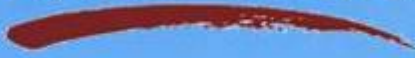




MARLBOROUGH
DISTRICT COUNCIL



Annual Report

July 2007 - June 2008

Mission Statement

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

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MDC DIRECTORY

CONTACT DETAILS

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

0800 4 MDC 4U (0800 463 248)
(For use by residents in the outer
Sounds and Rai Valley areas)

Facsimile: (03) 520 7496

Email: mdc@marlborough.govt.nz

Web: www.marlborough.govt.nz

ADDRESSES

District Administration Building

15 Seymour Street, Blenheim 7201

Picton Service Delivery Centre (includes Library)

67 High Street, Picton

Harbour Control

Mariner's Mall, Picton

Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

Animal and Plant Pests Depot and Services

Freswick Street, Blenheim

Reserves Depot

Pollard Park, Blenheim

SOLICITOR

P J Radich of Radich Dwyer
Blenheim

BANKERS

Bank of New Zealand, Blenheim

AUDITOR

Auditor General
Audit New Zealand
Christchurch

GENERAL STATISTICS

- **Population** (Census count 7 March 2006) 46,179
- **Population** (Resident 7 March 2006) 42,558
- **Inter-Census Population Movement** (+) 8.6%
- **District Area** 17,517 square kilometres
as at 30 June 2007
- **Rateable Land Value** \$6,286,409,000
- **Rateable Capital Value** \$11,676,549,200
- **Number of Rate Assessments** 24,421

MAYOR'S REPORT

Marlborough has continued to grow at a fast rate over the 2007/2008 financial year. It is an exciting time and growth brings both opportunities and challenges.

Council is a substantial organisation with income of over \$88 million per annum and assets of over \$970 million. There is also a significant capital programme of approximately \$30 million for 2007/2008. For the 2008/2009 year the capital programme will be over \$80 million.

The annual report is an important document and the audit opinion is a critical part of the report. The unqualified audit opinion demonstrates that Council has strong financial control systems and provides an assurance to the community that its assets and resources are being well managed.

The elected Council has the role of providing governance by determining the activities that Council is involved in and monitoring the services that are being provided.

A number of challenges have been evident in 2007/2008, including core infrastructure, for example the need to treat Blenheim's water supply, which became necessary after low levels of contamination were detected in some wells. Council is also working with the community to find affordable options to treat the Awatere water supply.

Other challenges relate to our changing community. The need for migrant workers in the wine industry has created some concerns. Council is carrying out research to determine the actual extent of the issues.

There is more to a community than just roads, sewerage, water and stormwater. These are of course important but we must also ensure that our environment is cared for as well as our community. Climate change and environmental sustainability are also issues that must be considered.

Our community includes young and old as well as families. Council only has limited resources and it is a challenge for the elected councillors to juggle these limited resources to meet the needs of the community.

During the 2007/2008 year Council proactively took action to promote a variation to the Wairau Awatere Plan to protect Blenheim's Central Business zone (CBZ). The proposals were put forward to create large format retail areas on the outskirts of the zone. The risk was that these new zones would attract smaller retail developments at the expense of a vibrant CBZ. The plan variation stressed the need for a healthy CBZ. Council will be following this up with the development of an urban design strategy. The initial work will be for Blenheim and then hopefully later for Picton. This will be an exciting long term project.

Included in this report is a list of highlights for the year which I hope will give readers an indication of the wide range of activities being carried out by Council.

I would finally like to thank staff and councillors for their work over the last year. I constantly see examples of the strong commitment that staff and councillors have to the community.

A handwritten signature in black ink, appearing to read "Alistair Sowman". The signature is fluid and cursive.

Alistair Sowman
MAYOR

2007/2008 IN REVIEW

The following is a summary of some of the projects and activities carried out by Council over the last year.

Roads – renewing and resealing

- Kaiuma Bay Road upgrade - \$200,000
- Archer Road seal extension - \$95,000
- New kerb and channel - \$86,000
- Blenheim north-west roading – Old Renwick Road and Rose Street upgrading - \$208,000
- Footpath renewals - \$225,000
- New concrete footpaths - \$108,000

Wharf extension

- Work commenced at Waitaria Bay - \$29,000

Sewerage Treatment System Blenheim

- New pump stations - \$146,000
- New pipelines - \$410,000
- Treatment – upgrading ponds - \$1.973m

Sewerage Treatment System Havelock

- Preparation and design for pond upgrade

Sewerage Treatment System Picton

- Investigation and design for sewer outfall renewal
- Pipeline renewals \$120,000

Sewerage Treatment System Seddon

- Investigation and preparation of resource consent application for treatment upgrade

Sewerage Treatment System Grovetown

- Investigation and design for new scheme

Sewerage Treatment System Spring Creek

- Investigation and preparation of application for discharge resource consent for pond upgrade works

Stormwater – Blenheim

- Stormwater strategy started.
- New pipelines, Quail Stream culvert extension and Old Renwick Road - \$328,000

Stormwater – Picton

- Pipeline renewals at Newgate Street and Seaview Crescent - \$245,000

Water reticulation - Blenheim

- Water treatment upgrades at Bomford Street and Middle Renwick Road - \$575,000
- New pipelines - \$905,000
- Wither Hills water reservoir, design and resource consent preparation

Water reticulation - Havelock

- Well pump upgrade - \$59,000

Water reticulation - Picton

- New pipelines - \$440,000
- Treatment upgrade at Speeds Road - \$25,000
- Treatment upgrade at Essons Valley - \$73,000
- New source investigation at Graham Valley
- Design and resource consent application preparation for reservoir at Victoria Domain

Water reticulation – Renwick

- New pipeline State Highway 63 - \$40,000

Water reticulation - Awatere

- Pipeline renewals at Blind River Loop and Seaview Road - \$264,000
- Consultation with the Awatere Community over the water quality of that supply and methods of treatment is well underway

Waste Management

- Preliminary designs for Landfill extension
- Construction of Resource Recovery Centre in Wither Road commenced
- The expected completion date for the centre is November/December 2008

Winery Waste

- Consultation with Wineries in Riverlands and Cloudy Bay has taken place to upgrade the capacity of the Industrial treatment plant at Harding's Road. Funding is proposed to be "user pays"

Rivers

- Lower Wairau sedimentation control works and stopbank extension, Wairau Bar - \$312,000
- Land purchases for river protection works - \$430,000

Lansdowne Park

- The purchase of Lansdowne Park - \$3.4m

Sheps Park Springlands

- Consultation is being carried out to determine how to develop the park

Playgrounds Blenheim

- Three new playgrounds were completed - \$130,000

Taylor River Walkway including Riverside Park

- Pathways - \$212,000

Endeavour Sports Park

- The redevelopment of Endeavour Sports Park in Picton completed - \$2.2M
- Consultation with the community continues regarding sports facilities at the park

Renwick Sports Pavilion

- Design close to completion

Public Conveniences

- New toilet facilities completed at Beaver Road/Nelson Street and Redwoodtown - \$105,000

Parking

- Public carparking was developed in conjunction with the new Combined Clubs building, Blenheim.
- Pay and Display parking meters replaced. New meters have the capability of taking credit cards - \$101,000

Marlborough Convention Centre

- The Convention Centre opened in October 2007 in conjunction with the Combined Clubs. - \$3.9m

Wither Hills Carpark

- Construction of new car park at the base of the Wither Hills for recreational farm park users - \$329,000

London Quay Development

- Concept and design being finalised to provide public space, recreational areas, waterfront board walks and green space to convert the area into a vibrant attraction for residents and visitors to Picton. This work will commence after Easter 2009. - Budget \$5M for public areas.

Regional Aquatic Centre

- Planning commenced for upgrade – Budget \$14m

Scott Street Development

- The first stage of establishing a parking building to service the southern end of town has commenced through the construction of a retail shop for Kathmandu. The income from this development will be placed in reserve to assist paying for a car parking building behind the store. - \$1m

Building accreditation

- At the end of the financial year Council was close to achieving building accreditation.

Building consents

- Several significant projects were approved for construction this financial year. These included wineries, parking structures, new commercial buildings, new and extended motels, plus a large multi storied building near to the Taylor River

Marlborough Regional Policy Statement (RPS)

- Over 130 people or organisations took the opportunity to provide feedback on 12 topic based discussion documents released for community comment in 2007. This valuable feedback is now being used to prepare draft RPS provisions, which will be released for further public input in the near future.

Marlborough Sounds Resource Management Plan

- Variation three to the Plan, covering shipping activity in the Marlborough Sounds, was confirmed by the Environment Court in January 2008. Ship speed and wake in Queen Charlotte Sound and Tory Channel has been a significant issue for the Council and the community for over 10 years. A management framework is now in place to deal with this issue in the future.

Proposed Wairau/Awatere Resource Management Plan

- The last three appeals on the Plan were successfully resolved, meaning that Council is now in a position to make the plan operative later in 2008

Variations to the Wairau/Awatere Resource Management Plan

- Two variations, Variation 42 and 49, were notified in 2007 to provide for growth in commercial and industrial activities in Marlborough. Variation 42 introduced measures to ensure that the Blenheim town centre remains the focus for retail, commercial, cultural and social activity in the District. *This is now subject to appeals.* Variation 49 rezoned 54 hectares of land adjoining the existing industrial area at Riverlands, freeing up much needed land for industrial development

CHIEF EXECUTIVE'S REPORT

Chief Executive's Report

I am pleased to present Council's annual report for the 2007/2008 financial year and to again see that an unqualified audit opinion has been received from Audit New Zealand. Council's finances remain in good shape and Council has strong financial control systems in place to ensure this continues.

The 2007/2008 year was an extremely busy one across all areas of Council. However signs of volatility created by external financial and economic forces were beginning to emerge. It is likely that the global issues that have escalated in recent weeks will have an impact on the Marlborough community and on Council. Staff will be monitoring the situation and will be providing advice to Council on how to respond.

Council, as a unitary authority, has a wide range of responsibilities and as always it is an exciting challenge to respond to the issues. Environmental issues such as climate change and sustainability have also been considered by Council over the last year and the review of the Regional Policy Statement and development of a new District Plan has commenced. These are critical documents for the future of the district.

Council has been under pressure to process large numbers of resource and building consents. Over the year timeframes have improved considerably. The building accreditation process has added extra workloads for staff and unfortunately extra costs for the community.

Council is also going through a period of considerable capital expenditure on both core and community infrastructure. The drive for increased Infrastructure spending over the last year in direct response to the community's expectations for higher standards for community infrastructure, such as roads, water, storm water, and sewerage systems. One project of a more unique nature that was completed on time and within budget was the new Convention Centre, which is within the Marlborough Clubs complex. The Convention Centre is owned by Council and operated by Scenic Circle Hotels Limited. The Convention Centre has already exceeded expectations with a large number of bookings. Part of the management agreement with Scenic Circle is that they must upgrade their existing hotel and provide an extra fifty rooms by December 2012.

2007/2008 saw the end of Council's involvement in the management of the Tb programme for the Animal Health Board. Staff had carried out this role extremely well for many years but the size of the programme was reducing and it is understandable that the Board wished to consolidate its activities.

In last year's annual report I made the comment that without doubt Council's staff are our greatest strength. With this in mind it was with great sadness that last year we marked the passing of one of the senior management team members, Richard Keys. Richard was in charge of Council's Environmental Policy Unit and he will be remembered for his wise advice and his ability to debate difficult issues with staff, councillors and members of the community.

A handwritten signature in black ink that reads "And Besley". The signature is written in a cursive, slightly slanted style.

Andrew Besley
CHIEF EXECUTIVE

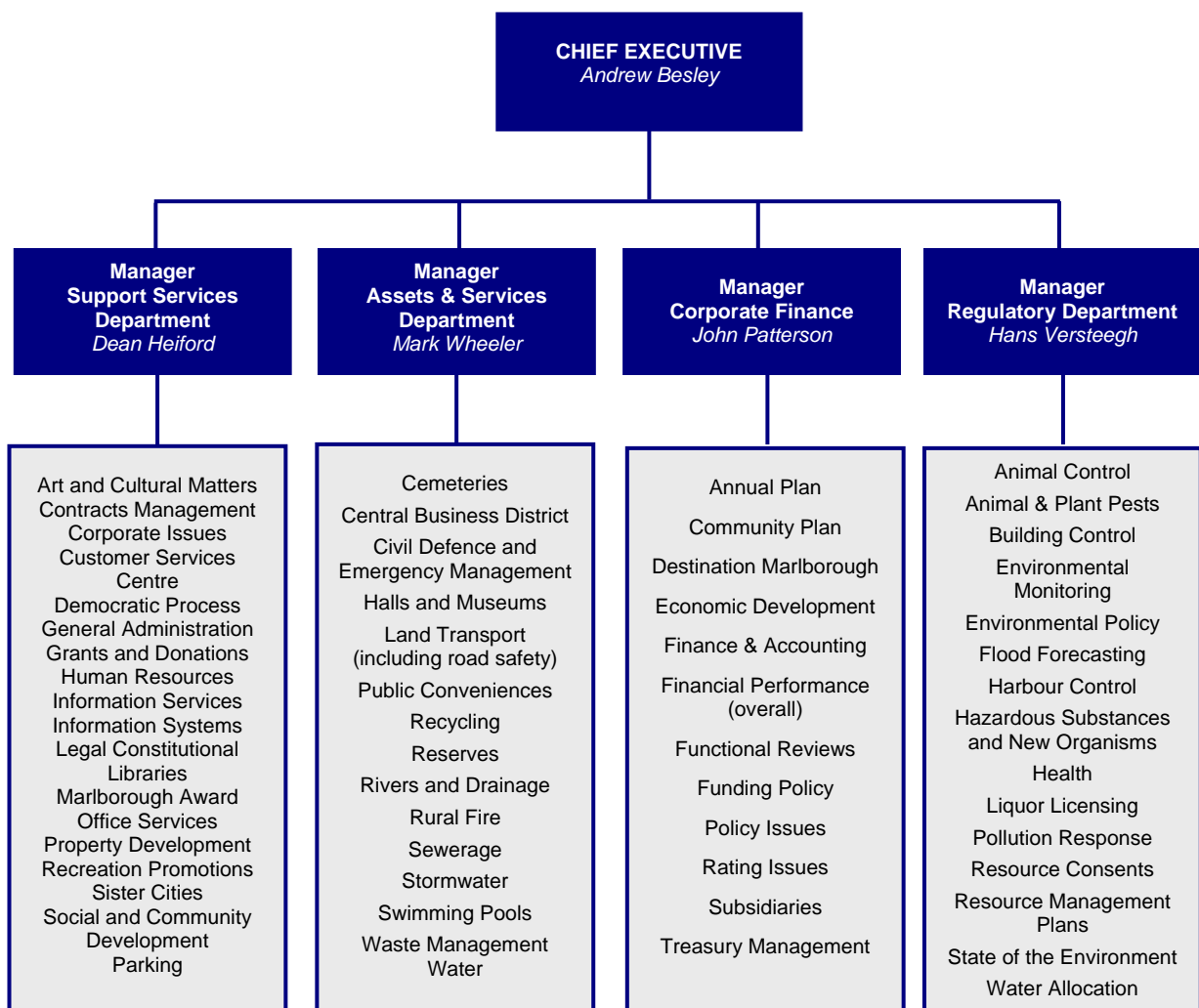
ROLE OF ANNUAL REPORT

This Annual Report has been prepared to enable readers to assess the performance of the Marlborough District Council for 2007/2008 against the policies, activities, objectives, performance targets and financial details contained in the Council's 2006/2016 Community Plan.

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

If any member of the public wishes to discuss any aspect of this report, a council officer will be more than pleased to meet with you. In the first instance please telephone Judith North, Committee Secretary on (03) 520 7400.

COUNCIL STAFF STRUCTURE



ELECTED COUNCIL MEMBERS

BLENHEIM WARD

MAYOR



Jenny Andrews
(Deputy Mayor)



Warwick Brice



Jill Bunting



Alistair Sowman



Liz Davidson



Tom Harrison



Gerald Hope



Graeme Taylor

WAIRAU/AWATERE WARD



Andrew Barker



Francis Maher



Pat O'Sullivan

PICTON WARD

PELORUS/NORTHERN MARLBOROUGH SOUNDS WARD



Cliff Bowers



Nigel Weetman



Graeme Barsanti

COUNCIL COMMITTEES AND MEMBERS

(AS AT 30 JUNE 2008)

The Marlborough District Council has five standing committees, a joint committee with Kaikoura District Council, 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:

ASSETS & SERVICES COMMITTEE

This committee is responsible for all infrastructure including roads, road safety (including walking and cycling strategies), sewerage, water, stormwater, rivers and drainage, parking, waste management (including recycling), reserves, halls, cemeteries, public conveniences, civil defence and emergency management (including rural fire).

- Clr Francis Maher - Chairperson
- Clr Nigel Weetman - Deputy
- Clr Warwick Brice
- Clr Gerald Hope
- Clr Pat O'Sullivan
- Mayor – ex officio
- Mr Richard Hunter (iwi representative)

◆ Regional Land Transport Committee

This Committee prepares for approval by Council the Regional Land Transport Strategy prepared under the Land Transport Management Act 2003 and the Land Transport Programme prepared under the Land Transport Act 1998.

- Clr Graeme Barsanti - Chairperson
- Clr Cliff Bowers
- Clr Jill Bunting
- Clr Francis Maher
- Clr Pat O'Sullivan
- Land Transport New Zealand representative
- Transit New Zealand representative
- Marlborough Chamber of Commerce representative
- New Zealand Police representative
- District Health Board's Public Health Unit representative
- Council's Access and Mobility Forum representative
- The Environment Centre representative
- Assets and Services Committee iwi representative
- AA Marlborough representative
- New Zealand Road Transport Association representative

COMMUNITY AND FINANCIAL PLANNING COMMITTEE

This committee is responsible for the Long Term Council Community Plan, Annual Plan, Annual Report, economic development, community and social development, youth elderly and access issues, arts, culture and heritage, grants and donations, sister cities, financial performance, general administration, property management, Council subsidiaries, libraries, customer services, democratic process.

- Clr Gerald Hope - Chairperson
- Clr Graeme Barsanti - Deputy
- Clr Jenny Andrews
- Clr Cliff Bowers
- Clr Francis Maher
- Clr Graeme Taylor
- Clr Nigel Weetman
- Mayor - ex officio
- Iwi representative

◆ Grants Sub-Committee

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

- Clr Jenny Andrews - Chairperson
- Clr Graeme Taylor
- Two iwi representatives
- Arts representative
- Sports Trust representative (K Hartshorne)
- Four community representatives (R Carr, G Duncan, L Ivamy and R Weaver)

◆ 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 - Chairperson
- Mayor Alistair Sowman
- Five community representatives

ENVIRONMENT COMMITTEE

This committee is responsible for biosecurity, animal control, liquor licensing, building control, resource consent processing, monitoring of consents, compliance control, dangerous goods, fencing of swimming pools, food and health monitoring, harbour management, historic places.

- Clr Graeme Taylor - Chairperson
- Clr Jenny Andrews - Deputy
- Clr Andrew Barker
- Clr Graeme Barsanti
- Clr Cliff Bowers
- Clr Jill Bunting
- Clr Liz Davidson
- Clr Tom Harrison
- Iwi representative
- Mr Chris Bowron (rural representative)

◆ 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 Andrew Barker - Chairperson
- Clr Graeme Barsanti
- Clr Tom Harrison

ENVIRONMENTAL POLICY COMMITTEE

This committee is responsible for the Regional Policy Statement and Resource Management Plan development.

- Clr Jill Bunting - Chairperson
- Clr Francis Maher - Deputy
- Clr Andrew Barker
- Clr Cliff Bowers
- Clr Liz Davidson
- Clr Gerald Hope
- Clr Graeme Taylor

HEARINGS COMMITTEES (2)

These committees make decisions on applications for resource consents. (Each Hearings Committee is made up of a chairperson and two members).

- Clr Cliff Bowers - Chairperson
- Clr Liz Davidson - Chairperson
- Clr Jenny Andrews
- Clr Graeme Barsanti
- Clr Jill Bunting
- Clr Tom Harrison

CIVIL DEFENCE EMERGENCY 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 Alistair Sowman - Chairperson
- Clr Francis Maher
- Clr Gerald Hope
- Clr Graeme Taylor
- Clr Jill Bunting
- Clr Graeme Barsanti

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 and Marlborough Airport Limited

- Mayor Alistair Sowman (Director)
- Chair of Community & Financial Planning Committee - Clr Gerald Hope (Director)
- Chief Executive - Andrew Besley (Director)

◆ Port Marlborough NZ Limited

- Manager, Corporate Finance & Planning - John Patterson (Director) (from December 2007)
- Chief Executive – Andrew Besley (Director) (ended December 2007)

Sounds Property Holdings Limited

- Interim Chief Executive – Andrew Besley (ended 31 March 2008)

◆ Marlborough Regional Forestry

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

- Clr Andrew Barker (Chairperson)
- Mayor Alistair Sowman

STAFF EMPLOYED

(FULL TIME EQUIVALENTS) (AS AT 30 JUNE 2008)

	30.06.08		30.06.07	
	Male	Female	Male	Female
General Management				
Management and Support	4	1.9	4	2
Assets and Services				
Development and Project Management	5	1	5	-
Engineering	11	5	11	5
Operations	13	2	10.7	4
Reserves and Amenities	4.6	1	3.6	1
Rivers and Land Drainage	5	-	4	-
Management and Support	3	1	3	1
Civil Defence/Emergency Management	2	-	2	-
Finance & Corporate Planning				
Management and Support	2	1	2	1
Treasury	3	6.6	4	5.6
Regulatory				
Animal and Plant Pests	5		7	-
Building Control	12	2	11	-
Environmental Health and Liquor	-	2	1	1
Environmental Unit	9	7	9	8
Harbour Functions	2	-	2	-
Resource Management Control	10	12.6	10	10.6
Management and Support	4	14	4	17
Support Services				
Community Development Management	-	1	-	1
Democratic Services Management	1	2	1	2
Office Services	0.5	10	0.5	8
Contracts Management	0.5	-	0.5	-
Human Resources	-	0.9	-	1
Information Services	6	8.2	7	7.6
Customer Service Centres	1	18.3	1	18.5
Libraries	4	9.3	4	9.3
Totals	107.6	106.8	107.3	103.6

EQUAL EMPLOYMENT OPPORTUNITIES POLICY

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

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

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

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

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

Activities undertaken to establish and maintain processes to provide for opportunities for Maori to contribute to the decision making processes of the Council.

Council has identified that one of the principal barriers to Maori contribution to decision making processes is the strength of the financial and administrative base of Marlborough iwi. Appropriately, the resources available to iwi have been primarily directed at the settlement of claims before the Waitangi Tribunal. Council has identified that one of the most effective contributions it can make at this stage is to provide assistance to Marlborough iwi in satisfactorily concluding these claims. To that end it has worked with the Kurahaupo natural grouping of iwi comprising Ngati Apa Ki Te Ra To, Te Runanga o Ngati Kuia and Te Runanga A Rangitane O Wairau to assist them in their claim process. Similar offers of assistance have been made to other Marlborough iwi as they progress their claims.

INFRASTRUCTURAL ASSETS

	30.6.08		30.6.07	
Roads				
	Urban	Length	Urban	Length
	Sealed	179.8 km	Sealed	178.8 km
	Metalled	0.6 km	Metalled	1.2 km
	Rural	Length	Rural	Length
	Sealed	685.2	Sealed	694.7 km
	Metalled	665.2	Metalled	665.2 km
	TOTAL		TOTAL	1,539.9 km
Bridges				
	Number	Lineal Metres	Number	Lineal Metres
One lane bridges	284	5088 m	289	5,119
Two lane bridges	61	695 m	58	686
Footbridges	6	209 m	6	209
TOTAL	345	5,992	353	6,017
Wharves				
	12		12	
Street Lighting				
	3,780		3,750 lights	
Water Supply Schemes				
	7 schemes. 417.5 kms of reticulation		7 schemes with 400.4 kms of reticulation	
Sewerage Systems				
	5 schemes with 283 kms of reticulation		5 schemes with 282 kms of reticulation	
Stormwater System				
	143.8 kms of reticulation		142.2 kms of reticulation	
Irrigation Schemes				
	2 schemes with 64.7kms of reticulation		2 schemes with 64.7 kms of reticulation	

Notes:

Water reticulation length is calculated from the Hansen database enquiry (mbc- WaterValuation-WaterReticulation.) The Awatere and Seddon lengths have been replaced by the length from the GIS attributes table as Hansen is incomplete for Awatere. Vested assets for both 2006/07 and 2007/08 have not been entered into Hansen whilst awaiting live editing and have therefore been added manually (4990m). As built drawings for the Taylor River main (3604m) have not yet been finalised these have been added also.

Sewer length is calculated from the Hansen database query (mbc-AssetValuation-sewer reticulation) plus some vested assets from 2007/08 not entered into Hansen (1243m) plus main to Picton STW (est 1400m) plus new sewer in Maxwell Road south of Hospital Road (est 500m) as As-builts not received.

Storm Water. Asset database query (mbc-AssetValuation-StormRetic) plus assets vested in 07/08 and amended by known inputs of Dsh/student (2108m).

STATEMENT OF COMPLIANCE

Compliance

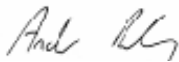
The Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

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.

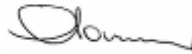
The Council and management of Marlborough District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Marlborough District Council, the annual Financial Statements for the year ended 30 June 2008 fairly reflect the financial position and operations of the Marlborough District Council.



ANDREW BESLEY
CHIEF EXECUTIVE

23 October 2008



ALISTAIR SOWMAN
MAYOR

23 October 2008

AUDIT OFFICE REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

AUDIT REPORT

TO THE READERS OF MARLBOROUGH DISTRICT COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Marlborough District Council (the District Council) and group. The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2008, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 18 to 90:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - The District Council and group's financial position as at 30 June 2008; and
 - The results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 18 to 54 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 23 October 2008, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- Determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- Verifying samples of transactions and account balances;
- Performing analyses to identify anomalies in the reported data;
- Reviewing significant estimates and judgements made by the Council;
- Confirming year-end balances;
- Determining whether accounting policies are appropriate and consistently applied; and
- Determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2008. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

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

Other than the audit and in conducting the audit of the Long Term Council Community Plan and amendments to the Long Term Council Community Plan, we have no relationship with or interests in the District Council or any of its subsidiaries.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the financial statements, performance information and the other requirements of Marlborough District Council and group for the year ended 30 June 2008 included on Marlborough District Council's website. The Council is responsible for the maintenance and integrity of Marlborough District Council's website. We have not been engaged to report on the integrity of Marlborough District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 23 October 2008 to confirm the information included in the audited summary annual presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

REPORTING ON COMMUNITY OUTCOMES

The Long Term Council Community Plan identified the following community outcomes:

- **Environmental sustainability:** a community that sustains and enriches the environment for future generations.
- **Prosperity:** a prosperous community where all people have the means to earn adequate incomes and enjoy standards of living that allow them to participate fully in society, and to have choices about how to live their lives.
- **Knowledge and learning:** a community where knowledge and learning is prized.
- **Enterprise and endeavour:** a community where enterprise and endeavour is supported and rewarded.
- **Full participation:** a community that values and supports all its members, that welcomes visitors and new arrivals, and continually enhances full participation.
- **Positive aging:** a community where people can age positively, where older people are highly valued for their experience, wisdom and character, and where they are recognised as an integral part of families and communities.
- **Positive youth:** a community where young people are vibrant and optimistic, encouraged to take up challenges, and supported in their lifestyle choices.
- **Safety and security:** a community where people enjoy personal safety and security and are free from victimisation, abuse, violence and avoidable injury.
- **Energy efficiency:** a community where energy use is efficient, with a decreasing dependency on non-renewable sources.
- **Affordable housing:** a community where people have access to a range of affordable and quality housing options.
- **Health choices:** a community where people are served by a health infrastructure that is suited and responsive to their needs, and where they can make healthy choices for their own lifestyles.
- **Essential services:** a community that is served by a strong infrastructure of essential services, where daily life and business is able to be conducted safely and easily.
- **Heritage:** a community that acknowledges values and enjoys its heritage.
- **Fun and recreation:** a community that has fun.
- **Physical activity:** a community where people of all ages are physically active.
- **Creativity:** an enlivened and creative community in which different arts are widely practised and enjoyed.

Overall progress towards the Community Outcomes is made in the longer term, and reflects the achievements of the whole community. The formal process for measurement of progress on community outcomes is nearing completion in conjunction with other Councils and with community partners including the Nelson Marlborough District Health Board. The results of this will be reported initially in the 2009-19 Long Term Council Community Plan.

More information on the state of the Marlborough community can be found on the websites of many of Council's community partners.

The 2006 Census reported a usually resident population of 42,558. This represented an increase of 8% on the 2001 census. A key feature of the Marlborough community confirmed by the census was the continued trend of an aging population, with the median age increasing from 39 to 41, and a declining proportion of households with children. These movements present challenges to the community outcomes that relate to old people, and to the younger population.

The census also showed the importance of immigration to the Marlborough population, especially internal migration from other parts of New Zealand. An estimated 25% of Marlborough residents were either not born in 2001, or had moved to the district in that period. Another feature of the population is its increasing cultural diversity.

Population growth and change has a number of implications for social and cultural wellbeing. New people bring new ideas and perspectives, and invigorate the community. Increased population can also bring stresses on some institutions, and drive demand for some services ahead of the capacity to supply. The affordability of housing in the district has been a concern to many people, reflecting a national and even international trend.

Economically, Marlborough has enjoyed the benefits of a generally strong national economy, driven at a local level by the continued strength of the viticulture industry. As an exporting region, the high value of the New Zealand dollar through much of 2007/08 had a major impact on many businesses. The longer term viability of these businesses is inextricably linked to the wellbeing of the wider community.

Population growth, and the strong economy, has combined to place ongoing pressures on the district's natural resources. Land and water resources have been highly sought after. The district's natural resources are one of its most valuable assets, and careful attention continues to be given to ensuring they are managed in a sustainable manner.

COUNCIL ACTIVITIES

Council's activities are presented in 15 groups:

Activity Group	Community outcomes that this group primarily contributes to:
Democratic Process	All the community outcomes are supported by this activity.
Community Services	Health, Prosperity, Fun, Knowledge and Innovation, Safety and Security, Supportive communities, Youth, Positive Aging, Heritage, Housing.
Regional Development	Prosperity, Knowledge and Innovation.
Emergency Management	Infrastructure, Safety and Security.
Land Transport	Infrastructure, Health, Prosperity.
Rivers and Drainage	Infrastructure, Prosperity, Environment.
Wastewater (Sewerage)	Infrastructure, Health, Environment.
Stormwater	Infrastructure, Health.
Water Supply	Infrastructure, Health, Prosperity.
Waste Management	Infrastructure, Health, Energy, Environment.
Harbour Control	Environment, Infrastructure, Safety and Security, Prosperity, Fun.
Consent Processes, Licensing, and Compliance	Environment, Housing, Energy, Infrastructure, Prosperity.
Environmental Policy and Planning	Environment, Energy, Infrastructure, Prosperity.
Animal and Plant Pests (Biosecurity)	Environment, Prosperity, Health.
Animal Control	Health, Safety and Security.

Council is required to report the results of any measurement undertaken during the year of progress towards the achievement of the community outcomes, and describe any identified effects that any activity has had on the social, economic, environmental, or cultural well-being of the community. This report includes summary information on the progress and effects that Council believes to be currently evident.

Resident Satisfaction Survey

Marlborough District Council is interested in assessing the public's awareness and their experience of Council services and this is undertaken by means of an annual Resident Satisfaction survey.

A telephone survey was conducted by Opinions Market Research among a representative sample of residents in the Marlborough District aged 18 and over. Quotas were applied to the sample relating to age, gender, and area to reflect the demographic proportions of the region as a whole as per the 2006 Census. The different areas were: Picton, Havelock, Renwick, Blenheim, Awatere (including Seddon), Wairau and the Marlborough Sounds. 400 interviews were carried out between 6-24 July, yielding a 95% (+/- 4.9%) confidence in community views being correctly identified.

The primary objectives of this research were to:

1. Establish resident's experience of services; and
2. Establish how well services are being delivered.

A secondary objective of this research was to compare satisfaction with the services delivered against the annual reports that the Council submits.

Activity Group: Democratic Process

This activity group comprises a single activity; Democratic Process

Rationale for the delivery of this Group of Activities

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

This activity group contributes to the community outcome of full participation.

Progress towards Community Outcomes

A formal process for measurement of progress on community outcomes is being undertaken in conjunction with other Councils and with community partners including the Nelson Marlborough District Health Board. Results will be included in the Outcome reports prepared as part of the development of the Long Term Council Community Plan.

Identified effects on community well being

The next Local Body elections will be held in October 2010. At the 2007 election there was evident interest and awareness of the election process. This reflected a positive sense of the value of the democratic process and the importance of participation, which has a direct impact on social wellbeing.

Marlborough District Council Committees, Statutory and Sub-Committees:

- Assets & Services
 - Regional Transport
- Community & Financial Planning
 - Art, Culture and Heritage Funding
 - Grants
 - Housing for the Elderly
 - Sister City
 - Youth Funding
- Environment
 - Animal Control
- Resource Hearings (2)
- Civil Defence Emergency Management
- Maori Advisory Komiti
- Marlborough Regional Forestry

ACTIVITY: DEMOCRATIC PROCESS

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations. Undertake citizenship ceremonies and other civic duties. Foster the development of Maori capacity to contribute to decision-making. Manage 2007 election process in accordance with Local Electoral Act.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 6.8, were 10 = "service delivered extremely well"). 2008 resident satisfaction 6.4. Major projects are subject to public consultation as required under legislation. The responses are submitted to Council as part of the decision making process. All submissions are considered, but the outcome may be negative, leading to a lower level of satisfaction. Six citizenship ceremonies were undertaken in 2007/08. Support was provided to the iwi treaty settlement process. The election was conducted in accordance with the Local Electoral Act.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget. (see financial forecasts below). Expenditure was within the 2007/08 budget.
Provide a service that is timely and responsive to residents' needs.	Timeliness.	Agendas and attachments are available to the public at least three working days prior to meetings. Agendas (including attachments) were completed and available at least three clear working days prior to the meeting (i.e. for a Thursday meeting the agenda is photocopied and posted to members on the Friday prior, and is available for viewing on that day). Council meetings are advertised in local media no less than five working days prior to meeting date. Council meetings were advertised in local media no less than five working days prior to the meeting date.

Democratic Process Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Democratic Process	2,430	2,430	2,235
Total Operating Costs	2,430	2,430	2,235
Operating Surplus Transferred to Reserves	8	-	-
	2,438	2,430	2,235
Funded by			
Rates	2,151	2,095	1,933
General Revenues Applied	237	234	203
Other Revenue	50	22	1
Total Revenue	2,438	2,351	2,137
Operating Deficit Funded from Reserves	-	79	98
	2,438	2,430	2,235
Capital Expenditure			
Democratic Process	39	40	-
Total Capital Expenditure	39	40	-
Funded by			
Depreciation Reserve Transfer	19	20	-
Other Reserve Transfers	20	20	-
	39	40	-
<i>Note1: Explanation of cost of service variance - There are no significant variances.</i>			
<i>Note2: Significant Capital Expenditure - There has been no significant expenditure.</i>			
<i>Note3: Significant Capital Expenditure variances - There are no significant variances.</i>			

Activity Group: People

Activities in this Group

The activities in this group include:

- Culture and Heritage (including support for arts, and memorials and museums).
- Community Housing.
- Community Safety.
- Community Support.
- Library Services.

Rationale for the delivery of this Group of Activities

These activities encompass a range of services that require some degree of public intervention to ensure that social benefits are optimised. Reasons may include issues of inter-generational equity (where the benefits that future generations may enjoy have to be paid for by current generations), difficulties in capturing private benefits, and the presence of positive externalities (where the community at large also benefits from private benefits).

This activity group contributes to the community outcomes of full participation positive aging; positive youth; safety and security; affordable housing; heritage, physical activity; creativity, and fun.

Progress towards Community Outcomes

A formal process for measurement of progress on community outcomes is being undertaken in conjunction with other Councils and with community partners including the Nelson Marlborough District Health Board. Results will be included in future reports.

Identified effects on community well being

The activities in this group have been shown to have a consistently positive impact on social and cultural wellbeing.

ACTIVITY: CULTURE AND HERITAGE

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark. 2008 resident satisfaction 7.5. While the 2005 benchmark was not measured, the result for 2007 was 7.6
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget. (see financial forecasts below). This activity was delivered within the annually allocated budget.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Delivered on time. Achieved. Meet reporting requirements. Reporting requirements were achieved. All museums in receipt of Council funding have participated in training for assessment against the New Zealand Museums Standards scheme by June 30. Achieved as per 2007/08 Annual Report.

Culture & Heritage Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Arts	172	176	168
Heritage	277	311	276
Memorials	77	72	62
Total Operating Costs	526	559	506
Operating Surplus Transferred to Reserves	8	-	-
	534	559	506
Funded by			
Rates	477	469	452
General Revenues Applied	57	55	43
Subsidies and Grants	-	-	5
Total Revenue	534	524	500
Operating Deficit Funded from Reserves	-	35	6
	534	559	506
Capital Expenditure			
Heritage	-	-	173
Memorials	10	70	14
Total Capital Expenditure	10	70	187
Funded by			
Depreciation Reserve Transfer	-	2	-
Other Reserve Transfers	10	68	187
	10	70	187
<p><i>Note1: Explanation of cost of service variance - There are no significant variances.</i></p> <p><i>Note2: Significant Capital Expenditure - There has been no significant expenditure.</i></p> <p><i>Note3: Significant Capital Expenditure variances - There are no significant variances.</i></p>			

ACTIVITY: COMMUNITY HOUSING

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 7.0, where 10 = "service delivered extremely well"). 2008 resident satisfaction 6.7. There is a lack of knowledge about the community housing portfolio and the conditions and criterion for tenancy.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget. (see financial forecasts below). Expenditure is in excess of budget due to rising cost of providing this service. A rental review was carried out in the current year and new charges will be effective from 1 July 2008.
Provide a community housing service that is sustainable.	Standard of asset management.	Undertake a maintenance and renewal programme service consistent with the terms of the Community Housing Asset Management Plan. Three new units completed with HNZN committee. Insulation programme started with EECA assistance. Asset Management Plans completed and being actioned.

Activity: Community Housing

Community Housing Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Community Housing	881	763	844
Total Operating Costs	881	763	844
Operating Surplus Transferred to Reserves	364	158	98
	1,245	921	942
Funded by			
Subsidies and Grants	299	-	-
Other Revenue	946	921	942
Total Revenue	1,245	921	942
Capital Expenditure			
Community Housing	732	120	155
Total Capital Expenditure	732	120	155
Debt Repayment			
Community Housing	90	90	90
Total Debt Repayment	90	90	90
Total Funding Required	822	210	245
Funded by			
Depreciation Reserve Transfer	211	166	190
Other Reserve Transfers	611	44	55
	822	210	245

Note1: Explanation of cost of service variance - There are no significant variances.

Note2: Significant Capital Expenditure - Relates to three new units built, plus an additional unit purchased under a buy back contract.

Note3: Significant Capital Expenditure variances - The new units were 50% funded by Housing NZ, the remainder from reserves.

Note 4: All debt repayments relate to internal borrowings.

ACTIVITY: COMMUNITY SAFETY

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark. 2008 resident satisfaction 6.4. While the 2005 benchmark was not measured, the result for 2007 was 7.0. Possible reasons for the decrease in Resident Satisfaction are perceptions surrounding not only Council's role, but that of the Police, regarding insufficient security cameras and lighting, inadequate policing of drunks in the CBD of Blenheim and Picton, boy racers and the crime rate increasing as a result of people being brought in to work on the vines.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget. (see financial forecasts below). Allocated funds are used to compliment the overall operations with an emphasis on Street Safe Marlborough Community Crime Prevention Patrols and CPTED (Crime Prevention Through Environmental Design). Also within the department are Truancy Service Marlborough, Job Path Marlborough and Turnaround Marlborough. An annual report on the performance is made to the Council's Community and Finance Planning Committee as well as individual project reports as required by contracts with the respective funding ministries. Copies of all these reports are delivered to the Mayor and Community and Financial Planning Committee Chair. The Department operated within the budget allocated.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Delivered on time. Meet reporting requirements. Overall trend of decline in CBD assault incidents. All services are delivered by Council staff within the Safer Communities Marlborough Department, rather than third party providers. All agreements with respective ministries have been renewed based on compliant delivery with two significant funders opting for three year agreements based on previous performances. All services operated within the timeframes specified in the respective agreements and met the appropriate reporting timeframes. Offences reported <u>violence</u>: (calendar year) 2003 – 194; 2004 – 172; 2005 – 117; 2006 – 114; 2007 – 116; 2008 – 123.

Community Safety Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Safer Communities	29	165	197
Security	51	51	58
Total Operating Costs	80	216	255
Operating Surplus Transferred to Reserves	33	60	3
	113	276	258
Funded by			
Rates	96	94	75
General Revenues Applied	12	12	9
Subsidies and Grants	-	164	171
Other Revenue	5	6	3
Total Revenue	113	276	258
Capital Expenditure			
Security	-	22	-
Total Capital Expenditure	-	22	-
Debt Repayment			
Safer Communities	-	170	-
Security	30	-	30
Total Debt Repayment	30	170	30
Total Funding Required	30	192	30
Funded by			
Other Reserve Transfers	30	61	30
Sinking Fund Withdrawal		131	
	30	192	30

Note1: Explanation of cost of service variance - There are no significant variances.

Note2: Significant Capital Expenditure - There has been no significant expenditure.

Note3: Significant Capital Expenditure variances - There are no significant variances.

ACTIVITY: COMMUNITY SUPPORT

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark. 2008 resident satisfaction 7.2. While the 2005 benchmark was not measured, the result for the 2007 result was 7.4.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget. (see financial forecasts below). Grants were allocated under set criteria and within established timeframes. Expenditure in excess of budget was approved by council as a carryover of 2006/07 budget. Processes are in place to ensure accountability for the grants allocated.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Delivered on time. Achieved. Meet reporting requirements. Reports were provided that complied with the performance targets and timeframes as specified in the contract for service. Expand physical activity programme for early-childhood development from 2005 base (Jitterbug programme for pre-schoolers and Parents as First Coach programme). The Jitterbugs programmes did not progress due to a vacancy in contractor staffing. The Parents as First Coach sessions were not continued on review and were replaced with other programmes that were showing positive trends in participation.

Community Support Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Grants and Donations	588	517	574
Recreation	75	74	73
Total Operating Costs	663	591	647
Operating Surplus Transferred to Reserves	-	-	52
	663	591	699
Funded by			
Rates	447	444	591
General Revenues Applied	52	45	66
Subsidies and Grants	5	-	40
Other Revenue	-	-	2
Total Revenue	504	489	699
Operating Deficit Funded from Reserve	159	102	-
	663	591	699

Note1: Explanation of cost of service variance - There are no significant variances.

Note2: Significant Capital Expenditure - There has been no significant expenditure.

Note3: Significant Capital Expenditure variances - There are no significant variances.

ACTIVITY: LIBRARY SERVICES

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 8.3, where 10 = "service delivered extremely well"). 2008 resident satisfaction 8.4.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance. Average cost per issue of library resources.	This activity is delivered within the annually allocated budget. (see financial forecasts below). < \$2. Average cost per issue of library resources: 2005/2006 - \$1.93 per issue 2006/2007 - \$2.05 per issue 2007/2008 - \$2.15 per issue
Provide a range of current resources that support the tastes, interests and reading levels of users.	Average age of library resources.	< 10 years. Achieved. Average age of library resources was 9.14 years
Provide access for users independent of their location.	Uptake of information services available electronically.	Usage to be assessed and benchmarked. Uptake of information services is available electronically. 14,127 database searches were undertaken in 2006/2007 and 16,978 in 2007/2008. 18,059 hits to the website were recorded in 2006/2007 and 15,059 in 2007/2008. A new website is currently under development.

Library Services Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Libraries	1,283	1,231	1,240
Total Operating Costs	1,283	1,231	1,240
Operating Surplus Transferred to Reserves	42	13	28
	1,325	1,244	1,268
Funded by			
Rates	1,050	1,023	1,005
General Revenues Applied	116	114	105
Subsidies and Grants	5	-	14
Other Revenue	154	107	144
Total Revenue	1,325	1,244	1,268
Capital Expenditure			
Libraries	314	309	226
Total Capital Expenditure	314	309	226
Funded by	-		
Depreciation Reserve Transfer	257	261	214
Other Reserve Transfers	57	48	12
	314	309	226
<i>Note1: Explanation of cost of service variance - There are no significant variances.</i>			
<i>Note2: Significant Capital Expenditure - There has been no significant expenditure.</i>			
<i>Note3: Significant Capital Expenditure variances - There are no significant variances.</i>			

Activity Group: Emergency Management

This Activity group comprises a single activity; Emergency Management.

Rationale for the delivery of this Group of Activities

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

The Council is also a Rural Fire Authority under the Forest and Rural Fires Act 1977. It must meet requirements for the prevention, detection, and suppression of rural fires, and must comply with the National Rural Fire Authority under section 14A (2) (K) of the Fire Service Act 1975, for equipment standards and competency requirements for fire fighting personnel.

This activity group contributes to the community outcome of safety and security.

Progress towards Community Outcomes

A formal process for measurement of progress on community outcomes is being undertaken in conjunction with other Councils and with community partners including the Nelson Marlborough District Health Board. Results will be included in future reports.

Identified effects on community well being

Conducting exercises, responding to events, and maintaining a level of preparedness for emergency events has helped to maintain the community's confidence and sense of safety and security, directly contributing to a sense of social wellbeing.

ACTIVITY: EMERGENCY MANAGEMENT

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark. 2008 resident satisfaction 7.4. While the 2005 benchmark was not measured, the result for 2007 was 7.5.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget. (see financial forecasts below). This activity was delivered within the annually allocated budget.
Ensure that the region is suitably prepared for all likely emergency events.	Performance against targets specified in the Civil Defence Emergency Management Group Plan.	Carry out a hazard study by 30 June 2008. Various hazard studies have been undertaken or are underway including: Council Regional Pest Management Strategy; Harbours Safety Management Plan; Reviews of dam safety; Lifeline study; Review of Tsunami hazard and risk (MCDEM initiated). To have an exercise which tests aspects of the plan every two years. Three significant training exercises have been undertaken: 'Magill' and 'Cruickshank' (Pandemic); 'Pacific Wave' (Tsunami); Awatere fault line earthquake; Exercise Pandora a major earthquake on the alpine fault. Develop and implement a public information management media plan by June 2008. The public information management and media plan is being reviewed following the newly released Marlborough Civil Defence Emergency Management guidelines.

Emergency Management Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Emergency Management	572	623	619
Total Operating Costs	572	623	619
Operating Surplus Transferred to Reserves	138	39	146
	710	662	765
Funded by			
Rates	560	551	563
General Revenues Applied	69	68	67
Subsidies and Grants	23	13	16
Other Revenue	58	30	119
Total Revenue	710	662	765
Capital Expenditure			
Emergency Management	21	28	17
Total Funding Required	21	28	17
Funded by			
Depreciation Reserve Transfer	17	28	17
Other Reserve Transfers	4	-	-
	21	28	17
<p><i>Note1: Explanation of cost of service variance - There are no significant variances.</i></p> <p><i>Note2: Significant Capital Expenditure - There has been no significant expenditure.</i></p> <p><i>Note3: Significant Capital Expenditure variances - There are no significant variances.</i></p>			

Activity Group: Land and Water Services

Activities in this Group

The activities in this group include:

- Community facilities (including parks, reserves, swimming pools and cemeteries).
- Land Transport.
- Rivers and Land Drainage.
- Wastewater.
- Stormwater.
- Water Supply.
- Waste Management.

Rationale for the delivery of this Group of Activities

This group encompasses the delivery of a range of important public goods, with primary social benefits around public health and safety, and associated benefits of economic and environmental wellbeing. The activities all involve major capital assets, which require ongoing funding for the costs of maintenance and to meet changing demand. Public provision of these activities is presumed to be one of the most important roles of local government.

This activity group contributes to the community outcomes of essential services; environmental sustainability; prosperity; safety and security; healthy choices; and physical activity.

Progress towards Community Outcomes

A formal process for measurement of progress on community outcomes is being undertaken in conjunction with other Councils and with community partners including the Nelson Marlborough District Health Board. Results will be included in future reports.

Identified effects on community well being

Continued economic growth and regional prosperity are attributable in large part to the effective delivery of activities in this group.

ACTIVITY: COMMUNITY FACILITIES

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 7.9, where 10 = "service delivered extremely well"). 2008 resident satisfaction 7.6. This related to the condition of the swimming pool which is currently being redeveloped. The cleanliness of the Public Conveniences which is very time subjective and the current three cleans a day will be monitored. The conditions of the walk tracks are all maintained within NZ standards, but this can be affected with weather conditions.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget. (see financial forecasts below). Expenditure in excess of budget was approved by Council as carry over of 2006/07 budget.
Provide facilities that are safe for users.	Safety management standards and plans.	100% compliance with NZ safety standards for playgrounds.: There was 100% compliance with NZ safety standards for all playgrounds. Monthly monitoring and contractor audit reports ensured specified performance standards were maintained. Maintenance of a comprehensive emergency fire management plan for the Wither Hills Farm Park. Fire management plan is reviewed annually and used in conjunction with rural fire manager to make decisions on park management.
Provide a service that is timely and responsive to community feedback.	Response times.	To respond to urgent problems associated with reserves and amenities within 24 hours. Achieved.
Provide accessible facilities for sport and recreation.	Availability of services.	Regular sports grounds available for use on all weekend days (excepting closures due to weather). Achieved. Decision was made by particular sport code. Closure only attributed to field condition as result of weather.
Provide a sustainable level of service.	Standard of asset management.	Undertake a maintenance and renewal programme service consistent with the terms of the Reserves Asset Management Plan. Achieved. Repairs and Maintenance schedule adhered to.

Activity: Community Facilities

Community Facilities Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Cemeteries	392	356	371
Halls	325	286	366
Public Conveniences	539	501	450
Reserves	3,043	2,866	2,706
Swimming Pools	514	494	523
Total Operating Costs	4,813	4,503	4,416
Funded by			
Rates	3,797	3,699	3,404
General Revenues Applied	432	434	378
Subsidies and Grants	16	10	10
Other Revenue	189	149	410
Total Revenue	4,434	4,292	4,202
Operating Deficit Funded from Reserves	379	211	214
	4,813	4,503	4,416
Capital Expenditure			
Cemeteries	38	251	87
Halls	-	10	8
Public Conveniences	105	295	202
Reserves	4,891	2,150	2,511
Swimming Pools	-	50	-
Total Capital Expenditure	5,034	2,756	2,808
Debt Repayment			
Community Facilities	48	102	47
Total Debt Repayment	48	102	47
Total Funding Required	5,082	2,858	2,855
Funded by			
Depreciation Reserve Transfer	-	141	211
Other Reserve Transfers	4,980	986	2,382
New Loans	102	1,731	262
	5,082	2,858	2,855

Note1: Explanation of cost of service variance - There are no significant variances.

Note2: Significant Capital Expenditure - Lansdowne park purchase of \$3.45million.

Note3: All debt repayments relate to internal borrowings.

Note4: Significant Capital Expenditure variances - Expenditure on Lansdowne Park was approved by Council and fully funded through reserves. Renwick Domain and Picton redevelopment expenditure deferred to 2008/09

ACTIVITY: LAND TRANSPORT

Level of Service	Indicator	Target												
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 6.3, where 10 = "service delivered extremely well"). 2008 resident satisfaction 6.0. The annual Marlborough Roads survey indicates little change in road user satisfaction. An overall analysis shows: 44% of residents regard levels of service as "good" 46% of residents regard levels of service as "acceptable" 10% of residents regard levels of service as "poor" Nine parameters were measured including: <ul style="list-style-type: none"> • Perception of safety (including those from vulnerable road users). • Quality of sealed and unsealed roads. • Accessibility – motorists and cyclists. • Footpaths • Parking Opinions Market Research Ltd provide a mean score for Land Transport at 6.0, a reduction of 0.1 over the previous year.												
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). Expenditures in excess of budget relate to emergency reinstatement works and general repairs and maintenance of roading. This expenditure was offset by roading subsidy revenue.												
Provide a safe transport infrastructure.	Injury numbers.	Less than eight motor vehicle crashes per year involving injury where contributing factor is 'Road Conditions'. Analysis of crashes in 2007/08 on the national crash database identifies: 2 injury crashes on the State highway network, and 2 injury crashes on the Local road network These crashes have been filtered to cover incidents which are controllable by Council or the NZ Transport Agency, e.g. a wet surface is not included in certain environments whereas ice is included.												
Provide a quality transport infrastructure.	Road surface.	Average road roughness standards for sealed roads of <110 for urban roads and < 95 for rural roads (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). Rural and urban road roughness continues to show a downward trend. The average meets the target of 95 NAASRA (National Australian Association of State Roading Authorities) counts. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Arterial</th> <th>Collector</th> <th>Local</th> </tr> </thead> <tbody> <tr> <td>Urban</td> <td>80.3</td> <td>91.8</td> <td>97.9</td> </tr> <tr> <td>Rural</td> <td>77.1</td> <td>87.3</td> <td>83.4</td> </tr> </tbody> </table>		Arterial	Collector	Local	Urban	80.3	91.8	97.9	Rural	77.1	87.3	83.4
	Arterial	Collector	Local											
Urban	80.3	91.8	97.9											
Rural	77.1	87.3	83.4											
Provide a service that is timely and responsive to community needs.	Response times. Service availability.	Repair minor faults on footpaths within 20 working days of detection. Faults on footpaths continue to be managed within the 20 day timeframe. Maintain overall parking occupancy rates at not more than 85%. Parking efficiency: Kerbside occupancy isles than 85% overall and peaks at 88% in Queen Street. The Queen Street (Off-Street) car park has virtually 100% occupancy at peak times. The Alfred Street car park is now at 86% occupancy.												
Provide a sustainable land transport infrastructure.	Standard of asset management.	Undertake a maintenance and renewal programme consistent with the terms of the Regional Land Transport Strategy and Land Transport Asset Management Plan. The maintenance and renewal programme has been fully met and is consistent with the Regional Land Transport Strategy and Asset Management Plan.												

Land Transport Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Parking	1,015	1,130	835
Roads Streets and Bridges	13,634	12,739	13,539
Total Operating Costs	14,649	13,869	14,374
Operating Surplus Transferred to Reserves	2,797	2,479	2,461
	17,446	16,348	16,835
Funded by			
Rates	7,923	7,812	7,619
General Revenues Applied	1,011	997	934
Subsidies and Grants	4,991	4,605	4,760
Other Revenue	3,521	2,934	3,522
Total Revenue	17,446	16,348	16,835
Capital Expenditure			
Parking	187	5	245
Roads Streets and Bridges	7,645	7,571	7,661
Total Capital Expenditure	7,832	7,576	7,906
Debt Repayment			
Parking	65	180	57
Roads Streets and Bridges	161	168	161
Total Debt Repayment	226	348	218
Total Funding Required	8,058	7,924	8,124
Funded by			
Depreciation Reserve Transfer	5,874	5,095	5,817
Other Reserve Transfers	2,184	2,596	2,307
New Loans	-	233	-
	8,058	7,924	8,124

Note1: Explanation of cost of service variance - Other revenue has increased as a result of vested assets.

Note2: Significant Capital Expenditure - Capital Expenditure was in accordance with Asset Management plans.

Note3: Significant Capital Expenditure variances - There are no significant variances.

Note4: All debt repayments relate to internal borrowings.

ACTIVITY: RIVERS AND LAND DRAINAGE

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 7.3, where 10 = "service delivered extremely well"). 2008 resident satisfaction 6.8. Some of those who expressed dissatisfaction are in an area where Council does not carry out any river and drainage works. Similarly Council does not charge river rates for this area.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). Expenditure in excess of budget relates to flood damage \$376k plus increased expenses in gravel extraction that were offset by associated revenue.
Provide a rivers and land drainage service that is timely and responsive.	Response times.	To respond to 95 % of complaints within: 1 hour if flood water is a threat to a dwelling. During the reporting period there were no incidents where houses were under threat from flood waters. 48 hours for other complaints. Achieved. Other complaints were responded to in a timely manner according to urgency.
Provide a reliable rivers and land drainage service.	System capacity.	A 100 year return period flood capacity provided for the Wairau floodplain floodways and main rivers. Monitoring is showing the standard for the lower Wairau has fallen below this due to sedimentation. Council is proposing actions to deal with it and has commenced design and public consultation prior to implementation. Drainage of land in the Rural Drainage Area provides for a maximum ponding period of three days in a 10 year rainfall event. No events exceeding this threshold occurred during the reporting period.
Provide a sustainable rivers and land drainage service.	Standard of asset management.	Undertake a maintenance and renewal programme service consistent with the terms of the Rivers and Drainage Asset Management Plan. Maintenance of Council's Rivers and Drainage assets was undertaken during the year.

Rivers & Drainage Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
River Leases	186	182	176
Rivers Outside Wairau Floodplain	167	141	102
Wairau Floodplain Drainage	602	585	572
Wairau Floodplain Rivers	3,098	2,311	2,612
Total Operating Costs	4,053	3,219	3,462
Operating Surplus Transferred to Reserves	3,042	2,231	2,451
	7,095	5,450	5,913
Funded by			
Rates	2,978	2,941	2,923
General Revenues Applied	15	15	15
Other Revenue	4,102	2,494	2,975
Total Revenue	7,095	5,450	5,913
Capital Expenditure			
Rivers Outside Wairau Floodplain	-	20	29
Wairau Floodplain Drainage	80	180	80
Wairau Floodplain Rivers	946	870	390
Total Capital Expenditure	1,026	1,070	499
Funded by			
Depreciation Reserve Transfer	-	75	94
Other Reserve Transfers	1,026	995	405
	1,026	1,070	499

Note1: Explanation of cost of service variance - Expenditure approved by Council for the Lower Wairau and costs associated with gravel extraction are offset by increased revenue. Lease income from river control attributes to favourable other revenue.

Note2: Significant Capital Expenditure - Land purchases and walls extensions for river protection as per budget.

Note3: Significant Capital Expenditure variances - There are no significant variances.

ACTIVITY: WASTEWATER (SEWERAGE)

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 8.2, where 10 = "service delivered extremely well"). 2008 resident satisfaction 6.8. During 2007/08 extensive consultation was undertaken with communities regarding sewer treatment plant upgrades and the rate increase necessary to fund these. There has also been consultation with Grovetown residents regarding construction of a sewer network for the community. Introducing additional costs to upgrade services often creates an adverse perception of the service.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). In total the sewerage networks operated within budget, however expenditures in excess of budget for the areas of Havelock and Other can be attributed to expenditure for the operation of portable aeration required for treatment of the ponds during winter. These shortfalls have been funded from reserves.
Provide a level of service quality that minimises environmental risks.	Resource Management Act compliance.	Total flow is treated prior to discharge through outfall for dispersal to receiving water in accordance with the discharge consent. All discharges were operated in compliance with resource consent conditions.
Provide a reliable wastewater service.	System capacity and performance.	Wet weather flow in the entire system is within capacity design to assure 0 overflows from a 1 in 2 year storm. : There were no sewer overflows as a result of a 1 in 2 year storm. That no more than 35 identified blockages occur for 100 km of sewer main per year (main pipeline blockages only). The number of blockages per 100 km of sewer main was less than 35.
Provide a service that is timely and responsive to customer needs.	Response times.	To respond to 95 % of unplanned service interruptions or blockages within 2 hours. An analysis of a sample of job cards has shown the response times have been complied with. To restore toilet facilities to all customers affected by unplanned interruptions within six hours of notification. An analysis of a sample of job cards has shown the response times have been complied with.
Provide a sustainable wastewater service.	Standard of asset management.	Undertake a maintenance and renewal programme service consistent with the terms of the Wastewater Asset Management Plan. The levels of service and maintenance requirements set out in the Asset Management Plan have been met during 2007/08.

Wastewater (Sewerage) Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Blenheim	4,177	4,036	4,268
Havelock	131	106	104
Picton	680	916	819
Seddon	59	58	63
Other	35	6	9
Total Operating Costs	5,082	5,122	5,263
Operating Surplus Transferred to Reserves	1,938	1,147	1,984
	7,020	6,269	7,247
Funded by			
Rates	5,063	4,868	4,492
Subsidies and Grants	64	-	557
Other Revenue	1,893	1,401	2,198
Total Revenue	7,020	6,269	7,247
Capital Expenditure			
Blenheim	3,470	2,374	4,458
Havelock	133	159	70
Picton	252	2,162	494
Seddon	35	6	66
Other	3	20	-
Total Capital Expenditure	3,893	4,721	5,088
Debt Repayment			
Blenheim	544	586	528
Havelock	6	13	4
Picton	33	82	31
Seddon	3	3	3
Total Debt Repayment	586	684	566
Total Funding Required	4,479	5,405	5,654
Funded by			
Depreciation Reserve Transfer	92	1,103	1,115
Other Reserve Transfers	2,157	1,379	2,339
New Loans	2,230	2,923	2,200
	4,479	5,405	5,654
<p><i>Note1: Explanation of cost of service variance - Favourable other revenue due to subdivision with recognition of vested assets and income from development levies.</i></p> <p><i>Note2: Significant Capital Expenditure - Pipeline expenditure and pump station upgrade to cater for future growth. In addition significant expenditure in Blenheim for the treatment plant and oxidation ponds per upgrade programme.</i></p> <p><i>Note3: All debt repayments relate to internal borrowings.</i></p> <p><i>Note4: Significant Capital Expenditure variances - Increased capital expenditure in Blenheim relates to treatment plant and oxidation pond carried over from 2006/07. Reduced capital expenditure in Picton relates to pipeline costs reprogrammed to 2008/09.</i></p>			

ACTIVITY: STORMWATER		
Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 7.2, where 10 = "service delivered extremely well"). 2008 resident satisfaction 6.4. The satisfaction survey score is lower than last year, however there have been no events which may have attributed to this nor has the level of service altered.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). This activity was delivered within the annually allocated budget.
Minimise the environmental risks of stormwater discharge.	Resource Management Act compliance.	Stormwater discharges will meet the relevant policy objectives outlined in the Proposed Wairau/Awatere Resource Management Plan and the Marlborough Sounds Resource Management Plan. The strategic plan for compliance will be completed this year.
Provide a reliable stormwater service.	System capacity and performance.	Stormwater system capacity provides 98% compliance with following targets: <ul style="list-style-type: none"> • No surface flooding with a 5 year return period causing nuisance to property, roads and public open space. • No surface flooding with a 10 years return period causing nuisance to important recreational fields and roads without alternative access. • No flooding with a 50 year return period floods residential property, commercial and industrial buildings. • No flooding with a 100 year return period floods major communal facilities related to supply of electricity and telephone, water and sewage disposal. • No more than 1 blockage per 15 km of stormwater main per year. The following is a summary of 1 in 5 year rainfall events for urban areas: <i>Blenheim</i> A 1 in 5 year (30 min duration) rainfall equals 10.7 mm. One event exceeded this on 2 May 2007 (12.0 mm). <i>Picton</i> A 1 in 5 (30 min duration) rainfall equals 14.8 mm. No events exceeded the threshold in either Blenheim or Picton. The threshold for blockages was achieved.
Provide a service that is timely and responsive to customer needs.	Response times.	To respond to 95% of complaints within: 1 hour if flood water is a threat to a dwelling. 48 hours for other complaints. Achieved. Analysis of a sample of job cards show this level of service has been met.
Provide a stormwater service that is sustainable.	Standard of asset management.	Undertake a maintenance and renewal programme service consistent with the terms of the Stormwater Asset Management Plan. The levels of service and maintenance requirements set out in the Asset Management Plan have been met for 2007/2008.

Stormwater Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Blenheim	738	768	715
Picton	235	258	267
Other Schemes	146	146	136
Total Operating Costs	1,119	1,172	1,118
Operating Surplus Transferred to Reserves	812	408	622
	1,931	1,580	1,740
Funded by			
Rates	1,092	1,074	972
General Revenues Applied	142	140	119
Other Revenue	697	366	649
Total Revenue	1,931	1,580	1,740
Capital Expenditure			
Blenheim	1,169	939	670
Picton	308	55	374
Other Schemes	176	170	230
Total Capital Expenditure	1,653	1,164	1,274
Debt Repayment			
Blenheim	91	94	88
Picton	31	31	31
Other Schemes	15	20	15
Total Debt Repayment	137	145	134
Total Funding Required	1,790	1,309	1,408
Funded by			
Depreciation Reserve Transfer	494	568	167
Other Reserve Transfers	1,246	381	821
New Loans	50	360	420
	1,790	1,309	1,408
<i>Note1: Explanation of cost of service variance - Other Revenue is a favourable variance in relation to subdivision revenue of vested assets and connection charges.</i>			
<i>Note2: Significant Capital Expenditure - There has been no significant expenditure.</i>			
<i>Note3: Significant Capital Expenditure variances - Increased Capital expenditure relates to vested assets from subdivision.</i>			
<i>Note4: All debt repayments relate to internal borrowings.</i>			

ACTIVITY: WATER SUPPLY		
Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 7.9, where 10 = "service delivered extremely well"). 2008 resident satisfaction 6.1. The satisfaction survey results score is lower than last year due to a water quality problem at the Middle Renwick Road Blenheim well field which required a boil water notice for 12 days in February/March followed by two months of water restrictions. This along with Awatere Water Issues is likely to have had an impact on perceived levels of service.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance	This activity is delivered within the annually allocated budget (see financial forecasts below). All areas delivered within annually allocated budgets with the exception of Havelock (14k) and Renwick (18k). Maintenance of service lines exceeded budgets in both areas. Shortfalls funded from reserves.
Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.	Drinking Water Standards.	99 % compliance with E.coli criteria for Priority one (P1) bacteriological determinand of New Zealand Drinking Water Standards (2005). NB: further targets for water quality will be reviewed at such time as the status of the DWSNZ2005 is confirmed. All supplies met the P1 determined with the exception of the Awatere and Blenheim (February/March 2008 as above). Council has begun construction of water treatment plans in Blenheim to meet the Health Act 1956 and DWSNZ2005. Planning and consultation has commenced to introduce treatment to other supplies The Awatere water supply does not meet the requirements of the Drinking Water Standards for NZ. Consultation is currently being undertaken to ascertain the communities' expectations for future treatment. A 'boil water' notice is in place permanently for that supply.
Provide a reliable water supply service.	System capacity and performance.	Meet all peak demands of at least: <ul style="list-style-type: none"> Per property: 4m³/day. <ul style="list-style-type: none"> * For commercial and industrial zones where the section size is greater than 800m² target is 4m³/day per 800m². * For rural schemes an additional 50 l/ha/day for stock. Provide a minimum water pressure at new subdivisions of 300kPa. The water reticulation system shall be able to provide the following flow: <ul style="list-style-type: none"> Residential Zone: 25 l/s Commercial Zone: 50 l/s Industrial Zone: 100 l/s General fire conditions as per the New Zealand Fire Service Code of Practice (NZPAS 4509:2003). Peak summer demands were met in all areas with the exception of Blenheim. Water restrictions were in place during March/April in reaction to the water contamination event. New reservoir construction in Blenheim is to be tendered late 2008.
Provide a service that is timely and responsive to customer needs.	Response times.	Respond to 95% of service interruptions within: <ul style="list-style-type: none"> 30 minutes for major loss of supply creating a situation causing or likely to cause damage to persons or property. 60 minutes for substantial leaks not falling into priority one. Restore supplies to all customers affected by an interruption within 8 hours of notification. Analysis of a sample of job cards show the levels of service was met.
Provide a sustainable water supply.	Standard of asset management.	Undertake a maintenance and renewal programme service consistent with the terms of the Water Supply Asset Management Plan. The levels of service and maintenance requirements as detailed in the Asset Management Plan were met during 2007/08.

Water Supply Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Awatere	399	427	448
Blenheim	2,389	2,673	2,181
Havelock	162	148	143
Picton	1,031	1,214	850
Renwick	221	203	225
Riverlands	256	287	238
Southern Valleys	1,480	1,660	1,655
Wairau Valley	30	31	21
Total Operating Costs	5,968	6,643	5,761
Operating Surplus Transferred to Reserves	3,488	1,330	1,578
	9,456	7,973	7,339
Funded by			
Rates	7,188	7,105	6,398
Other Revenue	2,268	868	941
Total Revenue	9,456	7,973	7,339
Capital Expenditure			
Awatere	303	600	516
Blenheim	1,984	6,571	2,149
Havelock	82	323	124
Picton	728	874	844
Renwick	105	174	85
Riverlands	16	120	22
Wairau Valley	1	35	17
Total Capital Expenditure	3,219	8,697	3,757
Debt Repayment			
Awatere	14	24	2
Blenheim	163	376	145
Havelock	13	23	13
Picton	71	172	59
Renwick	7	7	7
Riverlands	24	25	24
Southern Valleys	2,361	13,850	15,276
Total Debt Repayment	2,653	14,477	15,526
Total Funding Required	5,872	23,174	19,283
Funded by			
Depreciation Reserve Transfer	346	1,328	1,924
Other Reserve Transfers	4,906	1,661	2,459
Sinking Fund Withdrawals	-	571	1,232
New Loans	620	19,614	13,668
	5,872	23,174	19,283
<p><i>Note1: Explanation of cost of service variance - Other revenue variance related to lump sum contributions from the Southern Valleys' Irrigation Scheme.</i></p> <p><i>Note2: Significant Capital Expenditure - This relates to pipelines, connections and treatment costs in Blenheim and pipelines in Picton and Awatere. Lump sum contributions applied to debt repayment for Southern Valleys Scheme</i></p> <p><i>Note3: Significant Capital Expenditure variances - The capital cost of Blenheim reservoirs and pipelines Awatere treatment plant development and Havelock pipelines, have been deferred until 2008/09.</i></p> <p><i>Note4: All debt repayments relate to internal borrowings.</i></p>			

ACTIVITY: WASTE MANAGEMENT		
Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 7.1, where 10 = "service delivered extremely well"). 2008 resident satisfaction 6.3. Waste disposal cost increases introduced in July 2007 may have lead to a lower satisfactions survey score. Levels of service have remained unchanged.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). The expenditures in excess of budget included a carryover from 2006/07 budget approved by council. In addition to this increased expenses in transfer stations and landfill were offset by associated revenues.
Reduce environmental and public health risks of waste.	Landfill composition. Resource Management Act compliance.	Decreasing proportion of organic wastes in landfill (from 2003 base). Decreasing proportion of plastics in landfill (from 2003 base). Provide hazardous waste collection facilities at all transfer stations. 100% compliance with resource consent conditions for landfill sites. Volumes of putrescible materials and metals going to landfill are decreasing, construction and demolition materials are increasing while volumes of other materials of refuse are generally stable. The volumes of plastics and other recyclables being taken to the recycling centre has doubled in last two years. All transfer stations have hazardous waste drop off facilities. Conditions set in resource consents for landfills have been met, refer to landfill monitoring report.
Provide a sustainable waste management service.	Standard of asset management.	Manage waste management assets consistent with the terms of the Marlborough Waste Strategy and Plan. Waste assets were managed as set out in the terms of the Marlborough Waste Strategy and Plan.

Waste Management Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Landfill & Transfer Stations	3,405	3,086	2,799
Refuse Collections	992	905	870
Total Operating Costs	4,397	3,991	3,669
Operating Surplus Transferred to Reserves	83	20	153
	4,480	4,011	3,822
Funded by			
Rates	1,847	1,802	1,749
General Revenues Applied	110	108	96
Other Revenue	2,523	2,101	1,977
Total Revenue	4,480	4,011	3,822
Capital Expenditure			
Landfill & Transfer Stations	687	750	262
Total Capital Expenditure	687	750	262
Debt Repayment			
Landfill & Transfer Stations	246	281	222
Total Debt Repayment	246	281	222
Total Funding Required	933	1,031	484
Funded by			
Depreciation Reserve Transfer	-	-	492
Other Reserve Transfers	246	283	(218)
New Loans	687	748	210
	933	1,031	484

Note1: Explanation of cost of service variance - There are no significant variances.
 Note2: Significant Capital Expenditure - There has been no significant expenditure.
 Note3: Significant Capital Expenditure variances - There are no significant variances.
 Note4: All debt repayments relate to internal borrowings.

Activity Group: Environmental Policy and Information

Activities in this Group

This Activity group comprises environmental policy and environmental science activities.

Rationale for the delivery of this Group of Activities

The Environment function of Council is carried out in terms of the requirements of the Resource Management Act 1991 (RMA).

This activity group contributes to the community outcomes of prosperity and environmental sustainability.

Maintenance, renewal and replacement of assets will be undertaken according to policies set out in relevant asset management plans. The costs of maintenance, renewal and replacement of assets will be met by utilising the optimal mix of funding instruments available, and according to the Council's revenue and financing policy.

Progress towards Community Outcomes

A formal process for measurement of progress on community outcomes is being undertaken in conjunction with other Councils and with community partners including the Nelson Marlborough District Health Board. Results will be included in future reports.

Identified effects on community well being

Marlborough residents consistently cite the natural landscape as an important factor in their quality of life, and the district continues to enjoy strong migration, attracted by the quality of its natural resources. The activities in this group have assisted the sustainable use of the district's natural resources, with improvements in economic wellbeing being achieved in balance with protection of the environment.

ACTIVITY: ENVIRONMENTAL POLICY AND INFORMATION

Level of Service	Indicator	Target
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). Expenditure in excess of budget was approved by Council as a carry over of 2006/07 budget.
Provide environmental policy and planning services that support the sustainable management of Marlborough's natural and physical resources.	Legislative compliance.	<p>Planning and reporting performance consistent with applicable statutory standards and processes.</p> <p>The 10 year review of the Marlborough Regional Policy Statement continued with the release of 12 discussion papers and analysis of feedback received on the discussion papers.</p> <p>The processing of one variation notified in the previous financial year was completed and merged with the Proposed Wairau Awatere Resource Management Plan. Three variations to the Proposed Wairau Awatere Resource Management Plan were notified in the last 12 months. All the variations were processed in accordance with the First Schedule of the RMA and the specified timeframes in that schedule.</p> <p>Two of the three outstanding appeals to the Proposed Wairau Awatere Resource Management Plan were resolved and there is agreement in principle for resolving the last outstanding appeal.</p> <p>The Council adopted the regional coastal plan provisions of the Proposed Wairau Awatere Resource Management Plan and has requested that the Minister of Conservation make these provisions operative.</p> <p>The processing of two plan changes to the Marlborough Sounds Resource Management Plan notified in the previous financial year was completed, with one plan change made operative and the other subject to appeal. The plan changes were processed in accordance with the First Schedule of the RMA and the specified timeframes in that schedule.</p> <p>Two outstanding appeals to the Proposed Marlborough Sounds Resource Management Plan were resolved.</p>
Gather information and report on the state of Marlborough's natural resources.	Monitoring regimes.	<p>Routine monitoring undertaken in accordance with applicable formalised strategies.</p> <p>Resource monitoring was undertaken in relation to the following monitoring activities:</p> <p>Groundwater quality, groundwater quantity, freshwater quality, bathing water (fresh and coastal) quality, air quality, hydrological network (surface water), soil quality, contaminated sites, land use change (viticulture) and biodiversity programme significant nature areas.</p> <p>Results of monitoring and investigations reported through the Environment Committee.</p> <p>Reports on investigations and findings reported to the Environment Committee on a six weekly basis.</p>

Environmental Policy & Information Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Environment Policy	1,288	1,792	1,783
Environment Monitoring	2,004	1,481	1,622
Total Operating Costs	3,292	3,273	3,405
Operating Surplus Transferred to Reserves	118	-	-
	3,410	3,273	3,405
Funded by			
Rates	2,884	2,842	2,736
General Revenues Applied	364	359	329
Subsidies and Grants	134	-	-
Other Revenue	28	-	68
Total Revenue	3,410	3,201	3,133
Operating Deficit Funded from Reserve	-	72	272
	3,410	3,273	3,405
Capital Expenditure			
Environment Monitoring	217	49	68
Total Capital Expenditure	217	49	68
Funded by			
Depreciation Reserve Transfer	53	49	21
Other Reserve Transfers	164	-	47
	217	49	68
<i>Note1: Explanation of cost of service variance - There are no significant variances.</i>			
<i>Note2: Significant Capital Expenditure - There has been no significant expenditure.</i>			
<i>Note3: Significant Capital Expenditure variances - There are no significant variances.</i>			

Activity Group: Regional Development

Activities in this Group

The activities in this group include:

- Regional Development
- Tourism Marketing
- Events and Conferences
- Research

Rationale for the delivery of this Group of Activities

Council's decisions and actions can significantly assist the development of the regional economy by encouraging local business initiatives, attracting new investments, and by presenting Marlborough as a competitive tourist destination. As a provider of infrastructure, as a regulator of many business activities, and as an institution for democratic decision-making, Council is both a facilitator and encourager of development in the region. For the bulk of this activity Council is primarily a purchaser of regional development services.

This activity group contributes to the community outcomes of prosperity and full participation.

Progress towards Community Outcomes

A formal process for measurement of progress on community outcomes is being undertaken in conjunction with other Councils and with community partners including the Nelson Marlborough District Health Board. Results will be included in future reports.

Identified effects on community well being

Marlborough's social, economic, cultural and environmental wellbeing have all been assisted by the various activities undertaken by the Marlborough Regional Development Trust, Destination Marlborough, the Marlborough Festival and Events Trust, and the Marlborough Research Centre. Economic indicators, and community feedback, reflect positive movements in all these dimensions.

ACTIVITY: REGIONAL DEVELOPMENT

Level of Service	Indicator	Target
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark. 2008 resident satisfaction 6.1. While the 2005 benchmark was not measured, the result for 2007 was 6.2.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). This activity was delivered within the annually allocated budget.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Delivered on time. Achieved. Meet reporting requirements. Reporting requirements achieved. Unemployment rates equal to or less than national trends. Unemployment rate March quarter 2008 3.7% (NZ: 4.1%). (Source: Statistics NZ Household Labour Force Survey) Inter-census change in average household income equal or better than national trend. Inter-census median household income increased by 18% (NZ: 13%) (Source: Census 2006)

Regional Development Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Events Management	168	167	167
Marketing and Tourism	424	424	423
Convention Centre	2	950	-
Regional Development	190	190	214
Research Centre	136	136	136
Total Operating Costs	920	1,867	940
Operating Surplus Transferred to Reserves	282	-	-
	1,202	1,867	940
Funded by			
Rates	816	783	817
General Revenues Applied	86	84	85
Subsidies and Grants	300	-	-
Total Revenue	1,202	867	902
Operating Deficit Funded from Reserves	-	1,000	38
	1,202	1,867	940
Capital Expenditure			
Convention Centre Development	1,847	-	2,180
Total Capital Expenditure	1,847	-	2,180
Funded by			
Other Reserve Transfers	1,847	-	2,180
	1,847	-	2,180

Note1: Explanation of cost of service variance - Conference Centre grant allocated to capital expenditure for convention centre.

Note2: Significant Capital Expenditure - The Convention Centre.

Note3: Significant Capital Expenditure variances - The convention centre was funded with capital grant funds plus an external grant \$300k.

ACTIVITY: TOURISM MARKETING

Level of Service	Indicator	Target
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark. 2008 resident satisfaction 6.8 While the 2005 benchmark was not measured, the result for 2007 was 6.9.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). This activity was delivered within the annually allocated budget.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Delivered on time. Achieved. Meet reporting requirements. Reporting requirements achieved. % change in visitor nights equal or better than national trends. Guest nights for year ended March 2008 increased by 12.2% (NZ: 6.9%). (Source: Destination Marlborough Tourism key indicators).

ACTIVITY: EVENTS AND CONFERENCES

Level of Service	Indicator	Target
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark. 2008 resident satisfaction 7.3 While the 2005 benchmark was not measured, the result for 2007 was 7.4.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). This activity was delivered within the annually allocated budget.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Delivered on time. Achieved. Meet reporting requirements. Reporting requirements were achieved. Participation numbers at Blenheim New Year celebration equal or better than 2005 benchmark (est 5,000). Participation numbers at New Year event were less than 2005, due to inclement weather.

ACTIVITY: RESEARCH		
Level of Service	Indicator	Target
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark. 2008 resident satisfaction 6.9 While the 2005 benchmark was not measured, the result for 2007 was 6.9.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). Achieved.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Delivered on time. Achieved. Meet reporting requirements. Reporting requirements were achieved. Published Research equal or better than 2005 benchmark (13 refereed papers). 2006/07 17 papers (5 referred, 3 conference proceedings, 9 miscellaneous) (Source: Marlborough Wine Research and the Annual report).

Activity Group: Regulatory

Activities in this Group

The activities in this group include:

- Consents and Compliance
- Animal and Plant Pests (Biosecurity)
- Harbour Control
- Animal Control

Rationale for the delivery of this Group of Activities

Council is charged with a number of statutory responsibilities administered on behalf of the Crown. As a unitary authority, Council is responsible for both regional and district functions. It has obligations, and powers under various Acts of Parliament, notably the Resource Management Act 1991, the Building Act 2004, the sale of Liquor Act 1989, the Hazardous Substances and New Organisms Act 1996, the Health Act 1956, and the Local Government Act 2002. This group of activities comprises the formulation of policies and regulations that are consistent with the requirements of relevant legislation and appropriate to the particular circumstances of Marlborough, the issuing of consents and application of regulatory powers, and the monitoring of compliance with consents and regulations.

This activity group contributes to the community outcomes of Prosperity; Environmental sustainability; healthy choices; Essential services; and Safety and security.

Progress towards Community Outcomes

A formal process for measurement of progress on community outcomes is being undertaken in conjunction with other Councils and with community partners including the Nelson Marlborough District Health Board. Results will be included in future reports.

Identified effects on community well being

The activities in this group have made positive contributions to the environmental and economic wellbeing of the community, for example through the continued control of animal and plant pests, and through the management of consent processes for land and water use.

ACTIVITY: CONSENTS AND COMPLIANCE

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	<p>Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 6.5, where 10 = "service delivered extremely well").</p> <p>2008 resident satisfaction 5.8.</p> <p>In general terms the performance has improved on previous years with the exception being in the area of Building Control where there have been difficulties in meeting expectations with regards to compliance with statutory timeframes. The inability to meet expectations can be attributed to a number of factors, these principally being the exceptionally buoyant economy, the pressures of Building Accreditation and a difficulty in recruiting experienced staff. These matters have all largely been resolved. The pressure of the economy has now eased off. The Application for Building Accreditation is now almost complete and staffing is now back up to full strength. Building consents are now mostly being processed within statutory timeframes. In the area of Resource Consents the pressure of the buoyant economy has also stretched capacity to a similar extent as building. Likewise that pressure is now significantly reduced and performance is now likely to exceed expectation.</p>
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	<p>This activity is delivered within the annually allocated budget (see financial forecasts below).</p> <p>Expenditure in excess of budget reflects the demand for services and was offset by associated revenues.</p>
Provide a consent processing service that is timely and responsive to customer needs.	Processing times.	<p>Processing of all Building Consents within 20 working days.</p> <p>Total consents granted – 2137, down 513 from last year.</p> <p>1591 building consents were processed in 20 days or less and met the statutory targets (74%). 546 (26%) did not meet targets. This is an improvement on the previous year.</p> <p>Processing all of Land Information Memoranda not to exceed 10 working days.</p> <p>578 Land Information Memoranda were issued. All were issued within 10 working days. Compliance 100%.</p> <p>Processing 75% of Project Information Memoranda not to exceed 20 working days.</p> <p>1802 Project Information Memoranda were issued. 2 applications took over the 20 days to process. Compliance 99.9%.</p> <p>Continuous improvement in proportion of resource consent applications processed within statutory timeframes.</p> <p>1260 resource consent application decisions were issued. The compliance with statutory timeframes for the 2007/2008 year was 63.17%</p>
Resource consent hearings are conducted with full care and consideration.	Qualifications of hearings personnel.	<p>All hearings personnel comply with Ministry for the Environment accreditation requirements.</p> <p>All hearings personnel have the Ministry for the Environment accreditation. All independent hearings' commissioners are required to be accredited prior to being utilised by council.</p>

Level of Service	Indicator	Target
Provide a service that minimises risks to public safety.	Inspection regimes.	<p>Inspect a minimum of 15% of swimming pools annually. Of the 1863 swimming pools on the register, 758 were inspected in 2007/2008 (44.3%)</p> <p>Carry out at least one inspection annually of all registered food premises. 274 food premises were registered. All premises were inspected at least once. Compliance 100%.</p> <p>Carry out at least one inspection annually of all premises registered as hairdressers, camping grounds, offensive trades, funeral directors, and mobile shops to ensure compliance with health standards. 91 premises were registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile shops. 78 of premises were inspected. Compliance 86%.</p> <p>Respond to environmental health complaints of a critical nature within 1 working day. 1347 environmental health complaints were received. Of this number 38 were food hygiene complaints and 3 of these were considered to be of a critical nature. 2 were responded to within 1 working day. Compliance 66%.</p>

Consents & Compliance Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Building Control	1,839	1,633	1,572
Compliance Section	626	616	448
Health and Liquor	326	341	348
Hearings	675	391	811
Legal Section	318	353	539
PIMS and LIMS	727	701	653
Public Information	62	199	57
Resource Consents	2,286	1,734	2,592
Total Operating Costs	6,859	5,968	7,020
Operating Surplus Transferred to Reserves	-	3	346
	6,859	5,971	7,366
Funded by			
Rates	2,095	2,062	2,052
General Revenues Applied	266	262	249
Other Revenue	4,461	3,647	5,065
Total Revenue	6,822	5,971	7,366
Operating Deficit Funded from Reserves	37	-	-
	6,859	5,971	7,366
Capital Expenditure			
Building Control	-	1	2
Health and Liquor	28	1	-
Resource Consents	-	5	-
Total Capital Expenditure	28	7	2
Funded by			
Depreciation Reserve Transfer	28	4	2
Other Reserve Transfers	-	3	-
	28	7	2

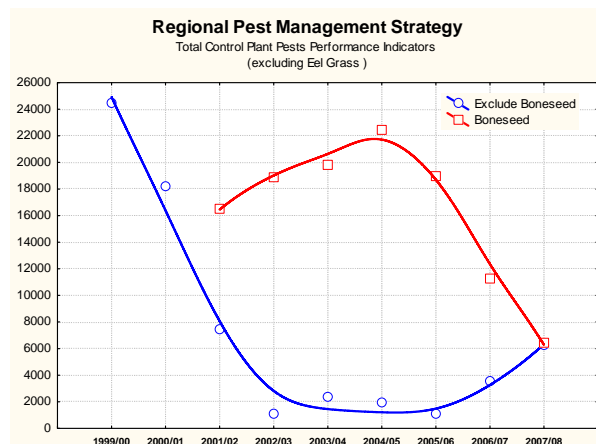
Note1: Explanation of cost of service variance - Additional costs have been incurred as the result of increased demand in the consent applications. These increased costs have been recovered by user charges.

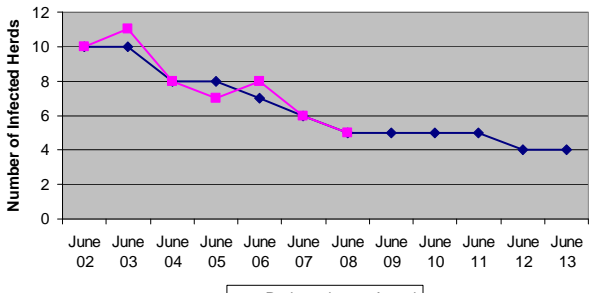
Note2: Significant Capital Expenditure - There has been no significant expenditure.

Note3: Significant Capital Expenditure variances - There are no significant variances.

ACTIVITY: ANIMAL AND PLANT PESTS (BIOSECURITY)

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 6.2 where 10 = "service delivered extremely well") 2008 resident satisfaction 6.3.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget. (see financial forecasts below). This activity was delivered within the annually allocated budget.
Control the spread of animal and plant pests.	Distribution trends.	<p>Positive long-term (5yr +) trends in containment control plant pests.</p> <p>Surveillance inspections conducted during 2007/2008 resulted in 6 new properties being identified as being infested with a containment control plant pest. A new infestation of Chilean Needegrass was found on one property, a new infestation of Kangaroo Grass on another and infestations of Nassella Tussock were found on four new properties</p> <p>The use of Krovar (residual herbicide) and the extraction of Chilean needle grass (CNG) contaminated soil where possible on fringe properties has proved successful. No CNG plants have been found for several years where these control techniques have been utilised. It is hoped that the registration of Taskforce Herbicide will provide the community another control tool to eradicate infestations of CNG from fringe properties. Trial work for this herbicide is currently being carried out.</p> <p>All known infestations of Reed Sweet Grass were controlled with the exception of a site on D'urville Island. The control of this infestation is planned for the next financial year.</p> <p>Positive long-term (5yr +) trends of decline in total control pests.</p> <p>All known sites of total control pests were visited at least once during the year to instigate control measures.</p> <p>Trend monitoring of total control plant pest (TCPP) populations indicate a measured decline in the number of plants destroyed over a nine year period. The increased number of plants destroyed from 2006/07 is a direct result of new infestations of TCPP being discovered during surveillance operations (refer graph)</p>



Level of Service	Indicator	Target																																							
	Inspection regimes.	<p>Inspect at least 75% of properties with containment pests that are issued with a control programme to ensure compliance.</p> <p>Containment Plant Pests:</p> <p>A total of 430 control programmes for containment control plant pests were issued to property occupiers during the year to 30 June 2008.</p> <p>425 (99%) of properties issued with a control programme were inspected to ensure land occupier compliance.</p> <p>Containment Animal Pests:</p> <p>28 properties were inspected to determine if rabbit populations existed above maximum allowable levels. The inspections resulted in the issue of rabbit control programmes for 12 properties in the Upper Awatere Valley with August 2009 completion dates. In early 2007, 5 properties were issued with control programmes with August 2008 completion dates. Compliance of these programmes is scheduled to occur during the 2008/2009 year.</p>																																							
	Compliance.	<p>100% compliance where containment control pests exist and control is required under the Regional Pest Management Strategy.</p> <p>An escalation of non compliance resulted in the serving of 25 'Notices of Directions' to land occupiers whom continued to be in non compliance with strategy obligations, while a further three properties required a Notice for 'Work on Default'. Default work was carried out on one of these properties. All other occupiers complied with the Notice requirements.</p>																																							
Control the spread of bovine tuberculosis.	Distribution trends.	<p>No feral animal related infected herds outside existing risk areas.</p> <p>No cattle or deer herds were recorded as infected with Bovine Tb from feral vectors in the designated vector free area as at 30 June 2008.</p> <p>Hold or decline in the number of feral animal infected herds in the existing risk areas.</p> <p>A total of four infected cattle and 1 deer herd were recorded as at 30 June 2008. (A decline of one herd since June 2007 (refer following graph).</p> <div data-bbox="853 1429 1468 1848" style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Marlborough District TB Strategy</p> <p style="text-align: center;">Actual versus Projected TB herds as at 30 June each year (June 2013 Objective - no more than 4 infected herds)</p>  <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <caption>Data for Marlborough District TB Strategy Graph</caption> <thead> <tr> <th>Year</th> <th>Projected</th> <th>Actual</th> </tr> </thead> <tbody> <tr><td>June 02</td><td>10</td><td>10</td></tr> <tr><td>June 03</td><td>10</td><td>11</td></tr> <tr><td>June 04</td><td>8</td><td>8</td></tr> <tr><td>June 05</td><td>8</td><td>7</td></tr> <tr><td>June 06</td><td>7</td><td>8</td></tr> <tr><td>June 07</td><td>6</td><td>6</td></tr> <tr><td>June 08</td><td>5</td><td>5</td></tr> <tr><td>June 09</td><td>5</td><td>5</td></tr> <tr><td>June 10</td><td>5</td><td>5</td></tr> <tr><td>June 11</td><td>5</td><td>5</td></tr> <tr><td>June 12</td><td>4</td><td>4</td></tr> <tr><td>June 13</td><td>4</td><td>4</td></tr> </tbody> </table> </div>	Year	Projected	Actual	June 02	10	10	June 03	10	11	June 04	8	8	June 05	8	7	June 06	7	8	June 07	6	6	June 08	5	5	June 09	5	5	June 10	5	5	June 11	5	5	June 12	4	4	June 13	4	4
Year	Projected	Actual																																							
June 02	10	10																																							
June 03	10	11																																							
June 04	8	8																																							
June 05	8	7																																							
June 06	7	8																																							
June 07	6	6																																							
June 08	5	5																																							
June 09	5	5																																							
June 10	5	5																																							
June 11	5	5																																							
June 12	4	4																																							
June 13	4	4																																							

Animal and Plant Pests (Biosecurity) Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Regional Pest Control	802	769	757
Bovine Tb Control	2,367	2,744	2,747
Total Operating Costs	3,169	3,513	3,504
Operating Surplus Transferred to Reserves	162	-	-
	3,331	3,513	3,504
Funded by			
Rates	999	990	870
General Revenues Applied	131	129	108
Subsidies and Grants	1,666	4	1,993
Other Revenue	535	2,371	414
Total Revenue	3,331	3,494	3,385
Operating Deficit Funded from Reserve	-	19	119
	3,331	3,513	3,504
Capital Expenditure			
Regional Pest Control	-	-	3
Total Capital Expenditure	-	-	3
Funded by			
Depreciation Reserve Transfer	-	-	3
	-	-	3
<p><i>Note1: Explanation of cost of service variance - Council's involvement in Bovine Tb operations ceased at the end of June 08. These services will be provided by the Animal Health Board. The variance in budget for subsidies and grants is offset by other revenue due to a change in classification of these revenues.</i></p> <p><i>Note2: Significant Capital Expenditure - There has been no significant expenditure.</i></p> <p><i>Note3: Significant Capital Expenditure variances - There are no significant variances.</i></p>			

ACTIVITY: HARBOUR CONTROL		
Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 7.3, where 10 = "service delivered extremely well"). 2008 resident satisfaction 6.7. In reviewing the comments related to the low rating, it is quite clear that there is confusion between the operation of the Harbour office and Port Marlborough. There is no clear understanding of what Harbour Functions entails. For example, poor lighting, overcrowding in marinas, high parking rates and launching costs are Port Marlborough matters and skew the results of this part of the survey.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). This activity was delivered within the annually allocated budget.
Provide a harbour control service that minimises the risks of damage, injury, or loss of life.	Compliance.	Implement random audits of marine farm areas to assess the level of compliance with lighting requirements. 48 Marine farms inspected during the period. Complete compliance = 37 farms 77%, non-compliant 11 farms 23%. Fewer farms were audited due to changes in lighting requirements being put in place during the year Reports of non-compliance responded to and investigated, where appropriate, within five working days. A total of 300 incidents were recorded in the Incident database. There were two deaths and two serious injury accidents recorded. Incidents are based on an incident severity rating 0-4. Within these categories incidents are broken down as follows: rating 0 = 246 rating 1 = 43; rating 2 = 10; rating 3 = 0; rating 4 = 1 Leading lights at Tory Channel to be inspected quarterly; remaining navigation aids to be inspected bi-annually. Leading lights and remaining aids to navigation inspected in accordance with contract requirements
	Public awareness	Annually review and publish a "Safe Sounds" Boating Brochure. Brochure reviewed, published and distributed. The brochure continues to provide positive feedback
Provide a service that minimises environmental risks from oil spills.	Response times.	Evaluate reports of oil spills within one hour of notification. There were 13 reports of pollution received and investigated, all being minor.
	Preparedness.	Conduct marine oil spill response exercises in accordance with Maritime New Zealand's agreed programme. Two equipment deployment exercises and one planning exercise, coinciding with two platform off-loads in Admiralty Bay were conducted

Level of Service	Indicator	Target
Provide a sustainable harbour control service.	Risk management standards.	<p>Continue the implementation of identified risk control measures as per the Risk Assessment/Safety Management System:</p> <p>Implementation of identified risk control measures not accomplished due to Council's inability to implement a sustainable funding source.</p> <ul style="list-style-type: none"> Prepare Safety Management policies. Drafting of policies Continued Prepare Safety Management Plan. Draft Plan sent to MNZ for evaluation and comments received. Plan not progressed due to lack of sustainable funding source <p>Initiate review of Navigation Safety Bylaws in time for the 2007 statutorily set timeline. Bylaw review completed within the required time frame. Public consultation still to be initiated.</p>

Harbour Control Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Harbour Control	793	1,617	726
Total Operating Costs	793	1,617	726
Operating Surplus Transferred to Reserves	44	185	-
	837	1,802	726
Funded by			
Rates	418	413	396
General Revenues Applied	54	54	49
Other Revenue	365	1,335	183
Total Revenue	837	1,802	628
Operating Deficit Funded from Reserve	-	-	98
	837	1,802	726
Capital Expenditure			
Harbour Control	272	537	178
Total Capital Expenditure	272	537	178
Funded by			
Depreciation Reserve Transfer	5	101	99
Other Reserve Transfers	267	436	79
	272	537	178

Note1: Explanation of cost of service variance - Due to delayed enactment of Harbour safety by-laws the associated revenue and expenditure for this activity has been delayed.

Note2: Significant Capital Expenditure - There has been no significant expenditure.

Note3: Significant Capital Expenditure variances - There are no significant variances.

ACTIVITY: ANIMAL CONTROL

Level of Service	Indicator	Target
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 6.8, where 10 = "service delivered extremely well"). 2008 resident satisfaction 6.4 There was an increase in fees which in the past has always created a negative response.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget (see financial forecasts below). This activity was delivered within the annually allocated budget.
All dog control costs are recovered through registration fees and fines.	Provide a level of animal control that is timely and responsive to community needs.	<p>Response times.</p> <p>Attend to dog attacks and rushes which have just occurred within 1 hour.</p> <p>Attend to possible threats to public safety within 5 hours.</p> <p>Attend to complaints of general nuisance within 48 hours.</p> <p><u>Complaints about Dogs</u></p> <p>A total of 548 complaints were received about dogs during the 2007/08 financial year. Of this:</p> <ul style="list-style-type: none"> • 94 were about dogs rushing or attacking • 386 were about dogs creating a nuisance (barking, roaming, uncontrolled etc) • 49 were about unregistered dogs • 19 were about concerns regarding dog welfare. <p><u>Complaints about Animals (excl dogs)</u></p> <p>A total of 57 complaints were received about Animals (excl dogs) during the 2007/08 financial year. Of this:</p> <ul style="list-style-type: none"> • 14 were about wandering stock • 14 were about keeping of animals • 29 were about animals creating a nuisance. <p>Response times to all complaints have been within acceptable/required timeframes from Council's perspective given the complexities of resolving specific issues and in light of minimal complaints being received by Council with regard to contract performance.</p>

Animal Control Cost of Services \$000's	Actual 2007-08	Budget 2007-08	Actual 2006-07
Operating Costs			
Dog Control	508	514	405
Other Animal Control	71	70	60
Total Operating Costs	579	584	465
Funded by			
Rates	63	62	57
General Revenues Applied	8	8	7
Other Revenue	413	390	390
Total Revenue	484	460	454
Operating Deficit Funded from Reserves	95	124	11
	579	584	465

Note1: Explanation of cost of service variance - There are no significant variances.

Note2: Significant Capital Expenditure - There has been no significant expenditure.

Note3: Significant Capital Expenditure variances - There are no significant variances.

COUNCIL CONTROLLED ORGANISATION

MDC Holdings Limited

MDC Holdings is owned 100% by the Marlborough District Council. Council established MDC Holdings Limited for the purposes of separating the commercial trading activities of the Council from the other functions carried out by the Council; to provide the means for bringing the main trading enterprises of the Marlborough District Council together into one structure; and to obtain commercial borrowing facilities at the most attractive rates attainable. This is the primary objective of MDC Holdings.

Port Marlborough New Zealand Limited and Marlborough Airport Limited are subsidiaries of MDC Holdings Limited. While the Marlborough District Council owns 100% of the shares through MDC Holdings Limited, Port Marlborough operates as a separate commercial entity in a completely commercial manner.

Marlborough Airport Limited is responsible for the maintenance of the runways and taxiways used by civil aircraft as well as the provision of a terminal facility with associated minor freight handling.

Performance Targets

- Prepare and forward financial statements to Council in accordance with legislative requirements.
Achieved.
- Report annually to Council on the performance of the subsidiary trading enterprises.
Achieved.
- Report annually to Council on the level and rate of its borrowings.
Achieved.
- The long-term target ratio of shareholders' funds to total assets is greater than 5%. This ratio will be reviewed annually.
Shareholders' funds to total assets as at 30 June 2008 was 21%.

INCOME STATEMENT

Income Statement - \$000's for the year ending 30 June 2008

	Note	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL		
		Actual	Actual	Actual	Budget	Actual
		2007-08	2006-07	2007-08	2007-08	2006-07
INCOME						
Rates	3	41,639	38,706	41,933	41,121	39,101
Finance Income	4	2,313	1,628	2,159	817	1,449
Other Revenue	5	59,992	55,827	42,062	28,687	38,294
Gains	6	4,181	4,830	2,820	-	973
Total Income		108,125	100,991	88,974	70,625	79,817
EXPENDITURE						
Personnel Costs	7	17,467	15,530	13,509	14,052	12,101
Finance Costs	4	2,712	2,420	14	1,709	15
Other Operating Expenses	8	48,962	45,847	43,245	32,323	41,431
Depreciation, Impairment, Amortisation	8	12,984	12,683	10,770	10,955	10,641
Total Operating Expenditure		82,125	76,480	67,538	59,039	64,188
Surplus/(Deficit) before tax		26,000	24,511	21,436	11,586	15,629
Income Tax Expense	9	1,231	1,510	-	-	-
Surplus/(Deficit) after tax		24,769	23,001	21,436	11,586	15,629

The notes on pages 57 to 90 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position - \$000's as at 30 June 2008

	Note	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL		
		Actual	Actual	Actual	Budget	Actual
		2007-08	2006-07	2007-08	2007-08	2006-07
CURRENT ASSETS						
Cash and Cash Equivalents	10	9,462	13,564	7,502	10,698	11,283
Trade and other receivables	11	8,874	7,551	7,393	5,226	5,826
Derivative financial instruments	12	230	538	-	-	-
Other financial Assets	13	11,638	2,234	11,638	-	2,234
Inventories	14	413	257	248	373	75
Tax refund receivable	9	551	259	-	-	-
Non Current Assets held for Sale	15	387	93	387	-	93
Total Current Assets		31,555	24,496	27,168	16,297	19,511
NON CURRENT ASSETS						
Other Financial Assets	13	14,481	13,692	20,481	22,854	21,117
Property Plant & Equipment	16	982,783	885,855	913,218	811,503	814,941
Intangible Assets	17	291	580	182	-	441
Forestry Assets	18	11,661	15,823	11,661	-	15,823
Investment Property	20	66,197	61,545	-	-	-
Total Non Current Assets		1,075,413	977,495	945,542	834,357	852,322
Total Assets		1,106,968	1,001,991	972,710	850,654	871,833
CURRENT LIABILITIES						
Trade and other payables	21	13,358	11,664	12,632	9,361	10,942
Employee Benefit Liabilities	23	1,688	1,588	1,290	2,240	1,145
Borrowings	22	481	855	481	-	855
Total Current liabilities		15,527	14,107	14,403	11,601	12,942
LESS NON CURRENT LIABILITIES						
Borrowings	22	34,755	33,930	-	27,059	-
Employee Entitlements	23	919	1,126	919	-	1,126
Provisions	24	2,841	2,250	559	-	578
Deferred Tax Liability	9	6,237	6,864	-	-	-
Total Non Current Liabilities		44,752	44,170	1,478	27,059	1,704
Net Assets		1,046,689	943,714	956,829	811,994	857,187
EQUITY						
Retained Earnings	25	551,434	532,511	495,590	472,345	479,994
Other Reserves	25	495,255	411,203	461,239	339,649	377,193
Total Ratepayers Equity		1,046,689	943,714	956,829	811,994	857,187

The notes on pages 57 to 90 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity - \$000's for the year ending 30 June 2008

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL		
	Actual	Actual	Actual	Budget	Actual
	2007-08	2006-07	2007-08	2007-08	2006-07
Balance at the beginning of the year	943,714	870,264	857,187	800,408	796,171
Increase/(Decrease) in Revaluation Reserve	78,206	50,387	78,206	-	45,387
Net income recognised directly in equity	-	62	-	-	-
Surplus/(deficit) for the year	24,769	23,001	21,436	11,586	15,629
	1,046,689	943,714	956,829	811,994	857,187

The notes on pages 57 to 90 form part of these financial statements.

STATEMENT OF CASH FLOWS

Statement of Cash Flows - \$000's for the year ended 30 June 2008

	Note	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL		
		Actual	Actual	Actual	Budget	Actual
		2007-08	2006-07	2007-08	2007-08	2006-07
OPERATING ACTIVITIES						
Cash provided from:-						
Rates		41,891	38,706	41,891	41,121	39,101
User Charges and Other Revenues		57,364	56,374	37,568	28,989	39,244
Goods and service tax (net)		-	-	-	-	104
Interest		2,710	1,437	2,555	816	1,437
		101,965	96,517	82,014	70,926	79,886
Cash dispersed for:-						
Payments to suppliers and employees		63,071	57,934	53,555	45,063	50,740
Interest paid		2,699	2,420	14	1,681	15
Goods and Services tax (net)		489	56	489	1,589	-
Income tax paid		2,158	1,382	-	-	-
		68,417	61,792	54,058	48,333	50,755
NET CASH FLOWS FROM OPERATING ACTIVITIES	26	33,548	34,725	27,956	22,593	29,131
INVESTING ACTIVITIES						
Cash provided from:-						
Sale of assets		4,443	4	4,432	2,738	-
Advances		34	-	34	-	1,120
Investments realised		-	1,485	1,425	-	1,493
Sinking Fund Withdrawals		-	-	-	703	-
Dividends		10	9	1,268	-	9
		4,487	1,498	7,159	3,441	2,622
Cash dispersed for:-						
Sinking Fund Deposits		-	-	-	2,875	-
Investments made		9,708	5,410	9,708	577	5,410
Purchase of Intangible assets		16	-	10	-	-
Purchase of Fixed assets		32,864	32,483	28,804	29,140	24,923
		42,588	37,893	38,522	32,592	30,333
NET CASH FLOWS FROM INVESTING ACTIVITIES		(38,101)	(36,395)	(31,363)	(29,151)	(27,711)
FINANCING ACTIVITIES						
Cash provided from:-						
Loans		825	3,448	-	25,609	-
		825	3,448	-	25,609	-
Cash dispersed for:-						
Loans repaid		-	258	-	14,144	568
		-	258	-	14,144	568
NET CASH FLOWS FROM FINANCING ACTIVITIES		825	3,190	-	11,465	(568)
NET INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS		(3,728)	1,520	(3,407)	4,907	852
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR		12,709	11,189	10,428	5,791	9,576
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	10	8,981	12,709	7,021	10,698	10,428

The notes on pages 57 to 90 form part of these financial statements.

NOTES TO THE FINANCIALS

STATEMENT OF ACCOUNTING POLICIES

1. REPORTING ENTITY AND STATUTORY BASE

Marlborough District Council (MDC) is a unitary authority as defined by the Local Government Act 2002 and qualifies as a Public Benefit Entity (PBE) under New Zealand equivalents to International Reporting Standards (NZIFRS) as its primary objective is to provide goods and services for the community or social benefit. 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 MDC Holdings Limited.
- PMNZ Marina Holdings Limited – wholly owned by Port Marlborough Limited
- Marlborough Sounds Maritime Pilots Limited – wholly owned by Port Marlborough Limited
- Waikawa Marina Trustee Limited – wholly owned by Port Marlborough Limited
- Sounds Property Holdings Limited – wholly owned by Port Marlborough New Zealand Limited
- Marlborough Regional Forestry (MRF) - Joint Committee (88.50% MDC owned). MRF is accounted for in these financial statements as an activity of Council.
- Housing for the Elderly Trust.
- Destination Marlborough Trust.
- Mayoral Drought Relief Trust.

2. STATEMENT OF COMPLIANCE, BASIS OF FINANCIAL STATEMENT PREPARATION AND MEASUREMENT BASE

The financial statements have been prepared in terms of Subpart 2 of Part 6 of the Local Government Act 2002 which includes the requirement to comply with generally accepted accounting practice.

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards applicable to PBEs. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets.

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis modified by the revaluation of certain assets have been followed.

These financial statements are expressed in New Zealand currency.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Landfill aftercare provision

Note 24 discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

(b) Infrastructure assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

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

Estimating any obsolescence or surplus capacity of the asset

Estimates are made when determining the remaining useful life over which the assets will be depreciated. These estimates can be impacted on by local conditions, for example, weather patterns, and traffic growth.

If useful lives do not reflect the consumption of the benefits of the asset, then Council could be under or over estimating the annual depreciation charge recognised as an expense in the statement of service performance. To minimise this risk Council has determined the infrastructural asset useful lives with reference to NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of Councils asset management planning activities, which gives Council further assurance over its useful life estimates.

(c) Investment Property

There are a number of assumptions and estimates used in determining the fair value of investment property. These principally relate to future rental income and expenses.

Experienced independent valuers perform the Council's investment property revaluations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision effects only that period or the period of the revision and future periods if the revision effects both current and future periods.

(d) Deferred Tax

The estimated deferred tax liability is calculated using the revalued amounts for property, plant and equipment and the fair values for investment property, plus the employee entitlement provisions for subsidiary companies.

(e) Employee Entitlement Provisions

These provisions are based on estimates on the length of time existing employees will continue to serve and future increases in remuneration.

(f) Contingent Liabilities

Contingent liabilities are liabilities that may or may not occur as they are dependent on another uncertain event. Judgment is exercised in determining whether the uncertain event is probable, possible or remote.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the MDC and enterprises controlled by MDC (its subsidiaries) compiled to 30 June each year. Control is achieved where the MDC has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The purchase method was used to prepare the consolidated financial statements with all like items added on a line by line basis. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Investments in subsidiaries

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

Interests in Joint Committees

There is a contractual arrangement whereby Council and Kaikoura District Council (KDC) undertake an activity that is subject to joint control.

The Council's share of jointly controlled assets and any liabilities incurred jointly with KDC are recognised in the Council's financial statements on a proportionate basis and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of Council's share of the output of jointly controlled assets, and its share of the joint committee expenses are recognised when it is probable that the economic benefits associated with the transactions will flow to / from the Council and their amount can be measured reliably.

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

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Rates revenue is recognised by Council as being income on the due date of each instalment.

Water Billing is recognised on an accrual basis.

LTNZ roading subsidies (received in respect of maintaining the roading infrastructure) and other government grants / subsidies are recognised as revenue upon entitlement which is when conditions pertaining to eligible expenditure have been fulfilled. This revenue is reflected in the financial statements as subsidy income. Other Government assistance received includes:

- Contributions towards the managing of the Bovine TB programme. The Animal Health Board has contracted with Council to provide services in relation to Bovine TB control and reimburses Council for costs incurred.
- Contributions towards the upkeep of Returned Servicemen Association cemetery plots.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at reporting date.

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

Other revenue, including assets vested in Council, with or without conditions are recognised as revenue when control over the assets is obtained.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. All operating lease contracts contain review clauses in the event that the Group exercises its option to renew. The lessee does not have an option to purchase the property at expiry of the lease period.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions or rates that approximate those rates. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts in accordance with the Group treasury policies (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

Borrowing costs

All borrowing costs are recognised in net profit or loss in the period in which they are incurred and are calculated using effective interest method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset when the Group has a legal enforceable right to set off the recognised amounts and intends to settle on a net basis.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realised.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, Plant and Equipment, and Depreciation

The Council has the following classes of property, plant and equipment:

- Land and buildings
- Improvements on land
- Library books and parking meters
- Infrastructure assets
- Other.

Where assets are revalued the revalued amounts are their fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date and this is generally every three years.

Additions between valuations are recorded at cost, except for vested assets. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use. Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation which is their deemed cost. Vested infrastructure assets are initially valued based on the actual quantities of infrastructure components vested and the current "in the ground" cost of providing identical services and this is their deemed cost.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve, net of any related deferred taxes, is transferred directly to Retained Earnings.

Land and Buildings

Council land was valued by QV valuations (registered valuers) as at 30 June 2007. The basis of valuation is fair value with reference to highest and best use, as at 30 June 2007.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees.

Buildings were valued by Alexander Hayward Limited (Registered Valuers) as at 30 June 2007. The basis of valuation was fair value.

Assets acquired subsequent to valuation are shown at cost less depreciation.

In the case of Port Marlborough these assets were valued by DTZ New Zealand Limited as at 30 June 2007.

In the case of Marlborough Regional Forestry, land and improvements were valued by Alexander Hayward Limited (Registered Valuers) as at 30 June 2008.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Improvements

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

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.

Infrastructural Assets

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

River control and drainage, roads, bridges, wharves, street lighting, street berms and street furniture assets were valued at depreciated replacement cost as at 30 June 2008. The river control and drainage valuation was performed by the Council's Rivers and Drainage Engineer, Brin Williman. Lex Hayward of Alexander Hayward Limited conducted an independent peer review of the valuation. John Vessey of Opus International Consultants Limited conducted the valuation of roads, bridges, wharves and street lighting. Marlborough Roads valued the street berms and street furniture.

Carparks were valued at depreciated replacement cost at 30 June 2008 by Opus International Consultants Ltd.

Water, Sewer and Stormwater assets were valued at depreciated replacement cost as at 1 July 2005. The valuation was performed by Council engineering staff directly associated with managing these assets. An independent review of the valuation was conducted by Alexander Hayward Limited.

Reserves, public conveniences and war memorials land were valued by QV Valuations (Registered Valuers). The value is based on 'fair value' as at 30 June 2007.

Reserves, public conveniences and war memorial buildings and improvements were valued by Alexander Hayward Limited (Registered Valuers). The value is based on fair value as at 30 June 2007.

Other Fixed 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 group companies these assets are stated at acquisition cost less accumulated depreciation.

Intangible Assets

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Cost associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Group, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overhead costs.

The computer software has a finite life of four to five years. Amortisation is included in the Income Statement and disclosed in note 17.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation on revalued assets is charged to the Income Statement.

On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining, net of any related deferred taxes, in the revaluation reserve is transferred directly to retained earnings.

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

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

	Life	Rate
Roads, Streets and Bridges		
- 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%
Carparks		
- 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	4 years	25%
Council Finance 1 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%
Sewerage		
- 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	13.33 years	7.69%

Landfill

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

Investment property

The classification of property is a matter of professional judgement that requires analysis of the substance of the circumstances surrounding its occupation. The decision as to whether a property or part of a property is classified as 'Investment Property' is based on the criteria in NZ IAS 40, Investment Property and recognising the following:

Properties leased to third parties under operating leases will generally be classified as 'Investment Property' unless:

- The occupants provide services that are integral to the operation of the owner's business and/or these services could not be provided efficiently and effectively by the lessee in another location
- The owner of the property is a public benefit entity, and the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation
- The property is being held for future delivery of services
- If the lessor uses services of the owner and those services are integral to the reasons for their occupancy of the property.'

Investment property is stated at its fair value at the balance sheet date and includes Port Marlborough's marinas, reclamation land and their supporting facilities.

Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

Forestry assets

Forestry assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

The fair value of all trees is based on estate based Net Present Value (NPV) method, using the present value of future cash flows discounted at a pre-tax market determined rate.

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The valuation of net realisable value was carried out by Abel Properties Limited.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of market value less costs to sell and value in use.

For assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

For non-revalued assets, Impairment losses are recognised as an expense immediately.

For non-revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for that asset class.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase to the extent that any impairment losses had been previously charged to equity.

Inventories

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

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provision has been made for obsolescence for inventories held for maintenance purposes, where applicable.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement where there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments

Investments are recognised on a trade-date basis and are initially measured at cost, including transaction costs. At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest rate method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs, and any discount or premium on drawdown.

Bank loans are classified as current liabilities (either advances or current portion of term debt) unless the company and Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments

The Group uses derivative financial instruments (primarily interest rate hedges, and foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such derivatives are initially recorded at fair value and are remeasured to fair value at subsequent reporting dates.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss, for example, when the future sale actually occurs.

Derivatives entered into by the Group do not qualify for hedge accounting.

Changes in the fair value of these derivative financial instruments are recognised in the income statement as they arise.

Employee Entitlements

Provision is made in respect of the Group's liability for retiring gratuity allowances, annual and long service leave, and sick leave.

The retiring gratuity liability and long service leave liability are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

Liabilities for accumulating short-term compensated absences (eg, annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance sheet date.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date and are discounted to present value where the effect is material.

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

Budget Figures

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 Long Term Council Community Plan or 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.

Goods and Services Tax

These financial statements have been prepared exclusive of GST, except for receivables and payables, which are GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Statement of Cash Flows

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less, 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 Council and Group and record the cash payments made for the supply of goods and services.

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.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Council's and group's financial statements:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IAS-1 'Presentation of Financial Statements' – Revised Standard	1 January 2009	30 June 2010
NZ IAS-23 'Borrowing Costs' – revised 2007	1 January 2009	30 June 2010

NZ IAS-1

The revised NZ IAS 1 requires the presentation of all recognised income and expenses in one statement (a statement of comprehensive income) or in two statements (an income statement and a statement of comprehensive income), separately from owner changes in equity. The revised standard also includes other minor changes to presentation and disclosure requirements.

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial statements of the Council and group:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRIC-12 'Service Concession Arrangements'	1 January 2008	30 June 2009
NZ IFRIC-13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
NZ IFRIC-14 'NZ IAS-19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009
IFRIC-15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
IFRIC-16 'Hedges of a Net Investment in a Foreign Operation'	1 October 2008	30 June 2010
NZ IFRS-8 'Operating Segments'	1 January 2009	30 June 2010
Amendments to NZ IFRS-2 'Share-Based Payment' – Vesting Conditions and Cancellations	1 January 2009	30 June 2010
NZ IFRS-3 'Business Combinations' – revised 2008	1 July 2009	30 June 2010
Amendments to NZ IFRS-4 'Insurance Contracts – The Scope of Insurance Activities and Differential Reporting Concessions'	1 January 2009	30 June 2010
NZ IAS-27 'Consolidated and Separate Financial Statements' – revised 2008	1 July 2009	30 June 2010
Revised Amendments to NZ IAS 32 'Financial Instruments: Presentation' and NZ IAS 1 'Presentation of Financial Statements' – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	30 June 2010
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008	Various*	30 June 2010
Amendments to NZ IFRS 1 'First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards' and NZ IAS 27 'Consolidated and Separate Financial Statements' – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	30 June 2010
Omnibus Amendments (2007)**	1 January 2008	30 June 2009

* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2009, with earlier adoption permitted, and they are to be applied retrospectively.

** The Omnibus Amendments (2007) are minor clarifications or corrections to the New Zealand specific paragraphs of certain New Zealand equivalents to International Financial Reporting Standards.

3. Rates Activity

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
Rates Revenue	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Democratic Process	2,151	1,933	2,151	1,933
Arts and Heritage	477	452	477	452
Community Safety	96	75	96	75
Community Support	447	591	447	591
Libraries	1,050	1,005	1,050	1,005
Emergency Management	560	563	560	563
Community Facilities	3,797	3,404	3,797	3,404
Land Transport	7,923	7,619	7,923	7,619
Rivers and Land Drainage	2,978	2,923	2,978	2,923
Sewerage	5,063	4,492	5,063	4,492
Stormwater	1,092	972	1,092	972
Water	7,188	6,398	7,188	6,398
Solid and Hazardous Waste Management	1,847	1,749	1,847	1,749
Environment	2,884	2,736	2,884	2,736
Regional Development	816	817	816	817
Consents and Compliance	2,095	2,052	2,095	2,052
Animal Plant and Pests (Biosecurity)	999	870	999	870
Harbour Control	418	396	418	396
Animal Control	63	57	63	57
Total Significant Activity Rates	41,944	39,104	41,944	39,104
Rates related parties	(305)	(398)	(11)	(3)
Total Rates (net of related party)	41,639	38,706	41,933	39,101
Rates Remissions	352	318	352	318
Total Rates (net of remissions)	41,287	38,388	41,581	38,783
Council has a number of Rate Remission Policies which enable ratepayers to qualify for various remission amounts providing certain conditions and criteria are met.				
Rates Remissions				
Community Sporting and Other Organisations	27	23	27	23
Protected Land	2	1	2	1
Residential Land in Commercial/Industrial Areas	9	8	9	8
Single Entity Non Contiguous Pastoral Units	3	3	3	3
Separate Ownership Contiguous Units	8	8	8	8
Separately Used/Inhabited Parts of Rating Unit	38	32	38	32
Subdivisions creating four or more units	57	49	57	49
Rate Penalties	36	29	36	29
Water Remission	16	21	16	21
Multi-ownership Maori land	156	144	156	144
Rate Remissions	352	318	352	318

4. Finance income and finance costs

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Finance Income				
Interest Income				
- term deposits	2,294	1,605	2,140	1,426
- Marlborough Regional Forestry	19	23	19	23
Total finance income	2,313	1,628	2,159	1,449
Finance Costs				
Interest Expense				
- interest on bank borrowings	2,698	2,405	-	-
- interest other	14	15	14	15
Total finance costs	2,712	2,420	14	15
Net finance income	(399)	(792)	2,145	1,434

5. Other Revenue

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
User Charges	9,300	8,273	9,605	8,273
Regulatory revenue	5,002	5,171	5,154	5,171
Lump sum Contributions	1,399	-	1,399	-
Land subdivision revenues	2,711	2,288	2,711	2,288
Development Impact levies	639	405	639	405
Infringements and fines	537	356	537	356
Petrol tax	426	417	426	417
Vested Assets	2,050	3,095	2,050	3,095
Dividend Income related party	-	-	1,258	-
Dividend Income Other	10	9	10	9
Marlborough Regional Forestry Revenue	6,571	6,903	6,571	6,903
LTNZ Roading Subsidy	4,925	4,760	4,925	4,760
Other Income	26,422	24,150	6,777	6,617
Total Other Revenue	59,992	55,827	42,062	38,294

6. Gains

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Non-financial instruments				
Investment property revaluation gains (Note 20)	1,361	3,135	-	-
Property, plant and equipment gains on disposal	2,820	977	2,820	973
Total non-financial instrument gains	4,181	4,112	2,820	973
Financial instruments				
Fair value through equity investments gains on disposal	-	718	-	-
Total financial instruments gains	-	718	-	-
Total Gains	4,181	4,830	2,820	973

7. Personnel costs

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Salaries and wages	16,700	15,005	12,875	11,683
Defined contribution plan employer contributions	682	550	549	443
Increase/(decrease) in employee entitlement/ liabilities	85	(25)	85	(25)
Total personnel costs	17,467	15,530	13,509	12,101

8. Other expenses

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Fees to principal auditor:				
- audit fees for financial statement audit	191	157	101	85
- audit fees for NZIFRS transition	18	67	18	25
- audit fees for LTCCP	7	-	7	-
- audit related fees for assurance services	-	6	-	-
Donations	57	55	-	-
Grants	2,158	2,144	2,158	2,144
Insurance premiums	873	922	873	922
Impairment Adjustment of receivables (Note 11)	(72)	(51)	(98)	19
Councillors remuneration	574	579	574	579
Directors Fees	230	193	-	-
Property plant and equipment loss on disposal	22	-	-	-
Fair Value adjustment Financial Assets	20	696	20	696
Loss on held for trading derivative financial instruments:	310	-	-	-
Forestry asset revaluation loss (see Note 18)	1,956	1,474	1,956	1,474
Other operating expenses	42,618	39,605	37,636	35,487
Total other expenses	48,962	45,847	43,245	41,431
Amortisation & Depreciation				
Depreciation Expense (Note 16)	12,397	12,036	10,501	10,391
Amortisation of Intangible asset (Note 17)	327	268	269	250
Amortisation of non-current assets	-	120	-	-
Impairment of non-current assets	260	259	-	-
Total 30 June	12,984	12,683	10,770	10,641

(i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the income statement

9. Tax

INCOME TAX RECOGNISED IN PROFIT AND LOSS	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Components of tax expense				
Current tax expense	1,858	1,837	-	-
Deferred tax expense	(627)	(327)	-	-
Income tax expense	1,231	1,510	-	-
Relationships between tax expense and accounting profit				
Surplus/(deficit) before tax	26,000	24,511	21,436	15,629
Tax at 33%	8,579	8,089	7,074	5,158
Non-deductible expenditure	546	91	-	-
Non-taxable income	(7,919)	(6,568)	(7,074)	(5,158)
Prior year adjustment	(11)	-	-	-
Other	-	49	-	-
Deferred tax on change in tax rate	36	(151)	-	-
Tax expense	1,231	1,510	-	-

Within the group tax losses to carry forward are \$1,146,339 (2007 \$1,055,218) with a tax effect \$378,292 (\$348,222).

The tax rate used in the above reconciliation is the corporate tax rate of 33% payable by New Zealand corporate entities on taxable profits under New Zealand law. There has been no change in the corporate tax rate when compared with the previous reporting period.

As a result of the Government of New Zealand's announcement in May 2007 that the corporate tax rate will change from 33% to 30% effective from the 2008/09 income year, the deferred tax account has been measured and recorded to account for estimated reversals of temporary differences accordingly.

INCOME TAX RECOGNISED IN EQUITY	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Deferred Tax Property revaluations	-	555	-	-
Effect of tax rate change from 33% to 30% effective 1 April 2008	-	(617)	-	-
	-	(62)	-	-
The current and deferred tax amounts above were charged directly to equity during the period				

TAX ASSETS AND LIABILITIES	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Current Tax Asset				
Tax refund receivable	551	259	-	-
Deferred Tax Liability				
Temporary Differences	6,237	6,864	-	-

DEFERRED TAX	Property plant & equipment	Financial instruments	Investment Property	Provisions	Total
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Deferred tax assets					
Consolidated					
Balance at 1 July 2006	-	-	73	544	617
Charged to profit and loss	-	-	(73)	60	(13)
Balance at 30 June 2007	-	-	-	604	604
Charged to profit and loss	-	-	-	192	192
Balance at 30 June 2008	-	-	-	796	796
Deferred tax liabilities					
Consolidated					
Balance at 1 July 2006	5,513	14	2,343	-	7,870
Charged to profit and loss	(140)	164	(364)	-	(340)
Charged to equity	(62)	-	-	-	(62)
Balance at 30 June 2007	5,311	178	1,979	-	7,468
Charged to profit and loss	(162)	(109)	(164)	-	(435)
Balance at 30 June 2008	5,149	69	1,815	-	7,033
Net Deferred tax liability					
Balance at 30 June 2007	5,311	178	1,979	(604)	6,864
Balance at 30 June 2008	5,149	69	1,815	(796)	6,237

10. Cash and Cash Equivalents

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Cash at bank and on hand	3,297	3,706	1,337	1,425
Term deposits with maturities less than 3 months	6,165	9,858	6,165	9,858
Total cash and cash equivalents	9,462	13,564	7,502	11,283

Cash, cash equivalents and bank overdrafts include the following for the purpose of the statement of cashflows:

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Cash at bank and on hand	3,297	3,706	1,337	1,425
Term deposits with maturities less than 3 months	6,165	9,858	6,165	9,858
Bank overdrafts (note 22)	(481)	(855)	(481)	(855)
Total	8,981	12,709	7,021	10,428

The carrying amount of the short term deposits approximates their fair value.

11. Trade and other Receivables

The values of trade and other receivables approximates fair value.

With the exception of the roading subsidy, there is no concentration of credit risk with respect to receivables as the group has a large number of customers (refer to note 34).

Council has provided a sum of \$14,000 for the impairment of Trade Debtors.

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

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Rates receivables	328	286	328	286
Other receivables				
- related party receivables	-	10	-	-
- goods and service tax (net)	925	438	922	433
- prepayments	133	147	133	144
- other	7,560	6,814	6,024	5,075
Gross debtors and other receivables	8,946	7,695	7,407	5,938
Less provision for impairment	(72)	(144)	(14)	(112)
Total Trade and other receivables	8,874	7,551	7,393	5,826

The status of receivables is detailed below:

	2008			2007		
	Gross	Impairment	Net	Gross	Impairment	Net
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Council						
Current Month	5,218	-	5,218	4,851	-	4,851
30-90 days	1,880	-	1,880	407	-	407
91-150 days	309	14	295	680	112	568
			-			-
Total	7,407	14	7,393	5,938	112	5,826
Group						
Current Month	6,384	-	6,384	6,235	-	6,235
30-90 days	2,170	-	2,170	697	-	697
91-150 days	392	72	320	763	144	619
			-			-
Total	8,946	72	8,874	7,695	144	7,551

An analysis of impaired debtors are as follows:

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Individual impairment	72	144	14	112
Collective impairment	-	-	-	-
Total provision for impairment	72	144	14	112

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Current Month	-	-	-	-
30-90 days	-	-	-	-
91-150 days	72	144	14	112
Total individual impairment	72	144	14	112

Movements in the provision for impairment of receivables are as follows:

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
At 1 July	144	93	112	93
Additional provisions made during the year	72	235	14	203
Provisions reversed during the year	(144)	(184)	(112)	(184)
At 30 June	72	144	14	112

12. Derivative Financial Instruments

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Current asset portion				
Interest rate swaps - at fair value	230	538	-	-
Total derivative financial instrument assets	230	538	-	-

13. Other financial assets

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Current portion				
Term deposits and bonds with maturities of 4-12 months	11,151	2,183	11,151	2,183
Community Loans	423	-	423	-
Loan to Joint venture MRF	64	51	64	51
Total current portion	11,638	2,234	11,638	2,234
Non-current portion				
Term deposits and bonds with maturities 12 months plus	14,198	13,069	14,198	13,069
Community loans	-	396	-	396
Loan to Joint venture MRF	208	152	208	152
Unlisted shares in Subsidiaries	-	-	6,000	7,425
Shares: NZ Local Govt. Insurance Corp	74	74	74	74
Shares Other	1	1	1	1
Total Non-current portion	14,481	13,692	20,481	21,117
Total other financial assets	26,119	15,926	32,119	23,351

The carrying value of term deposits, bonds, community loans, and the loan to MRF approximates their fair value.

14. Inventories

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Quarry rock and gravel	240	66	240	66
Goods held for maintenance	173	191	8	9
Total Inventories	413	257	248	75

15. Non-current assets held for sale

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08 (\$000's)	2006-07 (\$000's)	2007-08 (\$000's)	2006-07 (\$000's)
Non-current assets held for sale are:				
- buildings	129	80	129	80
- land	258	13	258	13
Total non-current assets held for sale	387	93	387	93
Council owns property in Picton, Seddon, Awatere that are surplus to its requirements. These parcels are being actively marketed and intended to be sold within the next 12 months.				

16. Property Plant and Equipment

2006/07 MDC PARENT	COST OR VALN	ACCUM DEPN	CARRYING AMOUNT 1/07/2006	WORK IN PROGRESS AND OTHER RECLASSIFICATIONS		CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	DISPOSALS DEPN ADJUST	CURRENT YEAR IMPAIRMT	CURRENT YEAR DEPN	REVALN SURPLUS	REVALN COST ADJUST	REVALN DPN ADJUST	COST/ REVAL 30/06/2007	ACCUM DEPN	CARRYING AMOUNT '30 JUNE 2007
				COST	ACCUM DEPN											
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
(a) Operational Assets																
Work in Progress	1,773	-	1,773	(1,724)	-	4,271	1,641	-	-	-	-	-	-	2,679	-	2,679
Buildings	23,042	1,172	21,870	1,482	-	610	387	69	-	451	-	2,034	(1,162)	26,781	392	26,389
Forest Crops	376	-	376	-	-	-	-	-	-	-	-	-	-	376	-	376
Land	59,625	-	59,625	338	251	785	662	-	-	90	-	26,564	-	86,650	341	86,308
Landfill	6,872	4,338	2,534	281	-	83	-	-	-	459	-	240	-	7,476	4,797	2,679
Library Books	3,614	2,487	1,127	-	-	193	-	-	-	146	-	-	-	3,807	2,633	1,174
Other Structures and Improvmts	3,315	266	3,049	(431)	(3)	473	436	63	-	34	-	(7)	-	2,914	234	2,680
Office Equip, Furn & Fittings	6,475	5,141	1,334	373	-	713	762	741	-	458	-	-	-	6,799	4,858	1,941
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	436	308	128	-	-	167	-	-	-	44	-	-	-	603	352	251
Plant, Machinery & Equipment	4,897	2,335	2,562	-	4	542	100	93	-	332	-	-	-	5,339	2,578	2,761
	110,477	16,047	94,430	319	252	7,837	3,988	966	-	2,014	-	28,831	(1,162)	143,476	16,186	127,290
(b) Infrastructural Assets																
Work in Progress	5,018	-	5,018	(4,796)	-	3,490	-	-	-	-	-	-	-	3,712	-	3,712
Bridges	31,442	796	30,646	-	-	261	-	-	-	652	-	-	-	31,703	1,448	30,255
Car parks	9,241	120	9,121	-	-	30	-	-	-	94	-	4,435	(12)	13,706	202	13,504
Public Conveniences	1,801	56	1,745	-	-	126	-	-	-	27	-	338	(77)	2,265	6	2,259
Reserves and Parks	27,025	563	26,462	13	4	2,156	73	-	-	115	-	9,296	(118)	38,417	564	37,853
River Works	111,895	97	111,798	-	-	243	-	-	-	95	-	997	-	113,135	192	112,943
Roads and Streets	343,856	4,668	339,188	56	-	7,396	-	-	-	4,944	-	-	-	351,308	9,612	341,696
Sewerage Schemes	53,401	859	52,542	3,918	-	3,409	-	-	-	881	-	-	-	60,728	1,740	58,988
Stormwater Drainage Schemes	24,036	385	23,651	614	-	1,296	38	5	-	405	-	-	-	25,908	785	25,123
War Memorials	323	19	304	(8)	1	12	-	-	-	2	-	114	(5)	441	17	424
Water Supply Schemes	60,855	1,125	59,730	149	11	2,190	2	-	-	1,162	-	-	-	63,192	2,298	60,894
	668,893	8,688	660,205	(54)	16	20,609	113	5	-	8,377	-	15,180	(212)	704,515	16,864	687,651
Total Operational and Infrastructural Assets	779,370	24,735	754,635	265	268	28,446	4,101	971	-	10,391	-	44,011	(1,374)	847,991	33,050	814,941

2006/07 CONSOLIDATION	COST OR VALN	ACCU DEPN	CARRYING AMOUNT 1/07/2006	WORK IN PROGRESS AND OTHER RECLASSIFICATIONS		CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	DISPOSALS DEPN ADJUST	CURRENT YEAR IMPAIRMT	CURRENT YEAR DEPN	REVALN SURPLUS	REVALN COST ADJUST	REVALN DPN ADJUST	COST/ REVAL 30/06/2007	ACCU DEPN	CARRYING AMOUNT '30 JUNE 2007
				COST	ACCU DEPN											
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
(a) Operational Assets																
Work in Progress	2,814	-	2,814	(1,724)	-	9,697	1,641	-	-	-	(430)	-	-	8,716	-	8,716
Buildings	61,746	2,971	58,775	1,482	-	614	387	69	-	1,560	-	1,193	(3,550)	64,648	912	63,736
Forest Crops	376	-	376	-	-	-	-	-	-	-	-	-	-	376	-	376
Land	82,845	543	82,302	87	-	784	662	-	-	273	307	29,445	(319)	112,806	497	112,309
Landfill	6,872	4,338	2,534	281	-	83	-	-	-	459	-	240	-	7,476	4,797	2,679
Library Books	3,614	2,487	1,127	-	-	193	-	-	-	146	-	-	-	3,807	2,633	1,174
Other Structures and Improvements	3,315	266	3,049	(431)	(3)	473	436	63	-	34	-	(7)	-	2,914	234	2,680
Office Equip, Furnishings & Fittings	6,549	5,192	1,357	373	-	713	762	741	-	463	-	-	-	6,873	4,914	1,959
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	436	308	128	-	-	167	-	-	-	44	-	-	-	603	352	251
Plant, Machinery & Equipment	9,378	5,168	4,210	-	4	753	77	70	-	680	-	-	-	10,054	5,782	4,271
	177,997	21,273	156,724	68	1	13,477	3,965	943	-	3,659	(123)	30,871	(3,869)	218,325	20,122	198,203
(b) Infrastructural Assets																
Work in Progress	5,018	-	5,018	(4,796)	-	3,490	-	-	-	-	-	-	-	3,712	-	3,712
Bridges	31,442	796	30,646	-	-	261	-	-	-	652	-	-	-	31,703	1,448	30,255
Car parks	9,241	120	9,121	-	-	30	-	-	-	94	-	4,435	(12)	13,706	202	13,504
Public Conveniences	1,801	56	1,745	-	-	126	-	-	-	27	-	338	(77)	2,265	6	2,259
Reserves and Parks	27,025	563	26,462	13	4	2,156	73	-	-	115	-	9,296	(118)	38,417	564	37,853
River Works	111,895	97	111,798	-	-	243	-	-	-	95	-	997	-	113,135	192	112,943
Roads and Streets	343,856	4,668	339,188	56	-	7,396	-	-	-	4,944	-	-	-	351,308	9,612	341,696
Sewerage Schemes	53,401	859	52,542	3,918	-	3,409	-	-	-	881	-	-	-	60,728	1,740	58,988
Stormwater Drainage Schemes	24,036	385	23,651	614	-	1,296	38	5	-	405	-	-	-	25,908	785	25,123
War Memorials	323	19	304	(8)	1	12	-	-	-	2	-	114	(5)	441	17	424
Water Supply Schemes	60,855	1,125	59,730	149	11	2,190	2	-	-	1,162	-	-	-	63,192	2,298	60,894
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	668,893	8,688	660,205	(54)	16	20,609	113	5	-	8,377	-	15,180	(212)	704,515	16,864	687,651
Total Operational and Infrastructural Assets	846,890	29,961	816,929	14	17	34,086	4,078	948	-	12,036	(123)	46,051	(4,081)	922,840	36,986	885,854

2007/08 MDC PARENT	COST OR VALN	ACCUM DEPN	CARRYING AMOUNT 1/07/2007	WORK IN PROGRESS AND OTHER RECLASSIFICATIONS		CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	DISPOSALS DEPN ADJUST	CURRENT YEAR IMPAIRMT	CURRENT YEAR DEPN	REVALN SURPLUS	REVALN COST ADJUST	REVALN DPN ADJUST	COST/ REVAL 30/06/2007	ACCUM DEPN	CARRYING AMOUNT '30 JUNE 2008
				COST	ACCUM DEPN											
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
(a) Operational Assets																
Work in Progress	2,679	-	2,679	(2,180)	-	1,193	587	-	-	-	-	-	-	1,105	-	1,105
Buildings	26,781	392	26,389	2,180	-	2,392	248	2	-	632	-	-	-	31,105	1,022	30,083
Forest Crops	376	-	376	-	-	-	-	-	-	-	-	60	-	436	-	436
Land	86,650	341	86,309	-	-	1,150	626	-	-	125	-	(434)	-	86,740	466	86,274
Landfill	7,476	4,797	2,679	-	-	39	-	-	-	462	-	-	-	7,515	5,259	2,256
Library Books	3,807	2,633	1,174	-	-	207	-	1	-	154	-	-	-	4,014	2,786	1,228
Other Structures and Improvements	2,914	234	2,680	-	-	28	-	-	-	31	-	-	-	2,942	265	2,677
Office Equip, Furnishings & Fittings	6,799	4,858	1,941	-	-	678	155	151	-	561	-	-	-	7,322	5,268	2,054
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	603	352	251	-	-	101	55	43	-	58	-	-	-	649	367	282
Plant, Machinery & Equipment	5,339	2,578	2,761	-	-	835	293	166	-	360	-	-	-	5,881	2,772	3,110
	143,476	16,186	127,290	-	-	6,623	1,964	363	-	2,383	-	(374)	-	147,761	18,205	129,556
(b) Infrastructural Assets																
Work in Progress	3,712	-	3,712	(2,880)	-	1,415	-	-	-	-	-	-	-	2,247	-	2,247
Bridges	31,703	1,448	30,255	60	3	350	-	-	-	601	-	3,846	(2,052)	35,959	-	35,959
Car parks	13,706	202	13,504	(1,203)	(11)	2,692	-	-	-	91	-	(35)	(272)	15,160	10	15,150
Public Conveniences	2,265	6	2,259	-	-	105	14	1	-	35	-	-	-	2,356	40	2,316
Reserves and Parks	38,417	564	37,853	345	22	4,843	5	-	-	143	-	-	-	43,600	729	42,871
River Works	113,135	192	112,943	(70)	(2)	1,019	-	-	-	94	-	13,062	(284)	127,146	-	127,146
Roads and Streets	351,308	9,612	341,696	809	(14)	7,250	-	-	-	4,525	-	44,976	(14,123)	404,343	-	404,343
Sewerage Schemes	60,728	1,740	58,988	1,700	2	3,551	-	-	-	1,003	-	-	-	65,979	2,745	63,234
Stormwater Drainage Schemes	25,908	785	25,123	7	-	1,656	-	-	-	424	-	-	-	27,571	1,209	26,362
War Memorials	441	17	424	-	-	10	-	-	-	4	-	-	-	451	21	430
Water Supply Schemes	63,192	2,298	60,894	1,232	-	2,676	-	-	-	1,198	-	-	-	67,100	3,496	63,604
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	704,515	16,864	687,651	-	-	25,567	19	1	-	8,118	-	61,849	(16,731)	791,912	8,250	783,662
Total Operational and Infrastructural Assets	847,991	33,050	814,941	-	-	32,190	1,983	364	-	10,501	-	61,475	(16,731)	939,673	26,455	913,218

2007/08 CONSOLIDATION	COST OR VALN	ACCUM DEPN	CARRYING AMOUNT 1/07/2007	WORK IN PROGRESS AND OTHER RECLASSIFICATIONS		CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	DISPOSALS DEPN ADJUST	CURRENT YEAR IMPAIRMT	CURRENT YEAR DEPN	REVALN SURPLUS	REVALN COST ADJUST	REVALN DPN ADJUST	COST/ REVAL 30/06/2007	ACCUM DEPN	CARRYING AMOUNT '30 JUNE 2008
				COST	ACCUM DEPN											
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
(a) Operational Assets																
Work in Progress	8,716	-	8,716	(6,960)	-	4,207	587	-	-	-	(3,021)	-	-	2,355	-	2,355
Buildings	64,648	912	63,736	2,744	-	2,549	248	2	-	1,930	-	-	-	69,693	2,840	66,853
Forest Crops	376	-	376	-	-	-	-	-	-	-	-	60	-	436	-	436
Land	112,806	497	112,309	3,903	-	1,325	626	-	-	371	-	(434)	-	116,974	868	116,106
Landfill	7,476	4,797	2,679	-	-	39	-	-	-	462	-	-	-	7,515	5,259	2,256
Library Books	3,807	2,633	1,174	-	-	207	-	1	-	154	-	-	-	4,014	2,786	1,228
Other Structures and Improvements	2,914	234	2,680	-	-	28	-	-	-	31	-	-	-	2,942	265	2,677
Office Equip, Furnishings & Fittings	6,873	4,914	1,959	-	-	683	155	151	-	565	-	-	-	7,402	5,328	2,074
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	603	352	251	-	-	101	55	43	-	58	-	-	-	649	367	282
Plant, Machinery & Equipment	10,054	5,782	4,271	313	-	1,081	538	382	-	708	-	-	-	10,910	6,108	4,802
	218,325	20,122	198,203	-	-	10,220	2,209	579	-	4,279	(3,021)	(374)	-	222,941	23,820	199,121
(b) Infrastructural Assets																
Work in Progress	3,712	-	3,712	(2,880)	-	1,415	-	-	-	-	-	-	-	2,247	-	2,247
Bridges	31,703	1,448	30,255	60	3	350	-	-	-	601	-	3,846	(2,052)	35,959	-	35,959
Car parks	13,706	202	13,504	(1,203)	(11)	2,692	-	-	-	91	-	(35)	(272)	15,160	10	15,150
Public Conveniences	2,265	6	2,259	-	-	105	14	1	-	35	-	-	-	2,356	40	2,316
Reserves and Parks	38,417	564	37,853	345	22	4,843	5	-	-	143	-	-	-	43,600	729	42,871
River Works	113,135	192	112,943	(70)	(2)	1,019	-	-	-	94	-	13,062	(284)	127,146	-	127,146
Roads and Streets	351,308	9,612	341,696	809	(14)	7,250	-	-	-	4,525	-	44,976	(14,123)	404,343	-	404,343
Sewerage Schemes	60,728	1,740	58,988	1,700	2	3,551	-	-	-	1,003	-	-	-	65,979	2,745	63,234
Stormwater Drainage Schemes	25,908	785	25,123	7	-	1,656	-	-	-	424	-	-	-	27,571	1,209	26,362
War Memorials	441	17	424	-	-	10	-	-	-	4	-	-	-	451	21	430
Water Supply Schemes	63,192	2,298	60,894	1,232	-	2,676	-	-	-	1,198	-	-	-	67,100	3,496	63,604
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	704,515	16,864	687,651	-	-	25,567	19	1	-	8,118	-	61,849	(16,731)	791,912	8,250	783,662
Total Operational and Infrastructural Assets	922,840	36,986	885,854	-	-	35,787	2,228	580	-	12,397	(3,021)	61,475	(16,731)	1,014,853	32,070	982,783

17. Intangible Assets

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Software Cost				
Balance 1 July	1,609	1,393	1,331	1,241
Additions	38	216	10	90
Balance 30 June	1,647	1,609	1,341	1,331
Accumulated amortisation & Impairment				
Balance 1 July	1,029	761	890	640
Amortisation Expense	327	268	269	250
Balance 30 June	1,356	1,029	1,159	890
Net book value				
Balance 30 June	291	580	182	441

18. Forestry Assets

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Balance at 1 July	15,823	17,026	15,823	17,026
Increase due to purchases	299	271	299	271
Gains/(losses) arising from changes in fair value and harvesting of crops. (Note 8)	-	(1,474)	-	(1,474)
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to physical changes. (Note 8)	1,391	-	1,391	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes. (Note 8)	(3,347)	-	(3,347)	-
Decreases due to sales (harvest)	(2,505)	-	(2,505)	-
Balance at 30 June	11,661	15,823	11,661	15,823
The valuation provided in 2007/08 attributes fair value to physical and price changes, the 2006/07 valuation combines these effects.				

Forestry Assets

The forestry estate called Marlborough Regional Forest is managed as a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (11.5%). The MRF Forestry estate covers 2818.2 stocked hectares as at 30 June 2008.

The stocked area consists predominantly of radiate pine with small areas planted in other species. The estate consists of six forest blocks - Para, Pukaka, Strachan Peak, Koromiko, Waikakaho and Speed. The age distribution forecast as at 30 June 2008 of the MRF estate ranges from 1-14 years 35%, 15-28 years 43% and 29-33 years 22%.

Independent registered valuers Alexander Haywood Ltd has valued land and improvements as at 30 June 2008. Buck Forestry Service Ltd has prepared the forestry crop valuations as at 30 June 2008 based on methodology recommended by the New Zealand Institute of Forestry. A pre-tax discount rate of 8% has been used in discounting the present value of expected cash flows.

Financial Risk management strategies

Key financial risks arise from increase in costs associated with logging/loads and cartage harvesting costs. Future yields in certain areas have shown lower volumes than expected which have been incorporated in the valuations as at 30 June 2008.

19. Joint Venture

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Current Assets	2,390	1,746	2,390	1,746
Non Current Assets	18,207	22,144	18,207	22,144
Current Liabilities	766	355	766	355
Non Current Liabilities	6,950	7,913	6,950	7,913
Income	6,701	7,008	6,701	7,008
Expense	9,009	6,220	9,009	6,220

Marlborough District Councils interest in the Marlborough Regional Forestry joint venture is accounted for as jointly controlled operation. The table above are Marlborough District Council's interests in the jointly controlled operation.

20. Investment Property

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Balance at the beginning of financial year	61,545	57,584	-	-
Additions from subsequent expenditure	804	826	-	-
Transfers from capital work in progress	2,487	-	-	-
Net gain/(loss) from fair value adjustments (Note 6)	1,361	3,135	-	-
Balance at the end of the financial year	66,197	61,545	-	-

The fair value of the consolidated entity's investment property at 30 June has been arrived at on the basis of a valuation carried out at that date by A G Stewart (Bcom Dep Urb Val, FPNZ) of DTZ New Zealand Limited, independent registered valuers not related to the consolidated entity. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

21. Creditors and other payables

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Trade payables	3,939	4,368	2,475	3,041
Accruals	6,019	4,052	6,019	4,052
Income in Advance	1,424	1,466	938	949
Deposits	1,570	1,371	1,720	1,371
Agency Account	179	194	179	194
Trust Funds	227	213	227	213
Amounts due to related parties (Note 30)	-	-	1,074	1,122
	13,358	11,664	12,632	10,942

22. Borrowings

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Bank overdraft	481	855	481	855
Total Current Portion	481	855	481	855
Non-Current Portion				
Loan	34,755	33,930	-	-
Total Non-Current Portion	34,755	33,930	-	-
Total Borrowings	35,236	34,785	481	855

Although Marlborough District Council had no formal overdraft facility in place as at 30.06.08, 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.

MDC Holdings Limited

The weighted interest rate on the MDCHL BNZ loan is 8.9% (2007: 8.35%).

The MDCHL loan is secured by a first charge debenture against the assets and undertakings.

Other loans are secured by a mortgage over certain properties.

Council

Interest rates range from 5% to 7% (2007: 5% to 7%)

23. Employee Entitlements

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Current Portion				
Accrued pay	409	335	409	335
Annual leave	1,244	1,228	846	785
Sick leave	35	25	35	25
Total Current Portion	1,688	1,588	1,290	1,145
Non-Current Portion				
Retirement and long service leave	919	1,126	919	1,126
Total Non-Current Portion	919	1,126	919	1,126
Total employee entitlements	2,607	2,714	2,209	2,271

24. Provisions

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Non-Current Portion				
Provision for landfill aftercare	559	578	559	578
Provision for runway reseal	2,282	1,672	-	-
Total Non-Current Portion	2,841	2,250	559	578
Total Provisions	2,841	2,250	559	578

CONSOLIDATED	Runway Reseal	Landfill Aftercare	Total
	(\$000's)	(\$000's)	(\$000's)
2007			
Balance at 1 July 2006	1,313	526	1,839
Additional provisions made	359	52	411
Balance at 30 June 2007	1,672	578	2,250
2008			
Balance at 1 July 2007	1,672	578	2,250
Additional provisions made	610	(19)	591
Balance at 30 June 2008	2,282	559	2,841

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.

The cash outflows for landfill post-closure are expected to occur in forty to fifty-eight years time (or between 2048 and 2066).

The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The provision has been estimated taking into account existing technology and known changes to legal requirements.

To provide for the estimated cost a charge is made each year. The estimated liability for closure and post closure is \$2.85m.

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

- The remaining capacity of the site is 2.0 million cubic metres (refuse, clean fill and cover);
- The estimated remaining life is 39 years based on historical volume information;
- The granting of Resource Consent renewals.

Runway Reseal

Marlborough Airport Limited maintains the runway under their licence agreement with New Zealand Defence Force the provision for resealing is reviewed each year. As a result of advice from an independent adviser the provision is reflecting the likely need to spend approximately \$3.3 to \$3.5 million resealing the runway in 2010.

25. Equity

	CONSOLIDATED		MARBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Retained Earnings				
Balance at 1 July	532,511	511,483	479,994	466,338
Transfers (to)/from reserves	(6,025)	(3,047)	(6,025)	(3,047)
Transfers from asset revaluation reserve on disposal of property, plant & equipment	179	1,074	185	1,074
Surplus/(deficit) for the year	24,769	23,001	21,436	15,629
Balance at 30 June	551,434	532,511	495,590	479,994
Restricted reserves				
Balance at 1 July	13,661	12,618	13,661	12,618
Transfers (to)/from Accumulated Fund	3,674	1,043	3,674	1,043
Balance at 30 June	17,335	13,661	17,335	13,661
Restricted reserve consists of:				
- Sinking Fund reserves	13,498	10,893	13,498	10,893
- Land Subdivision reserve	3,837	2,768	3,837	2,768
	17,335	13,661	17,335	13,661
Asset revaluation reserve				
Balance at 1 July	369,741	320,367	338,347	294,035
Revaluation gains/(losses)	78,205	50,387	78,205	45,387
Income Tax recognised directly in Equity	-	62	-	-
Transfers from asset revaluation reserve on disposal of property, plant & equipment	(179)	(1,074)	(185)	(1,074)
Balance at 30 June	447,767	369,742	416,367	338,348
Ordinary and council created reserves				
Balance at 1 July	27,800	25,793	25,184	23,177
Transfer (to)/from Accumulated Fund	2,353	2,007	2,353	2,007
Balance at 30 June	30,153	27,800	27,537	25,184
Total other reserves	495,255	411,203	461,239	377,193

26. Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Surplus/(deficit) after tax	24,769	23,001	21,436	15,629
Add/(less) non-cash items:				
Depreciation and amortisation expense	12,984	12,683	10,770	10,641
Property, plant & equipment impairment	-	-	-	-
Vested assets	(2,050)	(3,095)	(2,050)	(3,095)
Movement in Deferred Tax	(627)	(389)	-	-
Runway Seal Provision	610	359	-	-
Landfill aftercare provision	(19)	52	(19)	52
(Gains)/losses in fair value of biological assets	4,460	1,474	4,460	1,474
(Gains)/losses in fair value of investment property	(1,361)	(2,686)	-	449
(Gains)/losses on Fair Value of Investments	20	-	20	-
(Gains)/losses on derivative financial instruments	310	(718)	-	-
	14,327	7,680	13,181	9,521
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	(2,798)	(977)	(2,820)	(973)
Capital Debtor	-	(1,023)	-	(1,023)
Subdivision sales	-	3,323	-	3,323
Other	(95)	129	-	161
Dividend income	(10)	(9)	(1,268)	(9)
Fixed assets obtained on credit	(1,998)	1,125	(1,998)	-
	(4,901)	2,568	(6,086)	1,479
Add/(less) movements in working capital items:				
Accounts Receivable	(1,786)	1,675	(2,030)	723
Inventories	(156)	(33)	(173)	(24)
Income tax receivable	(292)	-	-	-
Accounts Payable	1,694	(902)	1,690	1,712
Income tax payable	-	547	-	-
Employee Benefits	(107)	189	(62)	91
	(647)	1,476	(575)	2,502
Net cash inflow/(outflow) from operating activities	33,548	34,725	27,956	29,131

27. Capital commitments and operating leases

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Capital commitments				
Property, plant and equipment	3,159	3,787	1,798	2,817
Investment property	-	5	-	-
Total Capital commitments	3,159	3,792	1,798	2,817

Intentions to Commit:

Your attention is drawn to the Annual Plan for July 2008 to June 2009. This document is available from council offices and agencies and shows details of our intentions for the coming year.

28. Operating leases

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Operating leases as lessee				
Not later than one year	31	56	-	-
Later than one year and not later than five years	9	27	-	-
Later than five years	-	-	-	-
Total non-cancellable operating leases	40	83	-	-
Operating leases as lessor				
Not later than one year	3,967	3,574	-	-
Later than one year and not later than five years	10,348	10,700	-	-
Later than five years	10,022	8,016	-	-
Total non-cancellable operating leases	24,337	22,290	-	-

29. Contingencies

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Uncalled Capital in MDC Holding Ltd	50,000	50,000	50,000	50,000
Financial guarantees	1,530	1,520	1,530	1,520
Other legal proceedings	110	20	110	20
Total contingent liabilities	51,640	51,540	51,640	51,540

The Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the 'Scheme'), which is a multi-employer defined benefit scheme. As at 31 March 2007, the scheme had an estimated past service surplus of \$33.7m (11.4% of the estimated liabilities). This amount is exclusive of specified superannuation contribution withholding tax. This surplus was calculated by the actuary to the scheme using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZIAS 19. The actuary to the scheme has recommended the employer contribution reduces from 2.0 times contributors' contributions to 1.0 times contributor contributions. The 1.0 times is inclusive of specified superannuation contribution withholding tax. The equivalent information as at 31 March 2008 is not available at the date of preparation of these financial statements.

30. Related Parties Transactions

Marlborough District Council is the ultimate parent of the group and controls MDC Holdings Limited and its subsidiaries, Marlborough Airport Limited, Port Marlborough (NZ) Limited, Sounds Properties Limited

	2007-08	2006-07
	(\$000's)	(\$000's)
MDC Holdings Limited		
Purchased shares from the MDC	1,425	-
Dividend paid to the MDC	1,258	-
Services provided by the MDC	24	13
Services provided to the MDC	1	10
Other receivable from the MDC	1,074	1,122
Trade Receivable from the MDC	1	32
Marlborough Airport Limited		
Rates paid to the MDC	3	3
Services provided by the MDC	23	-
Port Marlborough (NZ) Limited		
Rates paid to the MDC	291	267
Services provided by MDC	452	298
Services provided to the MDC	48	23
Other Receivable from the MDC	156	71
Trade Payable to the MDC	-	32
Transactions with key management personnel		
<p>During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with MDC (such as payment of rates, purchase of rubbish bags etc).</p> <p>During the year \$0 (2007 \$1,757.51) of goods and services were purchased from a business that Councillor Hope's wife has an interest. These goods and services were supplied on normal commercial terms.</p> <p>This financial year no councillor or senior management member has entered into related party transactions with the group.</p>		

(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:

- o MDC Holdings Limited – Marlborough District Council wholly owned
- o Port Marlborough New Zealand Limited – MDC Holdings Limited wholly owned.
- o Marlborough Airport Limited – Port Marlborough wholly owned.
- o Marlborough Regional Forestry – Joint Committee of Marlborough District Council (88.5%) and Kaikoura District Council (11.5%)

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

31. Remuneration

Chief Executive and Key Management Personnel

	MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07
	(\$000's)	(\$000's)
Key Management personnel compensation		
Salaries and other short term employee benefits	1,564	1,436
Total key management personnel compensation	<u>1,564</u>	<u>1,436</u>
Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.		
Chief Executive		
Salary	306	235
Vehicle	18	16
Superannuation subsidy	9	-
Total Chief Executive compensation	<u>333</u>	<u>251</u>
2007-08 Salary includes back pay of \$50,460 relating to an error in the calculation of salary since 2002/2003 financial year.		

	2007-08	2006-07
	(\$000's)	(\$000's)
ELECTED REPRESENTATIVES		
Mayor		
Alistair Sowman	103	97
Councillors		
Jenny Andrews	47	42
Andrew Barker	28	50
Graeme Barsanti	30	24
Cliff Bowers	53	39
Warwick Brice	16	-
Jill Bunting	59	89
Liz Davidson	53	56
Tom Harrison	19	-
Gerald Hope	35	33
Francis Maher	35	33
Pat O'Sullivan	23	22
Graeme Taylor	31	22
Nigel Weetman	23	22
Frank Connor	7	22
John Craighead	12	28
	574	579
In addition to the above remuneration, the Mayor and Councillors Hope and Barker were directors of MDC Holdings Ltd during the reporting period 2006-07 and 2007-08 and were paid Directors fees A. Sowman \$8,500 (2007 \$6,000), G. Hope \$8,500 (2007 \$0), A. Barker (2007 \$6,000).		

32. Severance Payments

In accordance with Schedule 10, Section 19 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made as defined under that legislation.

For the year ended 30 June 2008 Council did not make any payments that required disclosure under the Local Government Act 2002 (2006:Nil)

33. Events after the balance date

During July 2008 and again in August 2008 flooding caused damage to certain infrastructural assets. The Council has incurred expenditure up to the date the financial statements were authorised for issue of \$1,226,030 for repairs and replacement of assets as a direct result of these events. The total cost for repairs and replacements of assets is expected to reach a net cost of \$2.3m. Apart from this, there are no other post balance date events.

34. Financial Instruments

The accounting policies for financial instruments have been applied to the line items below:

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
FINANCIAL ASSETS				
Fair value through profit and loss				
Interest rate swaps - at fair value	230	538	-	-
Term Deposits and bonds	17,260	14,053	17,260	14,053
	17,490	14,591	17,260	14,053
Loans and receivables				
Cash and cash equivalents	9,462	13,564	7,502	11,283
Trade and other receivables	8,874	7,551	7,393	5,826
Shares	75	75	75	75
Other financial assets				
- term deposits	8,089	1,199	8,089	1,199
- loans to related parties	272	203	272	203
- Community Loans	423	396	423	396
<i>Total loans and receivables</i>	27,195	22,988	23,754	18,982
FINANCIAL ASSETS	44,685	37,579	41,014	33,035
FINANCIAL LIABILITIES				
Financial Liabilities amortised at cost				
Trade and other payables	13,358	11,664	12,632	10,942
Borrowings:				
- bank overdraft	481	855	481	855
- secured loans	34,755	33,930	-	-
FINANCIAL LIABILITIES	48,594	46,449	13,113	11,797

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

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss.

MDC's maximum credit exposure for each class of financial instrument is as follows:

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2007-08	2006-07	2007-08	2006-07
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Cash at bank and term deposits	34,811	28,816	32,851	26,535
Debtors and other receivables	8,874	7,551	7,393	5,826
Community and related party loans	695	599	695	599
Financial guarantees	1,530	1,520	1,530	1,520
Derivative financial instrument assets	230	538	-	-
Total credit risk	46,140	39,024	42,469	34,480

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 LTNZ of \$1,151,049. This receivable is considered to be fully recoverable. Other accounts receivable balances are spread over a large customer base, therefore, minimising exposure to credit risk in respect of these debtors.

Council has a series of policies to manage the risks associated with financial instruments. Council is risk adverse and seeks to minimise exposure from its treasury activities. Council has established Management and Investment policies which do not allow any transactions that are speculative in nature to be entered into.

Marlborough District Council's maximum credit exposure for each class of financial instrument is as follows:

Credit quality of financial assets

		CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
		2007-08	2006-07	2007-08	2006-07
		(\$000's)	(\$000's)	(\$000's)	(\$000's)
COUNTERPARTIES WITH CREDIT RATINGS					
Cash at bank and term deposits					
	A1+	8,321	8,561	6,361	6,280
	AAA	1,525	1,471	1,525	1,471
	AA+	1,020	-	1,020	-
	AA	13,596	11,362	13,596	11,362
	AA-	1,940	1,417	1,940	1,417
	A+	5,500	4,075	5,500	4,075
	A	1,982	1,930	1,982	1,930
COUNTERPARTIES WITHOUT CREDIT RATINGS					
Cash at bank and term deposits					
	NR	927	-	927	-
Total cash at bank and term deposits		34,811	28,816	32,851	26,535
COUNTERPARTIES WITHOUT CREDIT RATINGS					
Existing counterparty with no defaults in the past					
	Term Deposits	927	-	927	-
	Community and related party loans	695	599	695	599
Total counterparties without Credit Ratings		1,622	599	1,622	599

Liquidity Risk

Management of liquidity risk

Liquidity risk is the risk that Marlborough District Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Marlborough District Council's manages its liquidity in accordance with its funding and financial policies, which include cashflow forecasting, maintaining its financial market investments in liquid instruments, and a debt maturity policy to avoid concentrations of debt maturity dates.

These policies have been adopted as part of the Marlborough District Council's Long Term Community Plan.

Contractual Maturity Analysis of Financial Liabilities

	Carrying Amount	Contractual Cashflow	Less than 1 year	1-2 years	2-5 years
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Marlborough District Council 2008					
Creditors and other payables	12,632	12,632	12,632		
Bank overdraft	481	481	481		
Total	13,113	13,113	13,113	-	-
Consolidated 2008					
Creditors and other payables	13,358	13,358	13,358		
Bank overdraft	481	481	481		
Secured loans	34,755	34,755	8,295	12,900	13,560
Total	48,594	48,594	22,134	12,900	13,560
Marlborough District Council 2007					
Creditors and other payables	10,942	10,942	10,942		
Bank overdraft	855	855	855		
Total	11,797	11,797	11,797	-	-
Consolidated 2007					
Creditors and other payables	11,664	11,664	11,664		
Bank overdraft	855	855	855		
Secured loans	33,930	33,930	7,720	3,250	22,960
Total	46,449	46,449	20,239	3,250	22,960

Contractual maturity analysis of financial assets

The table below analyses Marlborough District Council's financial assets into maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying Amount	Contractual Cashflow	Less than 1 year	1-2 years	2-5 years
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Marlborough District Council 2008					
Cash and cash equivalents	7,502	7,502	7,502		
Trade and other receivables	7,393	7,393	7,393		
Other financial assets:					
- term deposits	25,349	25,349	11,151	1,978	12,220
- Community and related party loans	695	695	695		
Total	40,939	40,939	26,741	1,978	12,220
Consolidated 2008					
Cash and cash equivalents	9,462	9,462	9,462		
Trade and other receivables	8,874	8,874	7,502		
Derivative financial instrument assets	230	230	230		
Other financial assets:					
- term deposits	25,349	25,349	11,151	1,978	12,220
- Community and related party loans	695	695	695		
Total	44,610	44,610	29,040	1,978	12,220
Marlborough District Council 2007					
Cash and cash equivalents	11,283	11,283	11,283		
Trade and other receivables	5,826	5,826	5,826		
Other financial assets:					
- term deposits	15,252	15,252	2,184	2,950	10,118
- Community and related party loans	599	599	599		
Total	32,960	32,960	19,892	2,950	10,118
Consolidated 2007					
Cash and cash equivalents	13,564	13,564	13,564		
Trade and other receivables	7,551	7,551	7,502		
Derivative financial instrument assets	538	538	538		
Other financial assets:					
- term deposits	15,252	15,252	2,184	2,950	10,118
- Community and related party loans	599	599	599		
Total	37,504	37,504	24,387	2,950	10,118

Sensitivity analysis

The table below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonable possible market movements, with all other variables held constant, based on Marlborough District Council's financial instrument exposures at balance date.

	-50bps Profit	+50bps Profit	-50bps Profit	+50bps Profit
	2008		2007	
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Marlborough District Council				
INTEREST RATE RISK				
Financial assets				
Cash and cash equivalents - Term Deposits	(31)	31	(49)	49
Other Financial Assets - Term Deposits	(127)	127	(76)	76
	(158)	158	(126)	126
Financial liabilities				
Borrowings - bank overdraft	4	(4)	2	(2)
Total sensitivity to interest rate risk	4	(4)	2	(2)
Consolidated				
INTEREST RATE RISK				
Financial assets				
Cash at bank and term deposits	(144)	144	(174)	174
Other Financial Assets - Term Deposits	(56)	56	(11)	11
Derivatives - held for trading	67	(71)	53	(41)
	(133)	129	(132)	144
Financial liabilities				
Borrowings:				
- bank overdraft	4	(4)	2	(2)
Total sensitivity to interest rate risk	4	(4)	2	(2)

Interest Rate Risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of an instrument will fluctuate due to changes in the market interest rates

Cash Flow interest rate risk

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

Currency Risk

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

35. Explanation of major variances against budget

Explanation of major variances from Marlborough District Council's estimated figures in the 2007/08 Annual Plan are as follows:

Income Statement

Other Revenue was greater than budget due to revenues associated with subdivisions and developments of \$3.3m (including vested assets income of \$0.7m), additional revenue from gravel extraction \$0.6, subsidies and grants of \$0.9m, the sale of assets \$2.8m, lump sum contributions for Southern Valley's water scheme \$1.4m, and property rentals of \$1.1m. This financial year, actual forestry revenue and expenditure is disclosed on a gross basis in the Income Statement whereas the budget for forestry revenue and expenditure is disclosed on a net basis. The major variance in forestry is attributable to the impact of forest fires and forestry revaluation (\$5m). Interest was greater than budget due to greater income and a carry over of budgeted expenditure generating interest revenues from investment of these funds. Expenditure for interest was also consequently less than budget \$1.7. Other operational budget variances related to increased activity which generated associated revenue.

Statement of Financial Position

The revaluation of roading and rivers has resulted in an additional \$78m to both property plant and equipment and the revaluation reserve. The carry forward of capital expenditure to the 2008/09 budget and the continuation of internal borrowing where possible, has resulted in the external borrowings being less than budgeted.

Cashflow

The cashflow reflects the additional cashflows for revenues and expenditures outlined in the Income statement variances.

Investing and financing cashflow variances reflect the impact of capital expenditure carried forward and internal borrowing.

36. Consolidations

The Council has not consolidated the following entities into the Financial Statements:

- Housing for the Elderly Trust
- Destination Marlborough Trust
- Mayoral Drought Relief Trust

Consolidating the above entities' results is considered immaterial and would not significantly impact on the reported Financial Results.