	735
	7,521	8,726	5,842	7,430
Add/(Less) movements in other working capital items:				
Increase/(decrease) in accounts payable and accruals	1,836	(212)	1,560	(171)
Increase/(decrease) in accounts receivable and accruals	(510)	(770)	(66)	(1,289)
(Increase)/decrease in inventory (78)	(20)	(99)	16	
Increase/(decrease) in trusts deposits agencies	117	(252)	117	(252)
Increase/(decrease) in taxation asset provision	(54)	355	0	(1)
	1,311	(899)	1,512	(1,697)
Add/(Less) items classified as investing activities:				
Net loss / (gain) on sale of assets	(811)	383	(811)	383
Movement in fixed asset related accounts payable	(648)	89	(648)	246
Movement in Non Current Employee Entitlements	(101)	0	(101)	0
Landfill After care provision	23	37	23	37
	(1,537)	509	(1,537)	666
Net cash flows from operating activities	18,146	17,959	14,207	13,447

21. Major Budget Variations

Explanations for major variations from the budget figures in the 2002/03 Annual Plan are as follows:

Statement of Financial Performance

The main contributors to the surplus variance to budget are:

- Profits on the sale of property - \$1,131,000
- Additional lease income - \$ 477,000

- Increased subdivision levies \$ 464,000
- Increased user charges from Consents \$ 484,000
- Contributions received for capital and operating works for Reserves, Roading and Services

More detailed explanations are contained in the Significant Activity Statements where appropriate.

22. Related Parties

(a) Inter-group Transactions and Balances

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

These entities are as follows:

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

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

	2002/03 \$000's	2001/02 \$000's
MDC Holdings		
Subvention payment from Council	558	588
Services provided by Council	0	10
Services provided to Council	0	0
Interest to Council	619	619
Dividend payable to Council	400	0
Accounts payable to Council	619	629
Accounts receivable from Council	558	588
Port Marlborough Limited		
Dividend payable to MDC Holdings Limited	1,167	0
Subvention payment to MDC Holdings Limited	322	0
Interest to MDC Holdings Limited	158	0
Services provided by Council	119	183
Services provided to Council	0	25
Rates paid to Council	215	222
Accounts payable to Council	0	18
Accounts receivable from Council	3	4
Marlborough Airport Limited		
Rates paid to Council	4	4

(b) Key Management and Members of Council

The Council purchased goods and services from a business that Councillor Bowers has an interest amounting to \$1,616. These goods and services were supplied on normal commercial terms. Council purchased land with a value of \$3,944 from the Chief Executive Mr Besley. This land was purchased under normal commercial terms.

Apart from these transactions no councillor or senior management member has entered into related party transactions with the group.

23. Financial Instruments

Credit risk

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

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

A potential concentration of credit risk exists in respect of amounts owing from Transit New Zealand of \$675,104. This receivable is considered to be fully recoverable. Other accounts receivable balances are spread over a large customer base, therefore, minimising exposure to credit risk in respect of these debtors.

Fair values

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

	2002/03		2001/02	
	Carrying Amount \$000's	Fair Value \$000's	Carrying Amount \$000's	Fair Value \$000's
Marlborough District Council				
Accounts Receivable	7,190	7,190	7,172	7,172
Cash and Deposits	12,996	12,996	11,300	11,300
Local Authority Stock	1,000	1,000	2,022	2,022
Accounts Payable and Accruals	8,439	8,439	8,337	8,337
Term Debt	1,018	1,018	2,151	2,151
Consolidated				
Accounts Receivable	8,472	8,472	7,836	7,836
Cash and Deposits	8,732	8,732	11,982	11,982
Local Authority Stock	1,000	1,000	2,022	2,022
Accounts Payable and Accruals	10,250	10,250	24,931	24,931
Term Debt	26,548	26,548	24,835	20,392

Council anticipates that term debt will be held to maturity and accordingly settlement is unlikely to be at the reported consolidated fair value. The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

Account Receivable, Term Deposits, Accounts Payable and Accruals

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

Local Authority Stock

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

Term Debt

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

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

Interest Rate Risk

Interest Rate Risk is minimal as term liabilities have fixed interest rates.

Currency Risk

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

24. Movements in Provisions

	Consolidated		Marlborough District Council	
	2002/03	2001/02	2002/03	2001/02
Employee Entitlements				
Opening Balance	101	76	101	76
Increase in Provision	13	25	13	25
Closing Balance 30 June	114	101	114	101
Provision for Landfill Aftercare				
Opening Balance	378	119	378	119
Increase in Provision	23	259	23	259
Closing Balance 30 June	401	378	401	378
Provision for Runway Reseal				
Opening Balance	513	463	0	0
Increase in Provision	199	50	0	0
Closing Balance 30 June	712	513	0	0

25. Post Balance Date Events

There have been no significant post balance day events between year end and the signing of the report that have had a material effect on the Assets and Liabilities of Council.

EQUAL EMPLOYMENT OPPORTUNITIES POLICY

The following is a summary of Council's Equal Employment Opportunities Policy.

Reason for Policy

An Equal Employment Opportunities Policy is a planned, result orientated management programme designed to achieve equal opportunity in the work place. The Policy involves the identification and elimination of the policies, procedures and other institutional barriers that cause or perpetuate inequality.

Objectives of Policy

The goals of an Equal Employment Opportunities Policy is to ensure that for any given position the best available person for the job gets the job regardless of their gender, race, religion, disability, or any other irrelevant factor. Specific objectives the Council strives to achieve are:

Objective One:

- To operate EEO policies in the Council's recruitment and promotion process to ensure that the best person available for the job is selected.

Council closely monitors compliance with this since it is both an EEO and Local Government Act requirement. Responsibility for compliance is assigned to the Human Resources section.

Objective Two:

- To ensure EEO policies are incorporated in the review procedures for all staff for the purposes of regular performance appraisal and assessment of potential for staff development and promotion.

No employee may gain advantage or suffer any disadvantage by reason of gender including pregnancy and childbirth, marital status, religion, race, disability or other irrelevant factor. Should this be in dispute, staff are aware of their options to address the matter.

Objective Three:

- To promote the Council's image as an EEO organisation. The main target groups which this Equal Employment Opportunities programme is aimed at are women, Maori, Pacific Island and ethnic minority groups and the disabled.

In recruitment Council advises that it is an EEO employer to encourage applications from the target groups.

To date the most successful in recruitment of the target groups has been women. The current proportion of women employed by Council is similar to the national statistics.

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