



MARLBOROUGH
DISTRICT COUNCIL

ANNUAL REPORT

2008-2009

Mission Statement

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



Picture: Queen Charlotte Drive Lookout over Picton Harbour

Role of the Annual Report

This Annual Report has been prepared to enable readers to assess the performance of the Marlborough District Council for 2008-2009 against the policies, activities, objectives, performance targets and financial details contained in the Council's July 2008 – June 2009 Annual Plan.

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

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

Front Cover: Annual Garden Marlborough Fete, Seymour Square, Blenheim

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INTRODUCTION



Picture: Riverside Park Amphitheatre, Blenheim

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

Assets and Services Depot

Freswick Street, Blenheim

Reserves Depot

Pollard Park, Blenheim

SOLICITOR

P J Radich of Radich Law, 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 2009
- Rateable Land Value.....\$8,834,110,600
- Rateable Capital Value\$15,609,004,200
- Number of Rate Assessments.....25,262

MAYOR'S REPORT

The Annual Report is an important document for Council to report on the progress we have made in the past year. The report is audited by Audit New Zealand, providing the community with an assurance that it fairly reflects Council's achievements, financial performance and position.

The year 2008-09 was an eventful one for Marlborough, with the floods of July and August and the global economic recession reminding us of the impact that external events can have upon us all. As your elected representatives, Councillors are charged with ensuring that Council is able to assist the community in dealing with such issues, and to provide leadership in shaping our future.

Council's emergency management resources were well tested this year by the immediate impact of the flooding and its aftermath, and in the response to the H1N1 flu pandemic.

In both cases, I can say that our plans and infrastructure were effective in ensuring that any disruption was minimised. The community's support during this time was most appreciated. Whilst mentioning emergency management I would also like to pay tribute to the rural fire force for the support it provided to our neighbours across the Tasman during the Victoria bushfires.

One of the most important tasks of the year was the development of our Long Term Council Community Plan 2009-19. Councillors made important decisions about the maintenance and improvement of our core infrastructure, and about the future level of Council services to the community. In particular Council has decided to invest over \$16 million in core infrastructure in Picton. In addition Council is spending approximately \$9 million on the Picton London Quay development. Council has recognised the need to invest in our infrastructure to support the District's future economic and population growth, while at the same time being mindful of finding a prudent and fair method of funding these works.

In times of recession, it is important to support our local businesses as they will generate the wealth to sustain our quality of life. A major upgrade of our industrial sewerage treatment works has improved the way we manage winery waste, and the project was completed in time for the 2009 harvest. As regulators, we also work with our businesses to ensure they mitigate any negative impacts of their activity; and as community leaders we remind them of their responsibility to protect our great environment and way of life.

Marlborough is renowned for its fantastic environment – it is one of the main reasons people live here, that businesses thrive here and why so many people visit us. This all creates pressure on our special environment. Council has a statutory role in protecting the environment and take this responsibility very seriously. This year, Council published its State of the Environment report, a comprehensive document that discusses these pressures and Council's role in environmental monitoring and protection. I encourage you to read this document.

Council has again been active in the local community this year. We have developed and improved parks and reserves and other community facilities across the District. A successful Seniors Expo was held in March 2009 that was attended by over 1,500 people, and we once again provided funding to support our many community groups that provide key services to our community.

We are committed to working with the community in developing our future plans. An example of this is the new Urban Design Strategy for Blenheim CBD that was developed with input from a wide cross-section of the community and has resulted in a number of exciting proposals that will be considered in the coming months.

I would like to thank staff and Councillors for their work over the last year. I am proud of what we have all achieved in 2008-09, and look ahead to another successful year.



A handwritten signature in black ink, appearing to read 'Alistair Sowman'. The signature is fluid and cursive, written over a white background.

Alistair Sowman
MAYOR

ACHIEVEMENTS LIST 2008-09

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

Corporate

- Adoption of the 2009-2019 Long Term Council Community Plan

Roads

- Roading flood reinstatement works due to July/August 2008 flooding - \$3,887,000
- Sealed road resurfacing - \$1,527,000
- Pavement rehabilitation - \$793,000
- Seal widening - \$460,000
- Drainage renewals - \$289,000
- Bridge renewals - \$201,000
- Traffic services renewals - \$377,000
- Unsealed road metalling - \$450,000
- Northbank Road rehabilitation - \$238,000
- Kaituna-Tuamarina Road rehabilitation - \$682,000
- Kenepuru Road seal extension - \$114,000
- Kerb and channel extension and renewal - \$86,000
- Footpath extension - \$87,000 and renewal (135,000)
- Minor Safety – Various - \$624,000

Wharves

- Floating Jetty extension completed at Waitaria Bay - \$34,000
- Elmslie Bay wharf (French Pass) upgrade - \$174,000

Parking

- Construction of retail development in Scott Street. The income from this development will be placed in reserve to assist paying for a car parking building behind the store - \$1,012,000
- Strategic property purchase in Kinross Street - \$932,000
- Preliminary design and documentation for Alfred Street car park building - \$333,000

Sewerage/Sewage Treatment Blenheim

- New pump stations - \$98,000
- New pipelines - \$63,000
- Sewerage Odour Control - \$559,000
- Treatment (Domestic) - upgrading - \$201,000
- Treatment (Industrial) – upgrading - \$4.6M

Sewage Treatment Havelock

- Design development of pond upgrade

Sewerage System Picton

- Investigation and design for sewer outfall renewal
- Pipeline renewals \$195,000

Sewage Treatment Seddon

- Investigation of land disposal options continuing

Sewerage System Grovetown

- Commenced construction of reticulation - \$1.84M

Sewerage/Sewage Treatment Spring Creek

- Augmentation of sewage pond storage commenced
- Design and commenced construction of reticulation to Blenheim STP

Stormwater – Blenheim

- Blenheim Stormwater Strategy drafted and on-going consultation with the community, councillors and officers.

Stormwater – Picton

- Pipeline renewals at Newgate Street, Broadway and Beach Rd - \$67,000

Water Supply - Blenheim

- Water treatment upgrades at Middle Renwick Road - \$3.9M
- New pipelines - \$492,000
- Commence construction of Blenheim Low Level Reservoir - \$808,000

Water Reticulation - Havelock

- Lawrence Street and Cook Street mains renewal - \$279,000

Water Supply - Picton

- New pipelines - \$135,000
- Treatment upgrade at Speeds Road - \$24,000
- Treatment upgrade at Essons Valley - \$96,000
- New source investigation at Graham Valley
- Design and tender Victoria Domain Reservoir

Water Supply – Renwick

- New wells drilled at Conders Bend Road - \$74,000

Water Supply - Awatere

- Pipeline renewals - \$70,000
- Reservoir renewal at Upton Downs section - \$30,000
- Continued consultation with the Awatere community over water supply treatment options

Waste Management

- Landfill extension construction - \$2.0M
- Construction of Resource Recovery Centre in Wither Road - \$1.38M
- Landfill gas management - \$958,000

Rivers

- Lower Wairau sedimentation control works - \$89,000
- Wall extension at Wairau Bar - \$338,000
- Wairau River stopbank improvements - \$49,000
- Willow planting to protect river banks and berms - \$96,000
- Upper Opawa tree removal and channel improvements - \$86,000
- Upper Taylor tree removal and channel improvements - \$47,000
- Riverlands floodway upgrade commenced - \$27,000
- Alabama drainage pump station upgrade commenced - \$110,000
- Flood damage reinstatement works (Doctors Creek, Taylor River, Omaka River, Wairau River and Kent Street drain) - 728,000
- Design and consenting for erodible embankment at entry to Wairau Diversion
- Design for Town Branch drain upgrade and diversion of Redwood Street stormwater flows
- Preliminary design for Kent Street, Picton drain upgrade

Reserves and Amenities

- Carpark development at A & P Park Alabama Road entrance - \$66,000
- Replacement of Hockey Turf at College Park with WETT surface - \$514,000
- Playground development and landscaping of new reserve in Kensington Place - \$98,000
- Playground development - \$175,000
- Paving and bollard installation, flagpole, seating and landscaping works - \$172,000
- Continuation of pathways - \$37,000
- Redevelopment of Endeavour Sports Park in Picton - \$110,000 and consultation with the community continues regarding building facilities at the park
- Construction of new Renwick sports pavilion progressing - \$1,475,000
- Court resurfacing and toilet facility for campground - \$81,000
- Additional exeloo toilet facilities completed at High Street, Picton car park - \$75,000
- Completion of new car park, including toilet facilities, at the base of the Wither Hills for recreational farm park users - \$206,000

Picton Waterfront Development

- Design 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. Site works commenced after Easter 2009 - \$1,481,000

Regional Aquatic Centre

- Design finalised for \$14M upgrade and tenders invited - \$1,100,000

Community Housing

- Unit upgrades (6) mainly shower conversions and bathroom upgrades – \$55,559
- Insulation for 178 units - \$76,400

Libraries

- The Marlborough District Libraries website was launched in February 2009 (www.marlboroughlibraries.govt.nz). At the end of June 2009, a total of 33,689 web pageviews were recorded

Biosecurity

- Reduction in the density and distribution of certain total control pest plant species during the year, for example spartina - Havelock estuary.

Harbour Control

- Pollution response staff were involved in the float-on operation of the drilling rig ENSCO 056
- Provided response personnel to assist Maritime NZ in meeting its joint obligations with Australia in regard to the Pacific Adventurer oil spill response
- Provided pollution response capability in a significant marina vessel fire

Community Support

- Positive Ageing - Seniors Expo. Over 1,500 people attended this successful event held in March 2009, the purpose of which was to provide information about elderly services available in the community.
- Youth - Impressions Youth Art Exhibition. Marlborough is the only place in NZ where a youth initiated and led exhibition takes place in a public art gallery. The exhibition showcased the District's youth talent. It ran for six weeks and involved all the secondary schools across the District.
- Heritage - Museums Database Project. Marlborough's heritage resources go live on website. Over 22,000 items have been loaded to date. Browse the website www.marlboroughmuseum.org.nz under Exhibition then online exhibitions - it's worth a look.

Community Safety

- 41% reduction in reported offending in the area of the Crime Prevention Through Environmental Design (CPTED) street intensive project in calendar year of 2008.

Environmental Policy

- The Wairau/Atawere Resource Management Plan became operative on 9 March 2009. This represents a significant environmental policy milestone as it completes the Council's resource management framework.
- Significant policy investigations into Blenheim air quality, wind machines for frost protection, worker accommodation and aquaculture will result in plan changes in 2009-2010.

Emergency Management

- Significant effort put into publicity during the fire season to ensure heightened awareness amongst the public, particularly focused on regular radio and newspaper coverage.
- Five members from the Blenheim Rural Fire Force who are administered by Council were deployed to Victoria from 3 March to 25 March to help suppress the wild fires which were raging across the state.
- Emergency Management staff was heavily involved in planning readiness and response to the H1N1 influenza pandemic.
- Reduced impact of wildfires due to faster responses and adherence to fire permit controls. The Council responded to 66 fire callouts which burnt a total of only 4 ha.

Strategic Policy

- Development of the Blenheim Urban Design Strategy through close consultation between the Council and the community.



Blenheim's Victoria Bushfire Crew - Roger Fenwick, Chris Hayles, Quintin Smith, Peter Selby, Tim Vertelman



Wither Hills Farm Park public conveniences



Queen Charlotte Drive Lookout



Youth – Impressions Youth Art Exhibition



College Park Hockey Pitch



Middle Renwick Road Water Treatment Plant



Seniors' Expo

CHIEF EXECUTIVE'S REPORT

I am pleased to present Council's annual report for the period 1 July 2008 – 30 June 2009 and to again see that an unqualified audit opinion has been received from Audit New Zealand. Council's finances remain in good health and it is well positioned to meet the challenges of the future.

2008-09 was an important year for Council as it prepared and adopted its latest Long Term Council Community Plan (LTCCP). The LTCCP covers the 2009-19 ten year period. All Councils must produce an LTCCP at least every three years, and the process provides the opportunity for Council to review what it does and look ahead to what the community will need in the next decade. Importantly Council decided to invest in our infrastructure to support the expected economic and population growth and enhance the environment in the District in coming years. These decisions were considered in the light of significant events in Marlborough and globally.

In late July and early August, major flooding occurred in the District that tested the resilience of our infrastructure and emergency planning measures. Although damage did occur, we were pleased that widespread disruption to our community was avoided and that our systems proved adequate. It confirmed the reasoning for past investment in our river protection and stormwater infrastructure, and highlighted that we should continue to do so into the future. Tribute must be paid to the hard work of our staff and to the community for pulling together at this difficult time.

Also at this time, the global banking system was placed under serious stress after the failure of several major banks. Issues arising from the banking crisis and the global economic recession are still emerging, and this has created financial uncertainty and placed pressures on our community. We are well aware of the need to continue to provide Marlborough with good value and efficient services. We are continually reviewing services to save cost whilst maintaining levels of service. Work is also ongoing to look at further improving our customer service, including an upgraded website, and at ensuring our diverse services work together better.

In terms of our operations, our recently completed Annual Resident Satisfaction Survey has indicated that your satisfaction with Council's services is generally high and has increased when compared to previous years. I am pleased to present the long list of this year's achievements contained in this report. A number of planned improvements were made to our services including roading and pavement enhancements, a new water treatment plant for water supply at Middle Renwick Road and a major upgrade of the Blenheim Industrial Sewage Treatment Plant to deal with winery waste. Our new Resource Recovery Centre was completed and the first stage of the Picton foreshore improvements commenced. Our resource management framework was completed by the adoption with the Wairau Awatere Resource Management Plan becoming operative. The winter flooding also led to a number of unplanned works, especially in terms of roading and rivers that were quickly undertaken.

I would like to thank the staff for their commitment to maintaining high standards throughout a challenging year. We will endeavour to continue this in the coming twelve months.



A handwritten signature in black ink that reads "Andrew Besley". The signature is fluid and cursive, with a period at the end.

Andrew Besley
CHIEF EXECUTIVE

YOUR COUNCIL



Picture: Marlborough District Council Building, Blenheim

ELECTED COUNCIL MEMBERS

BLenheim WARD



Jenny Andrews
(Deputy Mayor)



Warwick Brice



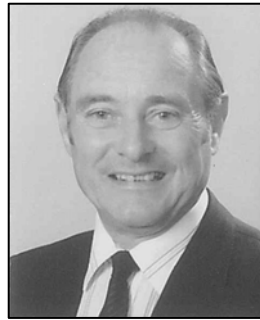
Jill Bunting



Alistair Sowman



Liz Davidson



Tom Harrison



Gerald Hope



Graeme Taylor

WAIRAU/AWATERE WARD



Andrew Barker



Francis Maher

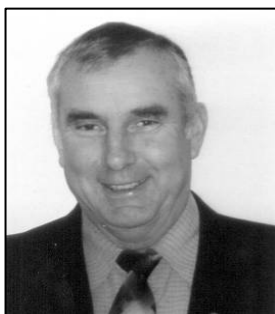


Pat O'Sullivan resigned
31 March 2009



Peter Jerram sworn in
24 June 2009

PICTON WARD



Cliff Bowers



Nigel Weetman

PELORUS/NORTHERN MARLBOROUGH SOUNDS WARD



Graeme Barsanti

COUNCIL COMMITTEES AND MEMBERS

(AS AT 30 JUNE 2009)

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

Regional Transport Committee

This Committee prepares for approval by Council the Regional Land Transport Strategy, or any variations to or any report on the Strategy; the Regional Land Transport Programme; or any variations to the Programme, any regional fuel tax scheme for its region; and provides Council with any advice and assistance in relation to its transport responsibilities.

- Clr Graeme Barsanti - Chairperson
- Clr Cliff Bowers
- Clr Francis Maher
- Clr Jill Bunting
- Access and Mobility Forum Representative
- Nelson Marlborough District Health Board Representative
- D Hume (NZ Transport Agency)
- New Zealand Police Representative
- Marlborough Chamber of Commerce representative
- R Hunter (iwi representative – Assets & Services Committee)
- Marlborough Environment Centre 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 Graeme Taylor
- Clr Nigel Weetman
- Clr Cliff Bowers
- Clr Francis Maher
- 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 Community Grants and Donations.

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

Housing for the Elderly Sub-Committee

The focus of this Sub-Committee is issues related to Council's Housing for the Elderly portfolio.

- Clr Jenny Andrews - Chairperson
- Clr Tom Harrison
- Clr Graeme Taylor
- Grey Power representative (J Brett)

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
- Six community representatives (J Hopkins, Mr B Lankshear, Mrs B Lankshear, P Bradshaw, D Keenan, K Stewart)

Youth Funding Sub-Committee

This Sub-Committee considers requests for funding assistance from the Youth Initiative Plan funds.

- Mayor Alistair Sowman - Chairperson
- Three youth representatives (one from each college)
- Chairperson, Community and Financial Planning (Clr Gerald Hope)

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
- Mr Chris Bowron (rural representative)
- Clr Cliff Bowers
- Clr Liz Davidson
- Clr Tom Harrison
- Clr Peter Jerram
- Iwi 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 Peter Jerram
- Clr Liz Davidson
- Clr Gerald Hope
- Clr Graeme Taylor
- Clr Graeme Barsanti

HEARINGS COMMITTEES

This committee makes 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
- Te Atiawa Manawhenua Ki Te Tau Ihu Trust
- Ngati Koata No Rangitoto Ki Te Tonga Trust
- Ngati Rarua Iwi Trust
- Ngati Toarangitira Manawhenua Ki Te Tau Ihu Trust
- Ngati Apa Ki Te Waipounamu Trust

APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES

MDC Holdings Limited and Marlborough Airport Limited

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

Port Marlborough NZ Limited

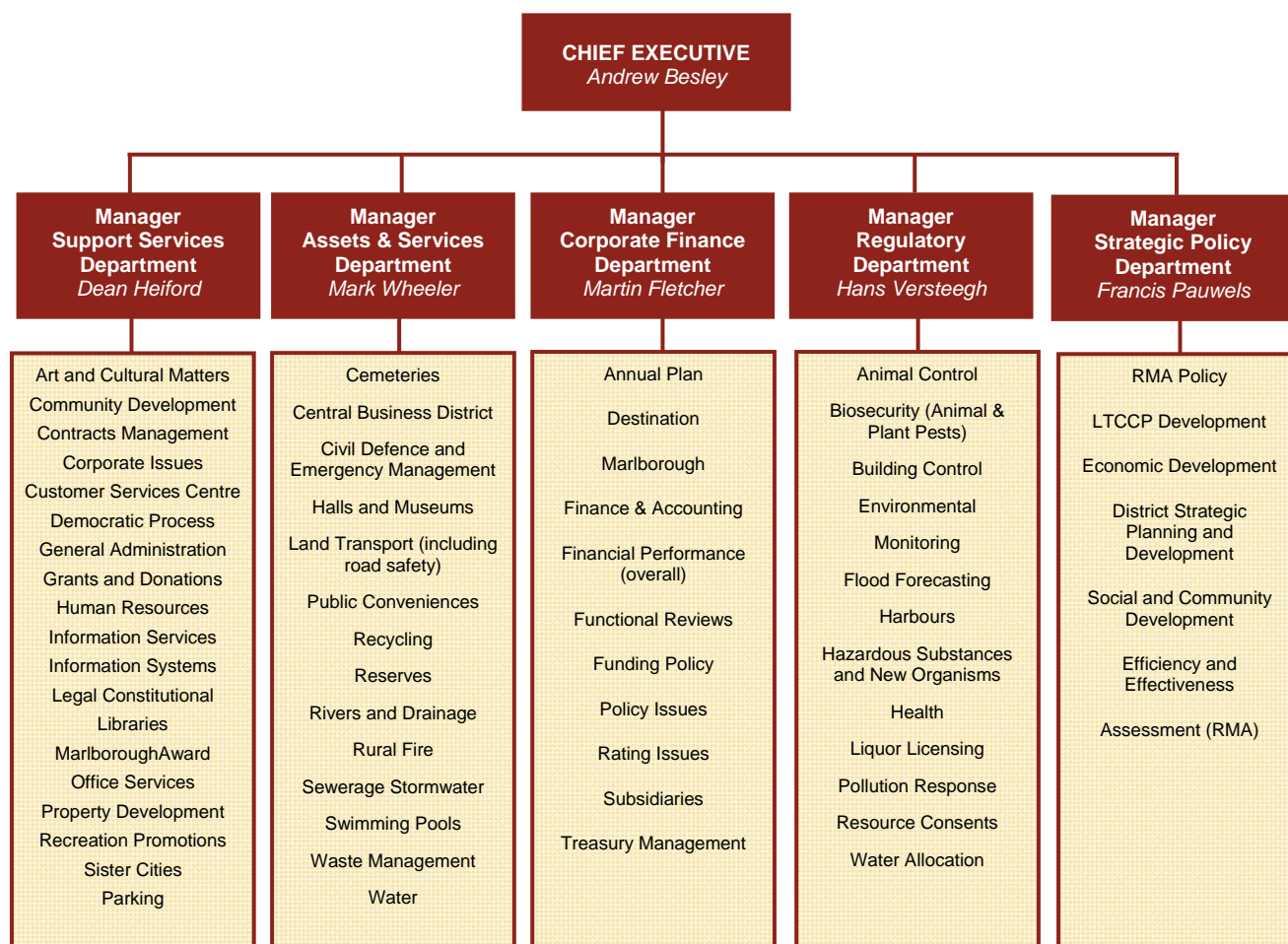
Manager, Corporate Finance – Martin Fletcher (Director)

Marlborough Regional Forestry

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

- Clr Andrew Barker (Chairperson)
- Mayor Alistair Sowman

COUNCIL STAFF STRUCTURE



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 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.

One of the principal barriers to Maori contribution to Council decision making processes in recent times has been the need for Maori to focus its time and efforts upon the settlement of claims process before the Waitangi Tribunal. Council has offered support to local iwi, and is pleased that progress is being made on concluding the settlements. Iwi have maintained involvement with committee matters, seminars, relevant Council operations and with external partnership activities. As settlements are concluded, the Council will develop its processes and working relationship with local iwi on matters of mutual interest.

STAFF EMPLOYED

(FULL TIME EQUIVALENTS) (AS AT 30 JUNE 2009)

	30.06.09		30.06.08	
	Male	Female	Male	Female
General Management				
Management and Support	3	2.9	3	1.9
Assets and Services				
Development and Project Management	6	1.5	5	1
Engineering	11	5	11	5
Operations	13.7	2.4	13	2
Reserves and Amenities	4.6	1	4.6	1
Rivers and Land Drainage	6	-	5	-
Management and Support	3	1	3	1
Civil Defence/Emergency Management	2	-	2	-
Corporate Finance				
Management and Support	1	1	1	1
Treasury	4	6.6	4	6.6
Regulatory				
Animal and Plant Pests	4	-	5	
Building Control	15	4.7	12	2
Environmental Health and Liquor	-	2	-	2
Environmental Unit	8	5	9	7
Harbour Functions	2	-	2	-
Resource Management Control	10.6	13	10	12.6
Compliance	4	8	3	13
Management and Support	1	7	1	14
Strategic Policy				
Management and Community Policy	2	-	-	-
Environmental Policy	3	2	-	-
Support Services				
Support Services Management	1	-	1	
Community Development Management	-	1	-	1
Democratic Services Management	1	2	1	2
Office Services	0.5	9	0.5	10
Contracts Management	0.5	-	0.5	-
Human Resources	-	0.9	-	0.9
Information Services	7	9.2	6	8.2
Customer Service Centres	1	15.3	1	18.3
Libraries	5	8.3	4	9.3
TOTALS	119.9	100.8	107.6	106.8

INFRASTRUCTURAL ASSETS

	30.06.09		30.06.08	
Roads	Urban	Length	Urban	Length
	• Sealed	180.3 km	• Sealed	179.8 km
	• Metalled	0.6 km	• Metalled	0.6 km
	Rural	Length	Rural	Length
	• Sealed	689.7 km	• Sealed	685.2 km
	• Metalled	658.3 km	• Metalled	665.2 km
	TOTAL	1,528.9 km	TOTAL	1,530.8 km
Bridges	Number	Lineal Metres	Number	Lineal Metres
One lane bridges	284	5,103	284	5088 m
Two lane bridges	62	707	61	695 m
Footbridges	6	209	6	209 m
TOTAL	352	6,019	345	5,992 m
Wharves	12		12	
Street Lighting	3,937 lights		3,780 lights	
Water Supply Schemes	7 schemes with 423.9 kms of reticulation		7 schemes with 417.5 kms of reticulation	
Sewerage Systems	5 schemes with 287 kms of reticulation		5 schemes with 283 kms of reticulation	
Stormwater System	152.5 kms of reticulation		143.8 kms of reticulation	
Irrigation Schemes	2 schemes with 64.7 kms of reticulation		2 schemes with 64.7kms of reticulation	

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.

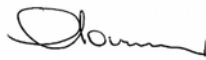
The Council and management of Marlborough District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Marlborough District Council, the annual Financial Statements for the year ended 30 June 2009 fairly reflect the financial position and operations of the Marlborough District Council.



ANDREW BESLEY
CHIEF EXECUTIVE

29 October 2009



ALISTAIR SOWMAN
MAYOR

29 October 2009

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 2009

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. 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 2009, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 22 to 110:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2009; 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 22 to 71 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 29 October 2009, 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 2009. 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, 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 2009 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 29 October 2009 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 outcome of this was reported in the recently published 2009-19 LTCCP. Comparisons between the three unitary authorities at the Top of the South are nearing completion.

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.

Marlborough has a strong local economy focused around leveraging our natural resources – viticulture, aquaculture, forestry and tourism. An aviation cluster is also present at Woodbourne (RNZAF, Safe Air, Blenheim Airport) and Omaka (Aviation Heritage Centre, restoration). Local businesses have confirmed that the global economic recession and other factors such as the fluctuating value of the NZ dollar has had some negative impact, with some effects still to be felt. The longer term wellbeing of the wider community is inextricably linked to the viability of these businesses.

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



Picture: Marlborough Primary Schools Cross Country event held in August 2009 at the Wither Hills Farm Park, Blenheim

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

Resident satisfaction is a key performance measure for most Council services. Targets are set in the Annual and Long Term Council Community Plans (LTCCP) and survey results are reported in the Annual Report. The survey is undertaken by telephone. This year the Council used Research First, a Christchurch based company, to undertake the survey. The demographic make up of those surveyed is weighted to match District demographics, eg: age, sex, location. The survey identifies a headline satisfaction score for each of the services in question, analyses trend information and collects specific comments from residents about our services and asks residents to rate the priority of each service.

In general, Council is pleased to report an improvement in scores achieved in 2009 compared to previous years. The overall rating for Council, across all services in 2009 was 7.1 out of 10 (or 71%); with 78% of respondents noting that they were 'satisfied' or more with the Council. Of Council's Activities, Library Services achieved the highest mean performance score, 8.6 out of 10, Emergency Management scored 8.3 and Community Facilities 8.0. The residents' main priorities were Water Supply (8.7 out of 10), Sewerage (8.7), Emergency Management (8.6) and Community Facilities (8.6).



Democratic Process

Picture: Marlborough District Council's Customer Service Centre

Activity

Group: Democratic Process

Activities in this Group

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

Overall progress towards the Community Outcomes is made in the longer term, and reflects the achievements of the whole community. The outcome of this was reported in the recently published 2009-19 LTCCP. Comparisons between the three unitary authorities at the Top of the South are nearing completion.

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.

Activity: Democratic Process

Operating costs of this activity represent 4% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
The District's communities are able to participate in the decision making processes that affect them.	Proportions of Marlborough residents who consider they understand Council's decision making processes, are confident in the decision making of Council, and feel they have the opportunity to influence Council decision making.	Full participation.

What is this activity about?

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

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

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

Levels of Service: Democratic Process

Level of Service	Indicator	Target	Comments
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 the election process in accordance with Local Electoral Act.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2005 benchmark (mean satisfaction score 7.3, where 10 = "service delivered extremely well").	Not achieved. Resident satisfaction survey 2009 score = 7.1. Improvement on 2008 score of 6.4. Heightened awareness of Council business due in part to (i) increased advertising (revamped Thursday advertisement and more catchy airplay on radio), and (ii) awareness of the by-election underway at the time of the survey. Five citizenship ceremonies were undertaken in 2008-09, along with numerous other civic functions. Support was provided to the iwi treaty settlement process. During the Regional Policy Statement Review specific consultation was undertaken with all iwi during the planning/drafting stages – and this is continuing through the next stages of the Review.
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).	Not achieved. Additional costs were incurred to run a by-election.
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.	Achieved. Agendas (including attachments) were completed and available at least three clear working days prior to the meeting.
		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.

Council Activity: Democratic Process

Activity: Democratic Process Cost of Services (\$000's)	Actual 2008-09	Budget 2008-09	Actual 2007-08
Operating Costs	2,491	2,451	2,430
Operating Surplus Transferred to Reserves	78	52	8
	2,569	2,503	2,438
Funded by			
Rates	2,291	2,224	2,151
General Revenues Applied	277	277	237
Other Revenue	1	2	50
Total Revenue	2,569	2,503	2,438
Capital Expenditure	1	-	39
	1	-	39
Funded by			
Depreciation Reserve Transfer	-	-	19
Other Reserve Transfers	1	-	20
	1	-	39

Note 1: Explanation of cost of service variance - There are no significant variances.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances - There are no significant variances.



People

Picture: Marlborough District Library, Blenheim

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

Overall progress towards the Community Outcomes is made in the longer term, and reflects the achievements of the whole community. The outcome of this was reported in the recently published 2009-19 LTCCP. Comparisons between the three unitary authorities at the Top of the South are nearing completion.

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

Operating costs of this activity represent less than 1% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Marlborough's heritage resources are acknowledged, valued and enjoyed by present and future generations. Marlborough is an enlivened and creative region in which the arts are widely practised and enjoyed, and where they are recognised as being essential to a healthy and prosperous community.	Survey responses.	Heritage; Creativity.

What is this activity about?

"Cultural wellbeing" is one of the four well beings that local government is charged with promoting through the Local Government Act (the others are economic wellbeing, environmental wellbeing, and social wellbeing). Council defines "culture" as encompassing the customs, practices, languages, values and world views that define social groups in Marlborough.

Practices such as arts, design, and architecture, reflect and create our cultural identity. Likewise, the ways in which we approach and understand our heritage shapes our image of ourselves, and the image we convey to future generations.

In keeping with the broad scope of this activity, Council has a variety of roles to play. The Council's Arts and Culture Strategy, and its Heritage Strategy, set out these roles in detail, and the ways in which Council proposes working with the community to achieve positives outcomes for culture and heritage.

These include:

- o Forming partnerships with organisations and institutions that contribute to cultural wellbeing.
- o Supporting projects that reflect and strengthen Marlborough cultural identity.
- o Managing the cultural and heritage assets and resources that it is responsible for in a sustainable manner.

Levels of Service: Culture and Heritage

Level of Service	Indicator	Target	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2007 benchmark (mean satisfaction score 7.6, where 10 = "service delivered extremely well")	Not achieved. 2009 Resident satisfaction score = 7.2 The 2009 Resident Satisfaction score is lower than the two previous years, but is still a comparatively high score.
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. 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.	Meet reporting requirements on time.	Achieved. All heritage service providers receiving funding have submitted Accountability Reports on time.

Activity: Culture and Heritage	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs			
Arts	174	5,178	172
Heritage	317	287	277
Memorials	80	77	77
Total Operating Costs	571	5,542	526
Operating Surplus Transferred to Reserves	-	-	8
	571	5,542	534
Funded by			
Rates	483	473	477
General Revenues Applied	63	63	57
Other Revenue	-	1	-
Total Revenue	546	537	534
Operating Deficit Funded from Reserve	25	5,005	-
	571	5,542	534
Capital Expenditure			
Heritage	-	12	-
Memorials	-	20	10
Total Capital Expenditure	-	32	10
Funded by			
Depreciation Reserve Transfer	6	16	-
Other Reserve Transfers	(6)	16	10
	-	32	10

Note 1: Explanation of cost of service variance – The Arts budget included a grant to the Civic Theatre Trust of \$5 million to assist in the establishment of a new Civic Theatre which is now budgeted for 2011-2012.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances - There are no significant variances.

Activity: Community Housing

Operating costs of this activity represent 1% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Marlborough residents have access to affordable housing options.	Wait-list for Council housing.	Affordable housing.

What is this activity about?

Housing is a basic human need, and hence a prerequisite to wellbeing. In considering its role under the Local Government Act to promote social, economic, environmental and cultural wellbeing, the Council therefore acknowledges a responsibility to consider ways and means by which it can assist the people of Marlborough to have access to housing suitable to their needs. Council considers the most effective means of discharging this responsibility to be:

1. Managing a regulatory environment that ensures that:
 - o there is sustainable access to the resources required for new housing (especially land);
 - o the construction of dwellings is carried out in a safe manner.
2. Fostering an economic environment in which people and businesses can prosper, and where people can earn incomes that enable them to have choices about how to live their lives.
3. Fostering a social environment in which the community cares for all its members.
4. Providing assistance to elderly people who cannot otherwise afford housing services.

Levels of Service: Community Housing

Level of Service	Indicator	Target	Comments
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 7.5, where 10 = "service delivered extremely well").	Not achieved. 2009 Resident satisfaction score = 7.3. This was an improvement on the 2008 score of 6.7. Media coverage of new builds and insulation programme raised positive awareness of function. Waiting list has remained static.
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).	Not achieved. Operating expenditure was within budget but capital spending and revenue exceeded budget due to the committee deciding to take advantage of a one-off government subsidy - with the overall financial impact being positive. Rent review completed effective 1 July 2009.
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.	Achieved. 1 unit upgrade, 3 bathroom upgrades, 2 shower conversions and insulation for 178 units completed.

Activity: Community Housing Cost of Services (\$000's)	Actual 2008-09	Budget 2008-09	Actual 2007-08
Operating Costs	909	927	881
Operating Surplus Transferred to Reserves	234	-	364
	1,143	927	1,245
Funded by			
Subsidies and Grants	117	-	299
Other Revenue	1,026	920	946
Total Revenue	1,143	920	1,245
Operating Deficit Funded from Reserve	-	7	-
	1,143	927	1,245
Capital Expenditure	214	120	732
Debt Repayment	141	90	90
	355	210	822
Funded by			
Depreciation Reserve Transfer	120	212	211
Other Reserve Transfers	235	(2)	611
	355	210	822

Note 1: Explanation of cost of service variance – There are no significant variances.

Note 2: Significant Capital Expenditure and variances – Relates to three bathroom upgrades using HNZA grant, and 178 units insulated funded with 60% subsidy from EECA and the remainder from reserves.

Note 3: All debt repayments relate to internal borrowings.

Activity: Community Safety

Operating costs of this activity represent less than 1% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
People in Marlborough enjoy personal safety and security and are free from victimisation, abuse, violence and avoidable injury.	Police reporting; Survey responses.	Safety and security.

What is this activity about?

Council is involved in a number of activities and relationships aimed at addressing some of the root causes of behaviours that affect community safety. This entails working closely with agencies in the policing, education, and health sectors.

Levels of Service: Community Safety

Level of Service	Indicator	Target	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2007 benchmark (mean satisfaction score 7.0, where 10 = "service delivered extremely well")	Achieved. 2009 Resident satisfaction score = 7.4. No 2005 target, score was 7.0 in 2007 and 6.4 in 2008.
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).	Not achieved. The additional expenditure was met by additional Government funding. As a result Job Path Marlborough has developed into a full Youth Transition Service funded primarily by the Ministry of Social Development with some one-off funding from the Mayors Taskforce for Jobs. This allows a greater number of young people to be actively worked with and a greater variety of support mechanisms deployed.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Meet reporting requirements on time.	Achieved. Safer Communities Marlborough section is exploring how to strengthen other social service providers in the community through the purchasing of services to make up an overall service delivery package and to compliment the work done by Council staff within the section.
		Overall trend of decline in CBD assault incidents.	Figures for violent offending not available at time of publication.

Council Activity: People

Activity: Community Safety Cost of Services (\$000's)	Actual 2008-09	Budget 2008-09	Actual 2007-08
Operating Costs			
Safer Communities	366	219	29
Security	41	59	51
Total Operating Costs	407	278	80
Operating Surplus Transferred to Reserves	-	9	33
	407	287	113
Funded by			
Rates	55	54	96
General Revenues Applied	8	8	12
Subsidies and Grants	327	217	-
Other Revenue	14	8	5
Total Revenue	404	287	113
Operating Deficit Funded from Reserve	3	-	-
	407	287	113
Capital Expenditure			
Security	-	50	-
Total Capital Expenditure	-	50	-
Debt Repayment	9	3	30
	9	53	30
Funded by			
Depreciation Reserve Transfer	-	50	-
Other Reserve Transfers	9	3	30
	9	53	30

Note 1: Explanation of cost of service variance - There are no significant variances.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances - There are no significant variances.

Activity: Community Support

Operating costs of this activity represent less than 1% of total activity expenditure.

Outcomes	Indicator	Related Community Outcome
Marlborough's communities are robust and resilient.	Levels of trust and social connectedness.	Full participation.
Young people are supported in their lifestyle choices.	Demographic changes.	Positive youth.
More people, more active, more often.	Rates of participation.	Physical activity.

What is this activity about?

This activity is associated with strengthening community cohesion, supporting social networks within the community, and providing a positive environment for the development of our young people. It also includes support for physical recreation and activity.

Community support is largely delivered via third parties: organisations and agencies working with particular groups within the community, or addressing specific issues. Research has shown strong correlations between social cohesion and community wellbeing, including greatly reduced health costs and increased economic productivity.

Levels of Service: Community Support

Level of Service	Indicator	Target	Comments
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.	Not achieved. 2009 Resident satisfaction score = 7.1. The 2005 benchmark was not measured, the result for the 2007 result was 7.4 and 7.2 in 2008. While the 2009 Resident Satisfaction score is lower than the two previous years, this is still a comparatively high level.
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. Grants were allocated under set criteria and within established timeframes. 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.	Meet reporting requirements on time.	Achieved. 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).	Not achieved. 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 participation trends.

Community Support	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs			
Grants and Donations	440	442	588
Recreation	75	78	75
Total Operating Costs	515	520	663
Funded by			
Rates	444	434	447
General Revenues Applied	56	56	52
Subsidies and Grants	-	-	5
Total Revenue	500	490	504
Operating Deficit Funded from Reserve	15	30	159
	515	520	663

Note 1: Explanation of cost of service variance - There are no significant variances.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances - There are no significant variances.

Activity: Library Services

Operating costs of this activity represent 2% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Lifelong learning opportunities and improved knowledge, literacy and information skills for Marlborough's residents.	Usage rates; literacy rates.	Full participation; knowledge and learning; creativity; heritage; prosperity; fun.

What is this activity about?

The Marlborough District Libraries aspire to provide the community with a professional library service which encourages a joy of reading, the pursuit of knowledge, and enriches lives; all in a safe and accessible environment. The Council provides library services to all Marlborough residents through a network of library facilities. These comprise of a District Library in Blenheim, and a Branch Library in Picton (a combined Council / Library Service Centre). Council also supports school based Community Libraries in Ward, Seddon, Havelock, Rai Valley and Waitaria Bay, along with a Community Library in Linkwater and Renwick.

Levels of Service Library Services

Level of Service	Indicator	Target	Comments
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 8.5, where 10 = "service delivered extremely well").	Achieved. 2009 Resident satisfaction score = 8.6. (Sub-scores: Public libraries 8.8, Community/school libraries 8.3). Literacy outreach programmes to children have increased. Free internet facilities have been introduced as part of the Government sponsored Aotearoa Peoples Network Programme.
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).	Not achieved. Additional expenditure was mainly due to the cost of Sunday opening and building repairs.
	Average cost per issue of library resources.	< \$2	Not achieved. 2008-2009 - \$2.21 per issue. Target has been revised in 2009-19 LTCCP.
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 is 9.6 years.
Provide access for users independent of their location.	Uptake of information services available electronically.	Usage to be assessed and benchmarked.	Achieved. 19,768 database searches were undertaken in 2008/2209. 33,689 page views were recorded on the libraries new website in 2008-2009.

Activity: Library Services	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs	1,315	1,268	1,283
Operating Surplus Transferred to Reserves	43	2	42
	1,358	1,270	1,325
Funded by			
Rates	1,073	1,042	1,050
General Revenues Applied	130	130	116
Subsidies and Grants	4	-	5
Other Revenue	151	98	154
Total Revenue	1,358	1,270	1,325
Capital Expenditure	283	260	314
Funded by			
Depreciation Reserve Transfer	191	208	257
Other Reserve Transfers	92	52	57
	283	260	314

Note 1: Explanation of cost of service variance - There are no significant variances.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances - There are no significant variances.



Emergency Management

Picture: Marlborough's rural fire service

ACTIVITY GROUP: EMERGENCY MANAGEMENT

Activities in this Group

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, tsunamis, oil spills, hazardous substances, and landslips, to name a few.

The Council is also a Rural Fire Authority under the Forest and Rural Fires Act 1977. 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

Overall progress towards the Community Outcomes is made in the longer term, and reflects the achievements of the whole community. The outcome of this was reported in the recently published 2009-19 LTCCP. Comparisons between the three unitary authorities at the Top of the South are nearing completion.

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

Operating costs of this activity represent 1% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
The region is well prepared for emergency events, and any harm or loss from emergency events is minimised.	System performance.	Safety and security.

What is this activity about?

Council is part of the Marlborough Civil Defence Emergency Management Group, (CDEM) and is required to have in place a Civil Defence Emergency Management Group plan. Amongst other requirements, the plan describes:

- o The hazards and risks to be managed by the Group;
- o Emergency management policies and procedures in place to manage the hazards and risks;
- o Arrangements for declaring a state of emergency in the area; and
- o Arrangements for co-operation and co-ordination with other Emergency Management Groups.

The Goals of the Marlborough Civil Defence Emergency Management Group plan are:

- o A community where the potential effects of all hazards have been minimised;
- o People and communities that provide for their own safety and wellbeing (resilience); and
- o A CDEM Group that enables the community to respond to and recover from emergency events in a timely and integrated manner.

Levels of Service: Emergency Management

Level of Service	Indicator	Target	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction.	Resident satisfaction with this service equal or better than 2007 benchmark (mean satisfaction score 7.5, where 10 = "service delivered extremely well").	Achieved. 2009 Resident satisfaction score = 8.3. Sub-scores: Rural fire fighting 8.4, Emergency management 8.1. The Emergency Operations Centre was activated resulting in a Civil Defence Declaration to manage the July 2008 floods in Picton and Blenheim areas. Significant effort has been put into highlighting the fire risk to the public over the fire season by daily broadcasts over three local radio stations of fire danger predications, fire safety messages and fire incident reports. Also fire incidents were reported in the newspapers. Regular liaison with groups and organisations involved in fire prevention administration and protection has also helped. Reduced impact of wildfires due to faster responses and enforcement of permit regulations. The Council responded to 66 fire callouts which burnt a total of only four hectares. Emergency Management staff was heavily involved in planning readiness and response to the H1N1 influenza pandemic.
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. A good level of service was provided under budget allocated.

Council Activity: Emergency Management

Level of Service	Indicator	Target	Comments
Ensure that the region is suitably prepared for all likely emergency events.	Performance against targets specified in the Civil Defence Emergency Management Group Plan.	To have an exercise which tests aspects of the plan every two years.	<p>Achieved.</p> <p>A Marlborough lifeline group was established involving all life line utility providers. Three meetings were held, mapping of lifelines was completed available on Web site via a secure password, and a number of guiding principles was established.</p> <p>Monthly incident management team training.</p> <p>A tsunami gap analysis was carried out.</p> <p>Rural Fire Forces train regularly to meet specified standards.</p> <p>The National Rural Fire Authority conducted an audit of Council involving equipment and protective clothing. The Fire Authority has been approved as competent.</p>

Activity: Emergency Management	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs	640	641	572
Operating Surplus Transferred to Reserves	153	64	138
	793	705	710
Funded by			
Rates	593	583	560
General Revenues Applied	79	79	69
Subsidies and Grants	33	13	23
Other Revenue	88	30	58
Total Revenue	793	705	710
Capital Expenditure	49	55	21
Funded by			
Depreciation Reserve Transfer	-	30	17
Other Reserve Transfers	49	25	4
	49	55	21

Note 1: Explanation of cost of service variance - There are no significant variances.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances - There are no significant variances.



Land and Water Services

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

Overall progress towards the Community Outcomes is made in the longer term, and reflects the achievements of the whole community. The outcome of this was reported in the recently published 2009-19 LTCCP. Comparisons between the three unitary authorities at the Top of the South are nearing completion.

Identified effects on community well being

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

Flooding of July and August 2008

The major flooding events in Blenheim in July and August 2008 had a significant impact upon Marlborough's land and water services in terms of immediate disruption and unplanned repairs and reinstatement works. The most affected services were roading, stormwater, sewerage, community facilities, rivers and land drainage.

The flooding was caused by a combination of factors, and its severest impacts were localised. Heavy rain fell in eastern Marlborough, and particularly in the southern hills – the rain intensity in the latter area measured as a one in 10-20 year event. The rainfall landed on an already wet catchment, with reduced soil absorption, causing much higher flood run-offs than in other high rainfall instances experienced in Blenheim in recent years. A particular feature of this event was the coincidence of flood run-off from the following vital rivers affecting Blenheim: Taylor River, Doctors Creek, Rifle Range Creek, Opawa River and Riverlands Co-op Floodway. The resulting river and stream floods varied from approximately a two to 50 year return period depending on location.

As a consequence of this storm there was considerable damage to the road network, rivers and drainage channels. Both the stormwater drainage and the wastewater reticulation were overwhelmed causing temporary flooding of roads and public areas and some private property. Significant damage also occurred to land and bridges close to the Taylor River and Taylor Dam.

Picture: Blenheim Resource Recycling Centre

Activity: Community Facilities

Operating costs of this activity represent 8% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Residents and visitors have access to parks and reserves for recreation, relaxation, and physical activity. Marlborough people have a respectful and comforting environment to remember those they have lost.	Residents' surveys.	Essential services; healthy choices; physical activity.

What is this activity about?

Recreation Reserves

Council provides, maintains and protects reserves, gardens, trees, lawns, other open spaces and amenity facilities that meet the community needs while enhancing people's appreciation of the environment and encouraging active lifestyles. Recreation reserve provision includes the management of reserve assets including trees, gardens, lawn, structures, outdoor furniture and Council owned buildings. Council provides recreation reserves to meet community expectations in terms of keeping the reserves well maintained and providing new and replacement facilities for public use.

Sports Grounds

Throughout the Marlborough District we provide and maintain sports grounds for year round use by residents and visitors for both formal and informal use. The Council endeavours to cater for a wide range of sporting codes including but not limited to netball, softball, cricket, soccer and rugby.

Cemeteries

Council provides access to essential cemetery services at an affordable price and in accordance with legislative requirements to protect the public health of the community. Council promotes heritage values through continued planning for and protection of historical and cultural cemetery assets.

Public Toilets

Council undertakes to plan for, provide and maintain accessible and safe public toilets for the use by residents and visitors at appropriate locations throughout the District. The current quantity of public convenience provision is compliant with Council policy but the quality of this service has recently been assessed and feasible improvements have been planned and are being implemented as practical to do so.

Aquatic Facilities

Council supports the provision of this activity by means of financial grants to the operators of aquatic facilities in Blenheim, Picton and Seddon. These grants enhance the provision and accessibility of these assets for public use. Council support of these activities is consistent with the objectives of the Top of the South Regional Physical Activity Strategy, and the draft Marlborough District Physical Activity and Recreation Strategy, which promote healthy communities through opportunities for physical activities. The appropriate demand and supply analysis and community satisfaction surveys for the Marlborough Stadium aquatic facilities are carried out by the facility operators and where necessary is discussed with the Council to assist short and long term decision making.

Walking and Cycling Routes

Council currently provide, maintain and manage some 100 km of reserve-based walking and cycle tracks throughout the District which enable people to have safe and unimpeded access to the outdoors for the benefit of physical recreation and the enjoyment of the outdoor environment.

The Wither Hills Farm Park, Blenheim and Victoria Domain in Picton offer a range of experiences and excellent views.

Levels of Service: Community Facilities

Level of Service	Indicator	Target	Comments
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").	Not achieved. 2009 Resident satisfaction score = 8.0. Improvement on 2008 score of 7.6. Sub-scores: Parks and reserves 8.2, Sports grounds 8.3, Community halls 7.6, Swimming pools 7.6, Cemeteries 8.2, Public toilets 7.3, War memorials 8.4, Walk/cycle tracks 8.0. Positive drivers include increased profile of sports grounds due to purchase of Lansdowne Park the ongoing capital improvements of cemeteries, and ongoing upgrade of walk/cycle tracks.
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).	Not achieved. The additional expenditure resulted from flood damage which is to be funded from reserves.

Council Activity: Land and Water Services

Level of Service	Indicator	Target	Comments
Provide facilities that are safe for users.	Safety management standards and plans.	100% compliance with NZ safety standards for playgrounds. Maintenance of a comprehensive emergency fire management plan for the Wither Hills Farm Park.	Achieved. All weekly safety inspections completed. Any non-compliant equipment was disabled. Contractor reports were viewed monthly. Fire management plan was 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. All urgent and most non urgent problems were attended to within 24 hours.
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. The only closures of sports grounds were weather related.
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 (AMP).	Achieved. Repairs and maintenance schedule adhered to. Renewal programme from AMP still undertaking conditioning reports.

Activity: Community Facilities	Actual	Budget	Actual
Cost of Services (\$'000's)	2008-09	2008-09	2007-08
Operating Costs			
Cemeteries	419	438	392
Halls	206	209	325
Public Conveniences	609	565	539
Reserves	3,753	3,012	3,043
Swimming Pools	505	498	514
Total Operating Costs	5,492	4,722	4,813
Funded by			
Rates	4,084	3,981	3,797
General Revenues Applied	508	508	432
Subsidies and Grants	16	10	16
Other Revenue	289	155	189
Total Revenue	4,897	4,654	4,434
Operating Deficit Funded from Reserve	595	68	379
	5,492	4,722	4,813
Capital Expenditure			
Cemeteries	59	98	38
Halls	-	97	-
Public Conveniences	162	300	105
Reserves	4,689	8,402	4,891
Swimming Pools	1,101	4,005	-
Total Capital Expenditure	6,011	12,902	5,034
Debt Repayment	87	110	48
	6,098	13,012	5,082
Funded by			
Depreciation Reserve Transfer	276	285	-
Other Reserve Transfers	5,167	12,420	4,980
New Loans	655	307	102
	6,098	13,012	5,082

Note 1: Reserves operating variance due to flood damage (\$296,000); initial maintenance of Lansdowne Park (\$116,000) and grant payments carried from previous year (\$112,000).

Note 2: Significant Capital Expenditure – reserves capital expenditure on Picton Waterfront redevelopment (\$1,48,000); Renwick Domain sports pavilion (\$1,475,000) – both of which continue into 2009-10 and College Park hockey turf renewal (514,000).

Note 3: Significant Capital Expenditure variances – swimming pool capital variance due to delay in design and consenting of Marlborough Aquatic Centre upgrade.

Note 4: All debt and associated repayments relate to internal borrowings.

Activity: Land Transport

Operating costs of this activity represent 27% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Marlborough's land transport system is integrated, safe, responsive, and sustainable.	Incident trends and system performance.	Essential services, prosperity; physical activity; safety and security.

What is this Activity about?

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of New Zealand Transit Agency (NZTA). As owner of the local roading network, Council has legal requirements to provide roads to certain standards. In addition Council is responsible for all roading related assets - footpaths, berms, street trees and plots, kerb and channelling, undergrounding (in conjunction with Marlborough Lines), street lighting and carparks.

This activity is carried out so that the movement of people and goods within and through the District can be convenient and safe. Land transport is part of the essential infrastructure of the District, vital to well being and development.

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

Levels of Service: Land Transport

Level of Service	Indicator	Target	Comments
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").	Not achieved. 2009 resident satisfaction score = 6.5. Improvement on 2008 score of 6.0. Resident Satisfaction sub-scores: Sealed roads 6.8, Unsealed roads 6.0, Footpaths: 6.6, Street lighting 7.3, Car parking 6.1. There has been a focus on unsealed roads especially in the Awatere area to improve 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).	Not achieved. This was mainly due to flood events – refer comments below the cost of services table.
Provide a safe transport infrastructure.	Injury numbers.	Less than eight motor vehicle crashes per year involving injury where contributing factor is 'Road Conditions'.	Achieved. Analysis of crashes in 2008-09 on the national crash database identifies: 3 injury crashes on the state highway network; and 1 injury crash on the local road network. The only factors counted were "Road slippery (frost or ice)", "Construction or maintenance" and "Street lighting". Factors such as inadequate sight distance through "Visibility Limited" from curves, crests/dips or trees/hedges are features not readily managed by the Road Controlling Authority.
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).	Not available. New roughness figures are not available. Measurements were taken late in the 2008/9 financial year, however, data has been corrupted and is irretrievable and as a result the field data will need to be re-established.

Council Activity: Land and Water Services

Level of Service	Indicator	Target	Comments
Provide a service that is timely and responsive to community needs.	Response times.	Repair minor faults on footpaths within 20 working days of detection.	Achieved. Faults on footpaths continue to be managed within the 20 day timeframe.
	Service availability.	Maintain overall parking occupancy rates at not more than 85%.	Achieved. Average occupancy is 65% kerb-side. The busiest two off-street car parks are monitored for occupancy: Queen Street car park has an average occupancy of 85% but at peak retail times is close to 100% occupied. Alfred Street car park has an average occupancy of 63%. New kerb meters are keeping occupancy well within targets.
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.	Achieved. The maintenance and renewal programme has been fully met and is consistent with the Regional Land Transport Strategy and Asset Management Plan.

Activity: Land Transport	Actual	Budget	Actual
Cost of Services (\$'000's)	2008-09	2008-09	2007-08
Operating Costs			
Parking	1,163	1,250	1,015
Roads, streets and bridges	17,806	12,672	13,634
Total Operating Costs	18,969	13,922	14,649
Operating Surplus Transferred to Reserves	939	3,052	2,797
	19,908	16,974	17,446
Funded by			
Rates	8,142	8,051	7,923
General Revenues Applied	1,127	1,127	1,011
Subsidies and Grants	7,486	5,189	4,991
Other Revenue	3,153	2,607	3,521
Total Revenue	19,908	16,974	17,446
Capital Expenditure			
Parking	2,282	2,429	187
Roading	7,395	7,117	7,645
Total Capital Expenditure	9,677	9,546	7,832
Debt Repayment	336	381	226
	10,013	9,927	8,058
Funded by			
Depreciation Reserve Transfer	4,828	5,057	5,874
Other Reserve Transfers	5,185	3,970	2,184
New Loans	-	900	-
	10,013	9,927	8,058

Note 1: Explanation of cost of service variance – increased deficit due to flood damage costs (\$3,887,000) which attracted 60% subsidy revenue and depreciation cost due to infrastructural asset revaluation (\$1,188,000).

Note 2: Significant Capital Expenditure – parking includes retail development to fund adjacent carpark building and strategic property purchase; roading includes renewals as per asset management plan plus rehabilitation Kaituna-Tuamarina Road (682,000).

Note 3: Significant Capital Expenditure variances – there are no significant variances.

Note 4: All debt and associated repayments relate to internal borrowings.

Activity: Rivers and Land Drainage

Operating costs of this activity represent 7% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Residents and their property are protected from the risks of river flooding. Productive land is protected from the effects of stormwater flooding.	Incident trends and system performance.	Essential services; environmental sustainability; prosperity; safety and security.

What is this activity about?

This activity is primarily focussed on the Wairau floodplain (downstream of the Waihopai River). Picton and Waikawa are also given a high priority. Outside of these areas, and taking account of all risks, costs, and benefits, a lower level of protection work is undertaken.

The majority of the Wairau floodplain land downstream of the Waihopai confluence is protected from floods up to a 1 in 100 year return period flood standard. This involves river control works on the Wairau and Opawa river systems and their tributaries. Most of these rivers are in floodways, often with Council owning the land.

In association with the major stopbanked rivers is the management of minor watercourses and drains on the lower Wairau Plain for drainage and local floodwaters. The main elements of this are 180 km of channels involving 1.1 million cubic metres of excavation, 300 floodgated culverts, eight control gates and 28 pumping stations.

Besides other miscellaneous structures in both the flood control works and drainage works, Council also maintains some flood control works on the Waitohi and Waikawa rivers in Picton. Council no longer maintains stopbanks, rock work and tree work on the Wairau above the Waihopai confluence and other tributaries outside of the main floodplain.

Activity: Rivers and Land Drainage

Level of Service	Indicator	Target	Comments
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 7.8, where 10 = "service delivered extremely well").	Not achieved. 2009 Resident satisfaction score = 7.3. Improvement on 2008 score of 6.8. The July and August 2008 floods tested the system and demonstrated the adequacy of our works.
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).	Not achieved. This is mainly due to flood events – refer comments below cost of services table.
Provide a rivers and land drainage service that is timely and responsive.	Response times.	To respond to 95% of complaints within: <ul style="list-style-type: none"> • 1 hour if flood water is a threat to a dwelling; and • 48 hours for other complaints. 	Achieved. Timely response provided, including sandbagging at night during the floods.
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. Drainage of land in the Rural Drainage Area provides for a maximum ponding period of three days in a 10 year rainfall event.	Achieved. The large flood in the Taylor and Opawa rivers were readily coped with by the river works. Monitoring of the flood confirmed that the system is capable of handling an event up to a 100 year return.
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.	Achieved.

Council Activity: Land and Water Services

Activity: Rivers and Land Drainage	Actual	Budget	Actual
Cost of Services (\$'000's)	2008-09	2008-09	2007-08
Operating Costs			
River Leases	236	181	186
Rivers Outside Wairau Floodplain	380	150	167
Wairau Floodplain Drainage	745	657	602
Wairau Floodplain Rivers	3,412	2,813	3,098
Total Operating Costs	4,773	3,801	4,053
Operating Surplus Transferred to Reserves	2,098	2,980	3,042
	6,871	6,781	7,095
Funded by			
Rates	3,172	3,156	2,978
General Revenues Applied	17	17	15
Other Revenue	3,682	3,608	4,102
Total Revenue	6,871	6,781	7,095
Capital Expenditure			
Rivers Outside Wairau Floodplain	52	420	-
Wairau Floodplain Drainage	246	290	80
Wairau Floodplain Rivers	817	990	946
Total Capital Expenditure	1,115	1,700	1,026
Funded by			
Depreciation Reserve Transfer	119	101	-
Other Reserve Transfers	996	1,599	1,026
	1,115	1,700	1,026

Note 1: Explanation of cost of service variance – operating expenditure over budget due mainly to cost of flood damage (\$727,000).

Note 2: Significant Capital Expenditure – Wairau Bar wall extension (\$338,000).

Note 3: Significant Capital Expenditure variances – delay in: Waitohi culvert improvement due to consideration of design options; lower Wairau sedimentation control and erodible embankment of Wairau Diversion.

Activity: Wastewater - (Sewerage)

Operating costs of this activity represent 9% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Public and environmental health risks of urban sewage are minimised.	Incident trends and system performance.	Essential services; environmental sustainability; healthy choices.

What is this activity about?

Council operates five wastewater schemes - in Blenheim, Picton, Havelock, Seddon and Spring Creek. A new sewer system for Renwick has been completed. Renwick Sewerage is reticulated into the Blenheim system.

A scheme to reticulate Grovetown wastewater has been designed and construction has commenced. A major upgrade of the Blenheim Industrial Sewage Treatment Plant to improve the way winery waste is disposed of was completed in time for the 2009 harvest.

Treatment in all schemes with the exception of Picton is by oxidation ponds. In Picton the treatment system is an extended aeration activated sludge plant.

Collection, treatment and disposal of wastewater contributes to:

- o The health of communities.
- o Minimising adverse environmental effects.
- o Industrial and residential development.

Levels of Service: Wastewater (Sewerage)

Level of Service	Indicator	Target	Comments
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 8.1, where 10 = "service delivered extremely well").	Not achieved. 2009 Resident satisfaction score = 7.9. The 2009 score shows a significant increase over the previous year (6.8). There is a continuing debate over the costs of implementing a sewerage scheme to Grovetown and Spring Creek which may have impacted on the score.
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).	Not achieved. Budgets were affected during the year by a significant increase in depreciation charges arising from the revaluation of wastewater assets. Regular monitoring and reporting has permitted effective financial management of the changes throughout the year.
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.	Achieved. All treatment plant discharges operated within their 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.	Not achieved. Sewer flooding was experienced in winter 2008 storms.
		That no more than 35 identified blockages occur for 100 km of sewer main per year (main pipeline blockages only).	Achieved. Blockages for Blenheim, Renwick and Havelock combined were 21.9 per 100 km. Data is not available for Picton and Seddon.
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. To restore toilet facilities to all customers affected by unplanned interruptions within six hours of notification.	Achieved. Sample analysis of work order response times show the target was achieved for blockages causing interruption of service. Also 83% of all sewer blockages, whether or not they caused an interruption to the service, were attended to within the target timescale.
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.	Achieved. Programmed works and expenditure on the wastewater infrastructure was managed in accordance with the asset management plan.

Activity: Wastewater (Sewerage)	Actual	Budget	Actual
Cost of Services (\$'000's)	2008-09	2008-09	2007-08
Operating Costs			
Blenheim	5,434	4,815	4,212
Havelock	158	129	131
Picton	1,024	1,062	680
Seddon	85	61	59
Total Operating Costs	6,701	6,067	5,082
Operating Surplus Transferred to Reserves	966	1,484	1,938
	7,667	7,551	7,020
Funded by			
Rates	6,178	6,128	5,063
Subsidies and Grants	-	-	64
Other Revenue	1,489	1,423	1,893
Total Revenue	7,667	7,551	7,020
Capital Expenditure			
Blenheim	7,883	11,821	3,473
Havelock	17	4	133
Picton	589	4,676	252
Seddon	31	13	35
Total Capital Expenditure	8,520	16,514	3,893
Debt Repayment	847	1,004	586
	9,367	17,518	4,479
Funded by			
Depreciation Reserve Transfer	2,677	1,403	92
Other Reserve Transfers	2,975	3,987	2,157
New Loans	3,715	12,128	2,230
	9,367	17,518	4,479

Note 1: Explanation of cost of service variance – operating costs exceeded budget due to increase in depreciation costs due to infrastructural asset revaluation and increased operating costs, particularly power, due to capacity increase.

Note 2: Significant Capital Expenditure – Blenheim sewer treatment plant industrial upgrade (\$4,627,000); Blenheim sewer odour control (\$559,000) and Grovetown and Spring Creek sewerage reticulation (\$1,900,000).

Note 3: Significant Capital Expenditure variances –delays in connecting Grovetown and Spring Creek sewerage reticulation and in Picton sewer cutfall pipeline renewal.

Note 4: All debt and associated repayments relate to internal borrowings.

Activity: Stormwater

Operating costs of this activity represent 2% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Residents and their property are protected from the risks of stormwater flooding.	Incident trends and system performance.	Essential services.

What is this activity about?

Council provides a stormwater drainage system to manage stormwater runoff from urban catchments. Much of the urban development in Blenheim and Picton is in areas that are prone to flooding. Stormwater systems are provided to minimise disruptions from rain events and to provide for the safety of residents.

Collection and disposal of stormwater contributes to:

- o Safety of the community by minimising the incidence of flooding.
- o Minimising damage to property from flooding.
- o Reduced erosion.
- o Industrial and residential development.

Stormwater systems are complex and expensive, and a degree of prioritisation is required. Those areas where there is a possibility of water entering houses or commercial buildings are given first priority. Second priority is given to areas where there is a possibility of water entering garages or outbuildings, followed by areas where water may pond on garden areas and roads.

Levels of Service: Stormwater

Level of Service	Indicator	Target	Comments
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 7.5, where 10 = "service delivered extremely well").	Not achieved. 2009 Resident satisfaction score = 6.7. The customer satisfaction score showed a modest improvement in 2009 over the 2008 year score of 6.4. Two storm events in July/August 2008 caused some localised flooding and attracted considerable public attention.
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).	Not achieved. Budgets have been affected by significant increases in depreciation charges resulting from the revaluation of stormwater assets. Regular monitoring and reporting has permitted effective financial management of changes throughout the year.
Minimise the environmental risks of stormwater discharge.	Resource Management Act compliance.	Stormwater discharges will meet the relevant policy objectives outlined in the Wairau/Awatere Resource Management Plan and the Marlborough Sounds Resource Management Plan.	Achieved. No contraventions reported. Comprehensive discharge standards and monitoring are to be incorporated into the Stormwater Strategy which is in an advanced stage of development for the Blenheim system.
Provide a reliable stormwater service.	System capacity and performance.	Stormwater system capacity provides 98% compliance with the following standards: <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 year 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. 	Achieved. Heavy rainfall in July/August 2008 combined with already saturated ground led to flooding in urban areas of Blenheim and Picton (see p.39). The impact varied, with more severe flooding in localised areas. The target was met overall. The blockage target was also achieved.

Council Activity: Land and Water Services

Level of Service	Indicator	Target	Comments
Provide a service that is timely and responsive to customer needs.	Response times.	To respond to 95% of complaints within: <ul style="list-style-type: none"> 1 hour if flood water is a threat to a dwelling. 48 hours for other complaints. 	Achieved. A 24 hour Incident Response Centre was established for each of the July/August flood events. All calls were responded to within the targets. Routine service requests were prioritised and attended to within the timescale.
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.	Achieved. Programmed works and expenditure on the Stormwater infrastructure was managed in accordance with the asset management plan. The asset management plan will be revised once the stormwater strategy has been adopted.

Activity: Stormwater Cost of Services (\$000's)	Actual 2008-09	Budget 2008-09	Actual 2007-08
Operating Costs			
Blenheim	1,123	829	738
Picton	374	268	235
Other Schemes	169	161	146
Total Operating Costs	1,666	1,258	1,119
Operating Surplus Transferred to Reserves	-	412	812
	1,666	1,670	1,931
Funded by			
Rates	1,119	1,106	1,092
General Revenues Applied	157	157	142
Other Revenue	373	407	697
Total Revenue	1,649	1,670	1,931
Operating Deficit Funded from Reserve	17	-	-
	1,666	1,670	1,931
Capital Expenditure			
Blenheim	680	380	1,169
Picton	95	105	308
Other Schemes	94	80	176
Total Capital Expenditure	869	565	1,653
Debt Repayment	204	159	137
	1,073	724	1,790
Funded by			
Depreciation Reserve Transfer	175	421	494
Other Reserve Transfers	898	268	1,246
New Loans	-	35	50
	1,073	724	1,790

Note 1: Explanation of cost of service variance – Operating expenditure exceeded budget due to increased depreciation as a result of the infrastructural asset revaluation.

Note 2: Significant Capital Expenditure – There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances – Increased capital expenditure relates to vested assets from subdivision.

Note 4: All debt and associated repayments relate to internal borrowings.

Activity: Water Supply

Operating costs of this activity represent 10% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Residents have access to a safe and reliable water supply.	Incident trends and system performance.	Essential services; healthy choices.

What is this activity about?

Council operates seven water supply systems - in Blenheim, Picton, Havelock, Renwick, Riverlands, Wairau Valley and Awatere. With the exception of Awatere and one of the two Picton sources all the schemes in Marlborough utilise groundwater sources.

A piped irrigation scheme for the Southern Valleys area of the Wairau Plain was completed in 2005.

Providing and maintaining an adequate supply of potable water to consumers and supply for fire fighting purposes contributes to:

- The health of the community.
- Community safety through the fire fighting capability of the water supply system.
- Industrial and residential development.

Providing reticulated irrigation supply enables a wider range of land uses, and contributes to the economic wellbeing of the community.

Levels of Service: Water Supply

Level of Service	Indicator	Target	Comments
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 7.8, where 10 = "service delivered extremely well").	Not achieved. 2009 Resident satisfaction score = 7.3. There has been a significant improvement in the 2009 score from the score of 6.1 in 2008. Whilst there were no supply restrictions during the year there are continued concerns regarding the costs of meeting the new drinking water standards.
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).	Not achieved. Minor 0.6% variation only. Regular monitoring and reporting has permitted effective financial management of changes throughout the year.
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.	Not achieved. All supplies met the target criteria for P1 compliance except the Awatere system. Middle Renwick Road Treatment Plant was completed in March 2009 and work is due to start on the Blenheim Central Plant in order to disinfect water supplies to meet the requirements of the Health Act. Work continues to seek community consensus on the treatment option for Awatere. A 'boil water' notice remains in place in the meantime.
Provide a reliable water supply service.	System capacity and performance.	Meet peak day demands of at least: <ul style="list-style-type: none"> • Per property: 4m³/day. • 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 	Achieved. System capacity was sufficient. During the year 1462 metres of water main was upgraded to improve fire flow requirements in Picton and Blenheim.

Council Activity: Land and Water Services

Level of Service	Indicator	Target	Comments
		General fire conditions as per the New Zealand Fire Service Code of Practice (NZPAS 4509:2003).	
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. 	Achieved. Sample analysis of service request responses indicate that the standard was achieved through prioritisation of works. Records also show 48% of all leaks, whether or not they caused an interruption of service, were attended to within two hours.
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.	Achieved. Programmed works and expenditure on the water supply infrastructure was managed in accordance with the asset management plan.

Activity: Water Supply Cost of Services (\$'000's)	Actual 2008-09	Budget 2008-09	Actual 2007-08
Operating Costs			
Awatere	491	481	399
Blenheim	2,881	2,906	2,389
Havelock	198	181	162
Picton	1,256	1,171	1,031
Renwick	284	222	221
Riverlands	241	308	256
Southern Valleys	1,451	1,498	1,480
Wairau Valley	34	26	30
Total Operating Costs	6,836	6,793	5,968
Operating Surplus Transferred to Reserves	1,536	2,450	3,488
	8,372	9,243	9,456
Funded by			
Rates	7,578	7,826	7,188
Other Revenue	794	1,417	2,268
Total Revenue	8,372	9,243	9,456
Capital Expenditure			
Awatere	154	453	303
Blenheim	5,867	15,943	1,984
Havelock	450	353	82
Picton	807	4,126	728
Renwick	119	170	105
Riverlands	40	613	16
Southern Valleys	9	12	-
Wairau Valley	1	12	1
Total Capital Expenditure	7,447	21,682	3,219
Debt Repayment	975	1,300	2,653
	8,422	22,982	5,872
Funded by			
Depreciation Reserve Transfer	1,609	1,153	346
Other Reserve Transfers	5,853	6,424	4,906
New Loans	960	15,405	620
	8,422	22,982	5,872

Note 1: Explanation of cost of service variance – Revenue was budgeted from a user funded extension at Riverlands which did not proceed. Increased depreciation due to revaluation of infrastructural assets (\$697,000) was offset by interest saved in relation to deferred capital expenditure (\$692,000).

Note 2: Significant Capital Expenditure – Middle Renwick Road treatment plant upgrade (\$3,854,000), commencement of Blenheim low reservoir (\$808,000) and pipeline additions (\$754,000).

Note 3: Significant Capital Expenditure variances – Delays with Blenheim low reservoir project, Bomford Street treatment plant upgrade and Victoria Domain reservoir also landowner decision not to progress scheme extension.

Note 4: All debt and associated repayments relate to internal borrowings.

Activity: Waste Management

Operating costs of this activity represent 6% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Public and environmental health risks of solid and hazardous waste are minimised.	Incident trends and system performance.	Essential services; environmental sustainability.

What is this activity about?

Council provides waste management services for public health reasons and to protect the environment. Council has expressed its commitment to a long-term goal of “zero waste and a sustainable Marlborough”. This entails reducing the volume of waste that is being created in Marlborough, encouraging reuse of materials, and/or recycling materials into other products. Opportunities to recover other resources are also explored. Where these options have been exhausted, are unavailable, or are not economically feasible, safe containment of some waste products may remain the optimal treatment.

As its first line of action for achieving zero waste, Council conducts education for waste minimisation and sustainability as well as providing support for research programmes and recycling initiatives. These programmes target schools, households, businesses, and industry.

Kerbside refuse collection is provided in Picton and Blenheim and waste transfer stations are operated at seven locations throughout Marlborough. Four coin-operated skip bins service communities in parts of the Marlborough Sounds. Hazardous waste collection facilities are provided at all transfer station sites, and a green waste composting facility is provided at the Blenheim transfer station.

Waste for containment is transported to the regional landfill south of Blenheim on the Taylor Pass Road.

The Council’s principal assets supporting this activity are the landfill facility and the network of transfer stations. The landfill has a forecast life of 40 years, based on projected fill rates. This estimate may alter according to changes in the District’s waste output. Modelling of future income streams and expenditures shows that the operations will generate a surplus over the life of the asset.

Levels of Service: Waste Management

Level of Service	Indicator	Target	Comments
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 7.5, where 10 = “service delivered extremely well”).	Achieved 2009 Resident satisfaction score = 7.5. Sub-scores: Kerbside general waste collection 7.4, Waste transfer stations 7.7, Resource Recovery Centre 7.4. Significant improvement in customer satisfaction score of 6.3 in 2008. This is due to the completion of the Blenheim Resource Recycling Centre and initiatives such as the e-cycle collection, waste exchange and continued waste minimisation education.
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).	Not achieved. Solid waste management operating expenditure target was achieved despite considerable fluctuations of sales receipts from recyclable materials. The capital expenditure target was not achieved.
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).	Achieved. The annual sample survey of land fill content shows a decreasing proportion of organic waste and plastic going to landfill. The improved facilities provided by the Resource Recovery Centre during 2009 has encouraged greater recycling activity.

Council Activity: Land and Water Services

Level of Service	Indicator	Target	Comments
		Provide hazardous waste collection facilities at all transfer stations.	All waste transfer stations have hazardous waste collection facilities.
		100% compliance with resource consent conditions for landfill sites.	Resource consent conditions have been complied with.
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.	Achieved. Waste management assets and facilities have been managed in accordance with Waste Management Strategy and Plan.

Activity: Waste Management	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs			
Landfills	1,943	1,987	1,954
Transfer Stations	377	424	457
Refuse Collections	908	1,010	992
Waste Minimisation	1,113	923	994
Total Operating Costs	4,341	4,344	4,397
Operating Surplus Transferred to Reserves	121	-	83
	4,462	4,344	4,480
Funded by			
Rates	2,032	1,978	1,847
General Revenues Applied	136	136	110
Subsidies and Grants	2	-	-
Other Revenue	2,292	2,216	2,523
Total Revenue	4,462	4,330	4,480
Operating Deficit Funded from Reserve	-	14	-
	4,462	4,344	4,480
Capital Expenditure			
Landfills	2,773	1,647	121
Waste Minimisation	1,380	-	566
Total Capital Expenditure	4,153	1,647	687
Debt Repayment	435	326	246
	4,588	1,973	933
Funded by			
Depreciation Reserve Transfer	938	454	-
Other Reserve Transfers	790	(118)	246
New Loans	2,860	1,637	687
	4,588	1,973	933

Note 1: Explanation of cost of service variance - There are no significant variances.

Note 2: Significant Capital Expenditure – Regional landfill stage 6 construction (\$1,617,000), gas management system (\$958,000) and Resource Recovery Centre (\$1,380,000).

Note 3: Significant Capital Expenditure variances – Landfill capex exceeded budget although some of the shortfall was in hand from the previous year.

Note 4: All debt and associated repayments relate to internal borrowings.



Environmental Policy and Information

Picture: View of the Wairau Plains

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

Overall progress towards the Community Outcomes is made in the longer term, and reflects the achievements of the whole community. The outcome of this was reported in the recently published 2009-19 LTCCP. Comparisons between the three unitary authorities at the Top of the South are nearing completion.

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 Planning

Operating costs of this activity represent 6% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Sustainable management of Marlborough's natural and physical resources.	State of the environment.	Prosperity; environmental sustainability.

What is this activity about?

This function requires monitoring and reporting on the state of Marlborough's environment - its land, air, water and coastal resources; and preparation, and review, at not less than 10 year intervals, of policy for managing the natural and physical resources of Marlborough. Ensuring the ongoing involvement of the community in defining issues, developing policy, and implementing best practice methods to manage issues is an important part of the function.

Levels of Service: Environmental Policy and Information

Level of Service	Indicator	Target	Comments
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).	Not achieved. Environmental Monitoring costs include increased expenditure for significant natural area projects, Regional Policy Statement development and appeals to the Wairau/Awatere Plan from funds carried over from 2007-2008.
Provide environmental policy and planning services that support the sustainable management of Marlborough's natural and physical resources.	Legislative compliance.	Planning and reporting performance consistent with applicable statutory standards and processes.	Achieved. The Minister of Conservation approved the regional coastal plan provisions of the Proposed Wairau/Awatere Resource Management Plan on 23 July 2008. The last outstanding appeal on the Plan was resolved and the Council made the Wairau/Awatere Resource Management Plan operative on 9 March 2009. This represents a significant environmental policy milestone as it completes the Council's resource management framework. The 10 year statutory review of the Marlborough Regional Policy Statement continued with the feedback received on the 12 discussion papers being used to develop draft RPS provisions. One of the two outstanding appeals on the Marlborough Sounds Resource Management Plan was resolved. A private plan change to the Marlborough Sounds Resource Management Plan (Allocation of Authorisations - Marine Farming) was received and has been notified. The Council has also notified a comparable change to the Wairau/Awatere Resource Management Plan. The plan changes are being processed in accordance with the First Schedule of the RMA and the specified timeframes in that schedule. Significant policy investigations into Blenheim air quality, wind machines for frost protection, worker accommodation and aquaculture will result in plan changes in 2009-2010.
Gather information and report on the state of Marlborough's natural resources.	Monitoring regimes.	Routine monitoring undertaken in accordance with applicable formalised strategies.	Achieved. Resource monitoring was undertaken in relation to the following activities: Groundwater and surface water quality, bathing water quality (fresh water and coastal), groundwater and surface water quantity, air quality, soil quality, contaminated sites and land use change.
		Results of monitoring and investigations reported through the Environment Committee.	Resource monitoring investigations and results were all routinely reported through the six weekly agenda to the Environment Committee. A comprehensive State of the Environment Report 2008 was adopted by the Environment Committee.

Council Activity: Environmental Policy and Information

Activity: Environmental Policy and Information Cost of Services (\$000's)	Actual 2008-09	Budget 2008-09	Actual 2007-08
Operating Costs			
Environment Policy	1,599	1,584	1,288
Environment Monitoring	2,494	1,955	2,004
Total Operating Costs	4,093	3,539	3,292
Operating Surplus Transferred to Reserves	-	-	118
	4,093	3,539	3,410
Funded by			
Rates	3,070	3,024	2,884
General Revenues Applied	419	418	364
Subsidies and Grants	85	-	134
Other Revenue	65	-	28
Total Revenue	3,639	3,442	3,410
Operating Deficit Funded from Reserve	454	97	-
	4,093	3,539	3,410
Capital Expenditure			
Environment Policy	1	-	-
Environment Science and Monitoring	78	49	217
Total Capital Expenditure	79	49	217
Funded by			
Depreciation Reserve Transfer	77	42	53
Other Reserve Transfers	1	7	164
Asset Disposals	1	-	-
	79	49	217

Note 1: Explanation of cost of service variance – Environmental Monitoring costs include increased expenditure for significant natural area projects, Regional Policy Statement development and appeals to the Wairau/Awatere Plan from funds carried over from 2007-2008.

Note 2: Significant Capital Expenditure – There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances – There are no significant variances.



Regional Development

Picture: Clubs of Marlborough

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

Overall progress towards the Community Outcomes is made in the longer term, and reflects the achievements of the whole community. The outcome of this was reported in the recently published 2009-19 LTCCP. Comparisons between the three unitary authorities at the Top of the South are nearing completion.

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

Operating costs of this activity represent 1% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
Improved quality of life for all residents.	Income trends, survey responses.	Prosperity.

What is this activity about?

Until 30 June 2009 this activity was delivered by means of funding provided to the Marlborough Regional Development Trust. The Marlborough Regional Development Trust (MRDT) was created in 1999 as the Marlborough Economic Development Trust. It assumed its name in 2003 to signal its broad focus on community issues. The MRDT is a community based charitable trust that aims in simple terms to "Enhance the individual and collective health and wealth of Marlburians". The Trust was part funded by the Marlborough District Council, and derived the rest of its funds from a broad variety of sources, including central government.

Information on the Marlborough Regional Development Trust is available at www.mrdt.co.nz.

Levels of Service: Regional Development

Level of Service	Indicator	Target	Comments
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 (10 = "service delivered extremely well").	Achieved. 2009 Resident satisfaction score = 6.7. No 2005 benchmark, score = 6.2 in 2007 and 6.1 in 2008.
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. 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.	Meet reporting requirements on time.	Achieved.
		Unemployment rates equal to or less than national trends.	Unemployment rate March quarter 2009 3.0% (NZ: 5.0%) (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).

Activity: Regional Development	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs			
Events Management	233	168	170
Marketing and Tourism	472	445	424
Regional Development	155	183	190
Research Centre	136	136	136
Total Operating Costs	996	932	920
Operating Surplus Transferred to Reserves	-	-	282
	996	932	1,202
Funded by			
Rates	778	767	816
General Revenues Applied	88	88	86
Subsidies and Grants	-	-	300
Total Revenue	866	855	1,202
Operating Deficit Funded from Reserve	130	77	-
	996	932	1,202
Capital Expenditure			
Events and Conferences	-	-	1,847
Total Capital Expenditure	-	-	1,847
Funded by			
Other Reserve Transfers	-	-	1,847

Note 1: Explanation of cost of service variance - There are no significant variances.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances - There are no significant variances.

Activity: Tourism Marketing		
Outcome	Indicator	Related Community Outcome
Marlborough is a preferred place for New Zealanders and people from overseas to visit, enjoy and experience.	Trends in visitor nights and spending.	Prosperity.

What is this activity about?

This activity is delivered by means of funding provided to Destination Marlborough. Destination Marlborough is a Council controlled organisation, established for the purposes of promoting and marketing Marlborough as a visitor destination to national and international tourists.

Destination Marlborough is the Regional Tourism Organisation for the Marlborough District. It is one of 30 Regional Tourism Organisations throughout New Zealand recognised by Regional Tourism Organisations NZ. The role of Destination Marlborough is to market and develop the Marlborough region as a visitor destination, providing a quality experience to visitors, achieving economic and social benefits for suppliers, businesses and the community and ensuring the integrity of the region's environment is maintained.

Destination Marlborough is a charitable trust base funded by the Marlborough District Council. The Board of Trustees consists of six trustees chosen from Marlborough's wider business community and bring to the organisation skills such as international marketing, company management, public relations and mainstream tourism knowledge. The Board employs a General Manager to operate Destination Marlborough. The General Manager and staff develop an annual Business Plan to direct destination marketing and destination management activity; public relations, marketing and promotion projects, human resource management, financial management and visitor information services. With a marketing and administration office based at 25 Alfred Street, Blenheim, Destination Marlborough also operates the Picton and Blenheim i-SITE Visitor Centres which are part of New Zealand's national i-SITE Visitor Information Network.

Further information on Destination Marlborough is available at www.destinationmarlborough.com.

Levels of Service: Tourism Marketing			
Level of Service	Indicator	Target	Comments
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction.	Resident satisfaction with this service equal to or better than 2005 benchmark (10 = "service delivered extremely well").	Achieved. 2009 Resident satisfaction score = 7.4. While the 2005 benchmark was not measured, the result for 2007 was 6.9, and 6.8 in 2008.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget.	Not achieved. Additional funding was provided from higher than budgeted collection of tourism rates.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Delivered on time. Meet reporting requirements.	Achieved. Reporting requirements achieved on time.
		% change in visitor nights equal or better than national trends.	Not achieved. Guest nights for the year ended March 2009 decreased by 11.7% (NZ 10.7%). Decrease due to impact of global recession on tourism. (Source: Tourism monitor for Destination Marlborough March 2009).

Activity: Events and Conferences

Outcome	Indicator	Related Community Outcome
Marlborough is highly regarded nationally and internationally for the quality of its events and conference facilities.	Attendance numbers, trends in visitor nights and spending.	Prosperity, full participation.

What is this activity about?

This activity is delivered by means of funding provided to the Marlborough Festival and Events Trust.

As well as making a substantial contribution to physical activity, cultural identity, and social cohesion, events have a significant role to play in attracting visitors to Marlborough, showcasing our products, and promoting the Marlborough brand. The new convention centre is expected to make a substantial contribution to regional development, by attracting trade shows and conventions, and by providing an important element in the District's overall infrastructure.

Levels of Service: Events and Conferences

Level of Service	Indicator	Target	Comments
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction.	Resident satisfaction with this service equal to or better than 2005 benchmark (10 = "service delivered extremely well").	Achieved. 2009 Resident satisfaction score = 7.7. While the 2005 benchmark was not measured, the result for 2007 was 7.4 and 7.3 in 2008.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget.	Not achieved. This variation is due to the depreciation charged on the Convention Centre which was not budgeted for.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Meet reporting requirements on time.	Achieved. Reporting requirements were achieved on time.
		Participation numbers at Blenheim New Year celebration equal or better than 2005 benchmark (est 5,000).	Achieved. Council's decision to continue to fund New Year's celebration biannually and the Christmas celebration in the other year reflects the success of these events.

Activity: Research

Outcome	Indicator	Related Community Outcome
Marlborough's primary industries have access to world-class research and advisory services that add value to their productivity and competitiveness.	National and international competitiveness of Marlborough's primary industries.	Prosperity, environmental sustainability.

What is this activity about?

This activity is delivered by means of funding provided to the Marlborough Research Centre Trust, and provides support for public good research, regional prosperity, environmental sustainability in support of Marlborough's primary industries.

Levels of Service: Research

Level of Service	Indicator	Target	Comments
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. (10 = "service delivered extremely well").	Achieved. 2009 Resident satisfaction score = 7.2. While the 2005 benchmark was not measured, the result for 2007 and 2008 was 6.9.
Manage Council funds allocated to this activity prudently and effectively.	Financial performance.	This activity is delivered within the annually allocated budget.	Achieved.
Manage third party providers to ensure service quality and value.	Annual reports on performance against service agreements.	Meet reporting requirements on time. Published Research equal or better than 2005 benchmark (13 refereed papers).	Achieved. Reporting requirements were achieved. Achieved. 8 refereed papers, 17 conference proceedings, 46 client reports in 2008-09. (Source: Marlborough Research Centre Trust).



Regulatory

ACTIVITY GROUP: REGULATORY

completion date end of 2010.

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

Overall progress towards the Community Outcomes is made in the longer term, and reflects the achievements of the whole community. The outcome of this was reported in the recently published 2009-19 LTCCP. Comparisons between the three unitary authorities at the Top of the South are nearing completion.

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

Operating costs of this activity represent 10% of total activity expenditure.

Outcome	Indicator	Related Community Outcomes
Consents issued by Council are defensible against appeal or dispute. Residents and visitors are protected from public health risks of commercial activities.	Appeal trends; incident trends.	Prosperity; environmental sustainability; healthy choices.

What is this activity about?

This activity encompasses several services:

Resource Consents and Compliance

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

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

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

Building Consents

The Building Act 2004 charges Council with the responsibility for receiving, processing and issuing building consents to ensure compliance with the New Zealand Building Code.

Project Information Memoranda and Land Information Memoranda

The Building Act 2004 Act introduced new procedures and requirements for processing applications for a Project Information Memoranda (PIMs). A PIM provides information about land and about the requirements of other Acts that might be relevant to proposed building work. Council is the only authority that can issue a PIM.

Council also has the responsibility under section 44A of the Local Government Official Information and Meetings Act 1987 to issue a Land Information Memoranda in relation to any matters affecting land in the District. The matters which shall be included in that memorandum are, but not limited to, potential erosion, falling debris, subsidence, slippage, inundation, likely presence of hazardous contaminants, public stormwater and sewerage drains, rates owing, information pertaining to any consent, certification, notice, order or requisition, affecting the land or any building on the land previously issued by Council.

Environmental Health

Council has the responsibility to protect and promote public health by undertaking the licensing and inspection of premises and enforcement of standards to ensure compliance with the Health Act 1956 and regulations made there under, Sale of Liquor Act 1989 and the Local Government Act 2002.

The Environmental Health Section also has responsibilities under the Resource Management Act 1991, Hazardous Substances and New Organisms Act 1996 and Council bylaws for the abatement of nuisances, control of pollution to air and land, attending emergencies involving hazardous substances and environmental noise monitoring.

Levels of Service: Consents and Compliance

Level of Service	Indicator	Target	Comments
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 6.9, where 10 = "service delivered extremely well").	Not achieved. 2009 Resident satisfaction score = 6.6. Sub-scores: Health and Foods Act 7.3, Sale of Liquor Act 7.1, Resource Management Act 6.0, Building Act 6.1. There has been a significant improvement compared to 2008 (score was 5.8). Ongoing focus on health and food education is paying off in terms of hygiene of premises. Lower scores for (i) Resource Management Act principally due to high workload leading to missing statutory timeframes for response and (ii) Building Control due to high workload and focus on Building Consent Authority Accreditation. Both areas are addressing this through training and staff reallocation. Lower workload is currently being experienced due to economic recession.

Level of Service	Indicator	Target	Comments
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).	Not achieved. Unfavourable variance in revenues primarily relate to reduced Resource Consent, Building Consent, LIM and PIM applications received by Council for processing. Resource Consents reduced by 18% from 2007-08. Building Consents reduced by 20%. LIMs 40% and PIMs 24%.
Provide a consent processing service that is timely and responsive to customer needs.	Processing times.	Processing of all Building Consents within 20 working days.	Not achieved. Total consents granted – 1800, down 337 from 2007-08. 70% (1252 consents) were processed within 20 working days (74% in 2007-08). The combination of a high number of building inspections and the adoption of new procedures required to achieve Building Consent Authority status caused a higher number of longer inspections. Training of new staff also impacted on group work output. An investment has been made in new staff and training, coupled with section reorganisation, new procedures and weekly monitoring to improve performance.
		Processing all of Land Information Memoranda (LIM) not to exceed 10 working days.	Achieved. 347 Land Information Memoranda were issued (578 in 2007-08). All were issued within 10 working days. Compliance 100% (same as 2007-08).
		Processing of Project Information Memoranda (PIM) not to exceed 20 working days.	Achieved. 1370 Project Information Memoranda were issued (1802 in 2007-08). 1 application took over the 20 days to process. Compliance 99.9% (same as 2007-08).
		Continuous improvement in proportion of resource consent applications processed within statutory timeframes.	Not achieved. 1,070 resource consent applications were processed, 56% within statutory timeframes (compared to 1,260 applications, 63% within timeframes in 2007-08). The target was not achieved due to the high number of consents which has historically exceeded the availability of skilled planning staff in the region. This has resulted in a significant backlog which has in turn impacted upon more recently received applications. A reduction in the number of applications received combined with management and staff focusing on improvements in this area has resulted in the majority of applications now being processed within statutory timeframes.
Provide a service that minimises risks to public safety.	Inspection regimes.	Inspect a minimum of 15% of swimming pools annually.	Not achieved. The District has 1,313 active pools, 68 of which were inspected during the year (5.2%). In the previous 12 months 44% of pools were inspected allowing the team to focus on the significant changes to building consents this year. A new staff member has been trained and will undertake bulk pool inspections in Spring 2009 prior to the swimming season.
		Carry out at least one inspection annually of all registered food premises.	Achieved. 279 food premises were registered. All premises were inspected at least once. Compliance 100%.

Level of Service	Indicator	Target	Comments
		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.	Achieved. 93 premises were registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile shops. All premises were inspected at least once. Compliance 100%.
		Respond to environmental health complaints of a critical nature within 1 working day.	Achieved. 1461 environmental health complaints were received. Of this number 43 were food hygiene complaints and 4 of these were considered to be of a critical nature. All were responded to within 1 working day. Compliance 100%.

Activity: Consents and Compliance	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs			
Building Control	2,232	2,094	1,839
Compliance Section	680	704	626
Health and Liquor	343	375	326
Hearings	488	417	675
Legal Section	482	363	318
Project and Land Memoranda	622	825	727
Public Consent Information	101	206	62
Resource Consents	2,158	2,082	2,286
Total Operating Costs	7,106	7,066	6,859
Operating Surplus Transferred to Reserves	-	4	-
	7,106	7,070	6,859
Funded by			
Rates	2,371	2,339	2,095
General Revenues Applied	327	326	266
Other Revenue	3,819	4,405	4,461
Total Revenue	6,517	7,070	6,822
Operating Deficit Funded from Reserve	589	-	37
	7,106	7,070	6,859
Capital Expenditure			
Building Control	-	1	-
Compliance Section	2	-	-
Health and Liquor	8	1	28
Resource Consents	-	5	-
Total Capital Expenditure	10	7	28
Funded by			
Depreciation Reserve Transfer	-	4	28
Other Reserve Transfers	10	3	-
	10	7	28

Note 1: Explanation of cost of service variance - Lower user charges have been recovered as a result of decreased numbers of consent applications and applications for LIMs.

Note 2: Significant Capital Expenditure – There has been no significant expenditure.

Note 3: Significant Capital Expenditure – There are no significant variances.

Activity: Animal and Plant Pests - (Biosecurity)

Operating costs of this activity represent 2% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
The economic and ecological threats of animal and plant pests in the District are minimised.	Containment and control trends.	Prosperity; environmental sustainability.

What is this activity about?

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

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

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

The responsibility for controlling containment pests lies primarily with land occupiers. A major part of Council's pest management activity is therefore directed towards providing advice to land occupiers on identifying and controlling pests and monitoring to ensure compliance with pest control programmes. Council also has an active service delivery role in controlling pests that are classified as total control.

The Council also provides funding to the Animal Health Board, under a National Pest Management Strategy to reduce the impact of Bovine Tuberculosis.

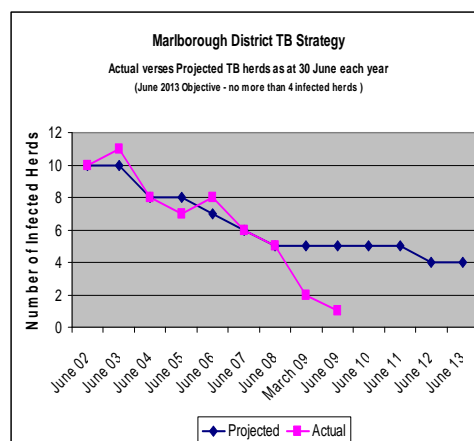
Further information on Council's pest management activities is available by viewing Council's website or by contacting Council for a copy of the Regional Pest Management Strategy and associated Operational Plans and fact sheets.

Levels of Service: Animal and Plant Pests (Biosecurity)

Level of Service	Indicator	Target	Comments
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 6.9 where 10 = "service delivered extremely well").	Not achieved 2009 Resident satisfaction score = 6.4. Improvement on 2008 score of 6.3. Sub-scores: Animal pests 6.6, Plant pests 6.2. An improvement of community satisfaction of the activity was achieved through increased staff resourcing in the animal pest function, aided by public awareness programmes for other plant pests, for example ants and aquatic weeds.
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. Expenditure is within approved budget.
Control the spread of animal and plant pests.	Distribution trends.	Positive long-term (5yr +) trends in containment control plant pests.	Achieved. Surveillance inspections conducted during 2008-09 identified 2 new properties with an infestation of a containment control pest plant. The number of new sites identified compares favourably with the 18 discoveries in 2006-07 and 6 in 2007-08. All known infestations of Reed Sweet Grass were controlled with the exception of a site on D'Urville Island. The D'Urville Island site has been visited, the area assessed and control contracted to start November 2009.

Level of Service	Indicator	Target	Comments																																				
		Positive long-term (5yr +) trends of decline in total control pests.	<p>Achieved.</p> <p>All known sites of total control pests were visited a least once during the year to instigate control measures.</p> <p>Trend monitoring of total control pest plants 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 result of new infestations of pest plants discovered and controlled during routine surveillance. (Refer following graph)</p> <div data-bbox="906 517 1407 1055"> <p style="text-align: center;">Regional Pest Management Strategy Total Control Plant Pests Performance Indicators (excluding Eel Grass)</p> <table border="1"> <caption>Regional Pest Management Strategy - Total Control Plant Pests Performance Indicators (excluding Eel Grass)</caption> <thead> <tr> <th>Year</th> <th>Exclude Boneseed</th> <th>Boneseed</th> </tr> </thead> <tbody> <tr><td>1999/00</td><td>24500</td><td></td></tr> <tr><td>2000/01</td><td>18000</td><td></td></tr> <tr><td>2001/02</td><td>7500</td><td>16500</td></tr> <tr><td>2002/03</td><td>1000</td><td>18500</td></tr> <tr><td>2003/04</td><td>2000</td><td>19500</td></tr> <tr><td>2004/05</td><td>1500</td><td>22000</td></tr> <tr><td>2005/06</td><td>1000</td><td>19000</td></tr> <tr><td>2006/07</td><td>3500</td><td>11500</td></tr> <tr><td>2007/08</td><td>6500</td><td>7000</td></tr> <tr><td>2008/09</td><td>7000</td><td>7000</td></tr> <tr><td>2009/10</td><td></td><td></td></tr> </tbody> </table> </div>	Year	Exclude Boneseed	Boneseed	1999/00	24500		2000/01	18000		2001/02	7500	16500	2002/03	1000	18500	2003/04	2000	19500	2004/05	1500	22000	2005/06	1000	19000	2006/07	3500	11500	2007/08	6500	7000	2008/09	7000	7000	2009/10		
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	Inspection regimes.	Inspect at least 75% of properties with containment pests that are issued with a control programme to ensure compliance.	<p>Achieved.</p> <p>Containment Pest Plants:</p> <p>A total of 427 control programmes for containment control pest plants were issued to property occupiers.</p> <p>397 (93%) of properties issued with a control programme were inspected to ensure land occupier compliance.</p> <p>Containment Pest Animals:</p> <p>37 properties were inspected to determine if rabbit populations existed above maximum allowable levels. These inspections resulted in the issue of rabbit control programmes for 16 properties in the Awaterere and Medway Valleys, 4 on the coastal area south of Seddon and 2 in the Redwood Pass area. Five programmes have August 2009 completion dates and seventeen have August 2010 completion dates.</p>																																				
	Compliance.	100% compliance where containment control pests exist and control is required under the Regional Pest Management Strategy.	<p>Achieved.</p> <p>Pest Animal programmes not achieved (under action).</p> <p>Council served 28 'Notice of Directions' to land occupiers out of possible 427 control programmes issued. The 28 notices were served due to continued non compliance with Strategy obligations. A further 7 of the 28 properties required a 'Notice of Intention to do Work on Default'.</p> <p>Default work was carried out by Council on 3 of these properties. All other occupiers complied with their Notice requirements.</p>																																				

Level of Service	Indicator	Target	Comments
Control the spread of bovine tuberculosis.	Distribution trends.	No feral animal related infected herds outside existing risk areas.	Achieved. This activity, since July 2008, has been the responsibility of the Animal Health Board (TB Free NZ), however although Council withdrew from the Tb Vector Management services, Council remains a funding partner to the programme. No feral animal related infected herds outside existing risk areas.
		Hold or decline in the number of feral animal infected herds in the existing risk areas.	Achieved. 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 2009. A total of 1 infected cattle herd from outside the area was recorded as at 30 June 2009, (refer following graph).



Activity: Animal and Plant Pests (Biosecurity)	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs			
Regional Pest Control	975	993	802
Bovine TB Control	287	314	2,367
Total Operating Costs	1,262	1,307	3,169
Operating Surplus Transferred to Reserves	84	-	162
	1,346	1,307	3,331
Funded by			
Rates	1,135	1,124	999
General Revenues Applied	159	160	131
Subsidies and Grants	-	4	1,666
Other Revenue	52	1	535
Total Revenue	1,346	1,289	3,331
Operating Deficit Funded from Reserve	-	18	-
	1,346	1,307	3,331
Capital Expenditure	6	-	-
Funded by			
Other Reserve Transfers	6	-	-

Note 1: Explanation of cost of service variance - There are no significant variances.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances - There are no significant variances.

Activity: Harbour Control

Operating costs of this activity represent 1% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
The movement of people and goods on Marlborough's waterways is convenient and safe.	Incident trends and system performance.	Essential services; prosperity; physical activity.

What is this activity about?

Harbour control is undertaken primarily to ensure safety in Marlborough's waterways. The Marlborough Sounds contain 4,136 square kilometres (total water area) and approximately 1,500 kilometres of coastline that is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries. The Council is tasked with the responsibility of addressing matters of navigation and safety within this area, as required in the Local Government Act 2002 and the Maritime Transport Act 1994.

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

Levels of Service: Harbour Control

Level of Service	Indicator	Target	Comments
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 7.7, where 10 = "service delivered extremely well").	Not achieved. Resident satisfaction score = 7.6. Improvement on 2008 score of 6.7. The increase in customer satisfaction is to some degree due to greater public awareness that Harbour Functions has achieved during the past 12 months.
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).	Not achieved. Unfavourable variance in revenue and favourable variance in operating expenditure are due to the delayed implementation of the proposed bylaws.
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.	Not achieved. Due to the review of marine farm resource consents, which included a reassessment of lighting requirements, with Council agreement, audits were deferred. During May, 25 sites were audited to gauge compliance with the new lighting requirements. 7 sites were found not to comply with the required number of lights. Of these sites, 5 did not sufficient lights fitted, two sites had one light fail each.
		Reports of non-compliance responded to and investigated, where appropriate, within five working days.	Achieved. A total of 229 incidents were recorded in the Incident database. Incidents are based on an incident severity rating 0-4. Within these categories incidents are broken down as follows: rating 0 (insignificant) = 202 rating 1 (minor) = 22; rating 2 (moderate) = 4; rating 3 (major) = 0; rating 4 (catastrophic) = 1. Those requiring follow-up were actioned within the required time-frame, although final completion of all documentation, in some cases fell outside of this due to external delays.
		Leading lights at Tory Channel to be inspected quarterly; remaining navigation aids to be inspected bi-annually.	Achieved. Leading lights and remaining aids to navigation inspected in accordance with contract requirements and verified through monthly contractor reports.
	Public awareness	Annually review and publish a "Safe Sounds" Boating Brochure.	Achieved. Brochure reviewed, published and nearly 5,000 copies were distributed. The brochure continues to receive positive feed-back.
Provide a service that minimises environmental risks from oil spills.	Response times.	Evaluate reports of oil spills within one hour of notification.	Achieved. There were 18 reports of pollution received and investigated within the recognised timeframe, all spills being of a minor nature.

Level of Service	Indicator	Target	Comments
	Preparedness.	Conduct marine oil spill response exercises in accordance with Maritime New Zealand's agreed programme.	Achieved. One equipment deployment exercise and one planning exercise, which included an equipment deployment exercise, were conducted in accordance with the MNZ approved annual Oil Pollution Fund Budget. Revised Marine Oil Spill Contingency Plan issued.
Provide a sustainable harbour control service.	Risk management standards.	Continue the implementation of identified risk control measures as per the Risk Assessment/Safety Management System: <ul style="list-style-type: none"> Prepare Safety Management policies. Prepare Safety Management Plan. Initiate review of Navigation Safety Bylaws in time for the 2007 statutorily set timeline.	Not achieved. Implementation of identified risk control measures not accomplished due to delays in implementing a sustainable funding source. Drafting of policies continued Draft Plan sent to MNZ for evaluation and comments received. Plan not progressed due to lack of sustainable funding source. Bylaw review completed within the required time frame. Public consultation undertaken and submissions received. The process is continuing with hearings anticipated in the 2009 calendar year.

Activity: Harbour Control	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs	846	1,706	793
Operating Surplus Transferred to Reserves	-	203	44
	846	1,909	837
Funded by			
Rates	422	418	418
General Revenues Applied	59	59	54
Other Revenue	300	1,432	365
Total Revenue	781	1,909	837
Operating Deficit Funded from Reserve	65	-	-
	846	1,909	837
Capital Expenditure	32	467	272
Funded by			
Depreciation Reserve Transfer	16	113	5
Other Reserve Transfers	16	354	267
	32	467	272

Note 1: 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.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances – As above delayed enactment of By-laws.

Activity: Animal Control

Operating costs of this activity represent 1% of total activity expenditure.

Outcome	Indicator	Related Community Outcome
There is effective dog and stock control in the District.	Incident trends.	Safety and security.

What is this activity about?

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

Animal control is provided under contract.

Levels of Service: Animal Control

Level of Service	Indicator	Target	Comments
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 7.4, where 10 = "service delivered extremely well").	Achieved. Resident satisfaction score = 7.5. Dog Control – 7.3. Control of livestock – 7.7. Continual performance improvement by contractor (Maataa Waka) overseen by Council.
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.
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.	Response times. <ul style="list-style-type: none"> Attend to dog attacks and rushes which have just occurred within 1 hour. Attend to possible threats to public safety within 5 hours. Attend to complaints of general nuisance within 48 hours. 	Achieved response times. Complaints about Dogs A total of 935 complaints were received about dogs during the 2008-09 financial year. Of this: <ul style="list-style-type: none"> 111 were about dogs rushing or attacking. 537 were about dogs creating a nuisance (barking, roaming, uncontrolled etc). 48 were about unregistered dogs. 347 were about lost dogs. 366 were about dogs found. 23 were about concerns regarding dog welfare.

Activity: Animal control	Actual	Budget	Actual
Cost of Services (\$000's)	2008-09	2008-09	2007-08
Operating Costs			
Dog Control	550	576	508
Other Animal Control	69	70	71
Total Operating Costs	619	646	579
Funded by			
Rates	62	62	63
General Revenues Applied	9	9	8
Other Revenue	510	464	413
Total Revenue	581	535	484
Operating Deficit Funded from Reserve	38	111	95
	619	646	579

Note 1: Explanation of cost of service variance - There are no significant variances.

Note 2: Significant Capital Expenditure - There has been no significant expenditure.

Note 3: Significant Capital Expenditure variances - There are no significant variances.

ORGANISATIONS



Picture: Marlborough Airport

COUNCIL CONTROLLED ORGANISATION

MDC Holdings Limited

MDC Holdings Limited 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 Limited.

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.

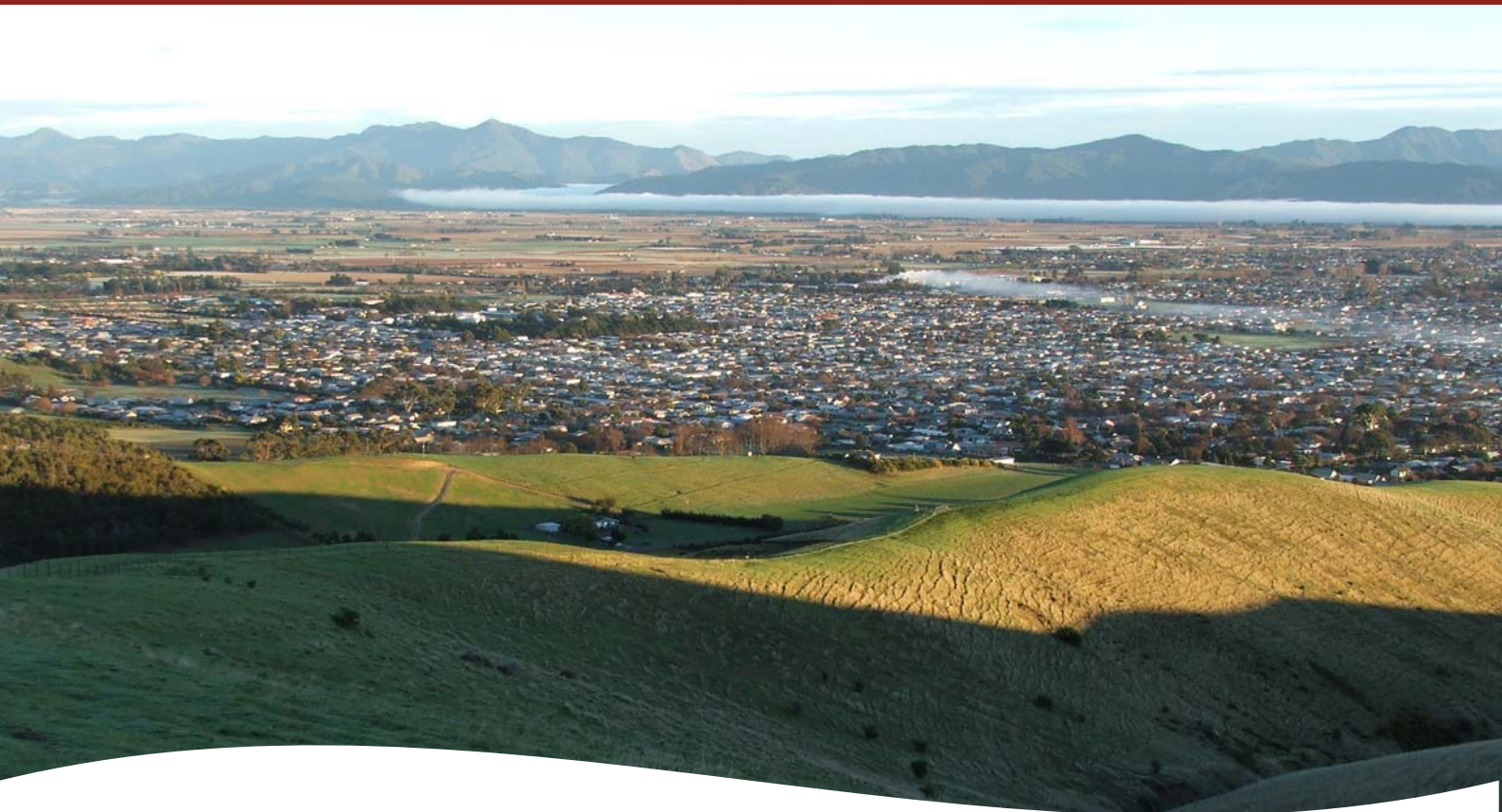
Marlborough Airport Limited is responsible for the maintenance of the runways and taxiways used by civil aircraft as well as the provision of a terminal facility with associated minor freight handling.

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 2009 was 23% (2008: 21%).

FINANCIAL STATEMENTS



Picture: View of Blenheim from Wither Hills

INCOME STATEMENT

Income Statement for the year ended 30 June 2009

	note	GROUP		COUNCIL		
		Actual 2008-09 \$000's	Actual 2007-08 \$000's	Actual 2008-09 \$000's	Budget 2008-09 \$000's	Actual 2007-08 \$000's
INCOME						
Rates	3	44,762	41,639	45,079	44,425	41,933
Finance Income	4	2,007	2,313	1,852	1,003	2,159
Other Revenue	5	54,077	59,992	36,319	35,207	42,062
Gains	6	3,556	1,949	3,425	-	1,949
Total Income	2	104,402	105,893	86,675	80,635	88,103
EXPENDITURE						
Personnel Costs	7	19,441	17,467	15,304	15,746	13,509
Finance Costs	4	4,657	2,712	45	1,413	14
Other Operating Expenses	8	60,307	46,730	45,306	35,801	42,374
Depreciation, Impairment & Amortisation	8	18,972	12,984	12,909	10,736	10,770
Total Operating Expenditure	2	103,377	79,893	73,564	63,696	66,667
Surplus before Tax		1,025	26,000	13,111	16,939	21,436
Income Tax Expense/(Benefit)	9	(1,242)	1,231	-	-	-
Surplus/(Deficit) after Tax		2,267	24,769	13,111	16,939	21,436

The notes on pages 77 to 110 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 30 June 2009

	note	GROUP			COUNCIL	
		Actual 2008-09 \$000's	Actual 2007-08 \$000's	Actual 2008-09 \$000's	Budget 2008-09 \$000's	Actual 2007-08 \$000's
CURRENT ASSETS						
Cash and Cash Equivalents	10	9,516	9,462	7,196	7,934	7,502
Trade and other Receivables	11	9,443	8,874	7,939	5,795	7,393
Derivative Financial Instruments	12	-	230	-	-	-
Other Financial Assets	13	2,196	11,638	2,196	-	11,638
Inventories	14	552	413	253	75	248
Tax Refund Receivable	9	74	551	-	-	-
Non Current Assets Held for Sale	15	387	387	387	94	387
Total Current Assets		22,168	31,555	17,971	13,898	27,168
NON CURRENT ASSETS						
Other Financial Assets	13	14,078	14,481	20,078	8,502	20,481
Property Plant and Equipment	16	1,212,531	982,783	1,150,453	893,156	913,218
Intangible Assets	17	603	291	549	501	182
Forestry Assets	18	10,613	11,661	10,613	15,804	11,661
Investment Property	20	59,995	66,197	1,731	-	-
Total Non Current Assets		1,297,820	1,075,413	1,183,424	917,963	945,542
Total Assets		1,319,988	1,106,968	1,201,395	931,861	972,710
CURRENT LIABILITIES						
Trade and other Payables	21	13,795	13,358	14,968	10,935	12,632
Provisions	24	2,797	-	-	-	-
Employee Benefit Liabilities	23	1,482	1,688	1,040	1,146	1,290
Borrowings	22	1,963	481	1,963	-	481
Total Current Liabilities		20,037	15,527	17,971	12,081	14,403
NON CURRENT LIABILITIES						
Derivative Financial Instruments	12	1,898	-	-	-	-
Borrowings	22	34,755	34,755	-	29,627	-
Employee Entitlements	23	940	919	940	1,133	919
Provisions	24	468	2,841	468	684	559
Deferred Tax Liability	9	3,655	6,237	-	-	-
Total Non Current Liabilities		41,716	44,752	1,408	31,444	1,478
Net Assets		1,258,235	1,046,689	1,182,016	888,336	956,829
EQUITY						
Retained Earnings	25	553,959	551,434	508,964	516,759	495,590
Other Reserves	25	704,276	495,255	673,052	371,577	461,239
Total Ratepayers Equity		1,258,235	1,046,689	1,182,016	888,336	956,829

The notes on pages 77 to 110 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity for the year ended 30 June 2009

	GROUP		COUNCIL		
	Actual 2008-09 \$000's	Actual 2007-08 \$000's	Actual 2008-09 \$000's	Budget 2008-09 \$000's	Actual 2007-08 \$000's
Balance at Beginning of Year	1,046,689	943,714	956,829	871,397	857,187
AMOUNTS RECOGNISED DIRECTLY IN EQUITY					
Gains on Property Valuations	209,462	78,206	212,076	-	78,206
Income tax on items taken directly to Equity	(183)	-	-	-	-
Net Income Recognised Directly in Equity	209,279	78,206	212,076	-	78,206
Surplus for the Year	2,267	24,769	13,111	16,939	21,436
Total Recognised Income and Expense	211,546	102,975	225,187	16,939	99,642
Balance at End of Year	25 1,258,235	1,046,689	1,182,016	888,336	956,829

The notes on pages 77 to 110 form part of these financial statements.

STATEMENT OF CASH FLOWS

Statement of Cash Flows for the year ended 30 June 2009

	note	GROUP		COUNCIL		
		Actual	Actual	Actual	Budget	Actual
		2008-09	2007-08	2008-09	2008-09	2007-08
		\$000's	\$000's	\$000's	\$000's	\$000's
OPERATING ACTIVITIES						
Cash provided by:						
Rates		44,417	41,891	44,734	44,425	41,891
User Charges and other Revenues		55,280	57,364	34,834	34,427	37,568
Interest		1,961	2,710	1,852	985	2,555
		101,658	101,965	81,420	79,837	82,014
Cash used for:						
Payments to Suppliers and Employees		66,003	63,071	56,372	51,547	53,555
Interest Paid		2,524	2,699	45	1,413	14
Goods and Services Tax (net)		202	489	202	-	489
Income Tax Paid		1,046	2,158	-	-	-
		69,775	68,417	56,619	52,960	54,058
Net Cash Flows from Operating Activities	26	31,883	33,548	24,801	26,877	27,956
INVESTING ACTIVITIES						
Cash provided by:						
Sale of Assets		4,456	4,443	4,395	12,488	4,432
Advances		-	34	-	5,518	34
Investments Realised		10,475	-	10,475	8,531	1,425
Sinking Fund Withdrawals		-	-	-	141	-
Dividends Received		10	10	1,038	780	1,268
		14,941	4,487	15,908	27,458	7,159
Cash used for:						
Sinking Fund Deposits		-	-	-	4,073	-
Investments Made		2,205	9,708	-	-	9,708
Purchase of Forestry Assets		342	-	342	-	-
Purchase of Intangible Assets		490	16	481	-	10
Purchase of Investment Property		1,389	-	1,389	-	-
Purchase of Fixed Assets		43,826	32,864	40,285	78,396	28,804
		48,252	42,588	42,497	82,469	38,522
Net Cash Flows from Investing Activities		(33,311)	(38,101)	(26,589)	(55,011)	(31,363)
FINANCING ACTIVITIES						
Cash provided by:						
Loans		-	825	-	30,412	-
		-	825	-	30,412	-
Cash used for:						
Loans Repaid		-	-	-	141	-
		-	-	-	141	-
Net Cash Flows from Financing Activities		-	825	-	30,271	-
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS						
Net Increase/(Decrease) over Year		(1,428)	(3,728)	(1,788)	2,137	(3,407)
Balance at Beginning of Year		8,981	12,709	7,021	5,797	10,428
Balance at End of Year	10	7,553	8,981	5,233	7,934	7,021

The notes on pages 77 to 110 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies for the year ended 30 June 2009

1.1 Reporting entity

Marlborough District Council is a unitary authority located in New Zealand that is governed by the Local Government Act 2002.

The Marlborough District Council group (MDC) consists of:

- The ultimate parent, Marlborough District Council (Council).
- Its wholly owned subsidiary MDC Holdings Limited (MDCH).
- The wholly owned subsidiaries of MDCH: Port Marlborough NZ Limited (PMNZ) and Marlborough Airport Limited.
- The wholly owned subsidiaries of PMNZ: PMNZ Marina Holdings Limited: Marlborough Sounds Maritime Pilots Limited; Waikawa Marina Trustee Limited and Sounds Property Holdings Limited.
- Its 88.5% share of the joint committee Marlborough Regional Forestry (MRF) which is accounted for in these financial statements as an activity of Council.
- Other entities in which the Council has a significant interest: Housing for the Elderly Trust: Destination Marlborough Trust and Mayoral Drought Relief Trust which are not consolidated into these financial statements as to do so would not significantly impact on the financial results.

The primary objective of MDC is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself and the group as public benefit entities (PBE) for the purposes of New Zealand equivalents to Internal Financial Reporting Standards (NZIFRS).

These financial statements of MDC are for the year ended 30 June 2009.

The financial statements were authorised for issue by Council on 29 October 2009.

1.2 Basis of Preparation

(i) Statement of Compliance

The financial statements of MDC have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice. They comply with NZIFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

(ii) Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets.

(iii) Functional and Presentational Currency

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

(iv) Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(v) Critical Accounting Estimates and Assumptions

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.

Provisions

Note 24 (page 101) discloses an analysis of the exposure of:

- Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.
- Marlborough Airport Limited with regard to timing and costs of resealing the runway.

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.

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 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.

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.

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.

Contingent Liabilities

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

(vi) Standards, amendments and Interpretations issued that are not yet effective and have not been early 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

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 IFRS-8 'Operating Segments'	1 January 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 IFRIC-13 'Customer Loyalty Programmes'	1 July 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 IFRIC-17 'Distributions of Non-Cash Assets to Owners'	1 July 2009	30 June 2011
NZ IFRIC-18 'Transfer of Assets from Customers'	1 July 2009	30 June 2011
NZ IAS-23 'Borrowing Costs' – revised 2007	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 2011
NZ IAS-27 'Consolidated and Separate Financial Statements' – revised 2008	1 July 2009	30 June 2011
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 (2008)**	1 January 2009	30 June 2010

* 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 (2008) are minor clarifications or corrections to the New Zealand specific paragraphs of certain New Zealand equivalents to International Financial Reporting Standards.

1.3 Significant Accounting Policies

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Council and enterprises controlled by Council (its subsidiaries) compiled to 30 June each year. Control is achieved where Council 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 inter-company transactions and balances between group enterprises are eliminated on consolidation.

(ii) Investments in subsidiaries

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

(iii) 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.

(iv) Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates Revenue

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

Water Billing is recognised on an accrual basis.

Government Grants

NZTA roading subsidies (received in respect of maintaining the roading infrastructure) and other government grants/subsidies are recognised as revenue upon entitlement ie; when conditions 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 upkeep of Returned Servicemen Association cemetery plots, community housing and environmental control.

Provision of Services

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

Vested Assets

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

Sales of Goods

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

Interest and Dividends

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Financial/Development Contributions

Financial/Development contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise Financial/Development contributions received are recognised as liabilities until such time the Council provides, or is able to provide, the service. Development contributions are classified as part of "Other revenue".

(v) Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred and are calculated using effective interest method.

(vi) Income Tax

Income tax expense comprises both current tax and deferred tax.

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

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

MDC's liability for current tax is calculated using effective tax rates at the time of issue of these financial statements. 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 MDC 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 MDC 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 MDC intends to settle its current tax assets and liabilities on a net basis.

(vii) Leases

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

Operating Leases

Rental 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 MDC exercises its option to renew. The lessee does not have an option to purchase the property at expiry of the lease period.

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

(viii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, 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.

(ix) Trade and other Receivables

Trade receivables are initially measured 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.

(x) Financial Assets

Investments are recognised on a trade-date basis and are initially measured at cost, including transaction costs. At subsequent reporting dates debt securities that MDC 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.

(xi) Impairment

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

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

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

Where an impairment loss subsequently reverses the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as 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 loss had been previously charged to equity.

(xii) Derivative Financial Instruments

MDC 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 MDC 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.

(xiii) 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.

(xiv) Non-current Assets Held for Sale

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

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

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

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

(xv) Property, Plant and Equipment

MDC has the following classes of property, plant and equipment:

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

Revaluation

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 that the carrying amount does not differ materially from that which would be determined using fair values at balance date, generally every year.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve this balance is expensed in the Income Statement. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Income Statement will be recognised first in the Income Statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

Additions between valuations are recorded at cost, except for vested assets. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use. Certain 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.

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 Marlborough Regional Forestry, land and improvements were valued by Alexander Hayward Limited (Registered Valuers) as at 30 June 2009.

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.

Landfill

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

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.

Roads, bridges, wharves, street lighting, street berms and street furniture assets were valued at depreciated replacement cost as at 30 June 2009. Manjit Dergun and Andrew Wise of Opus International

Consultants Limited conducted the valuation of roads, bridges, wharves, street lighting and street furniture. Marlborough Roads valued the street berms. River control and drainage 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.

Carparks were valued at depreciated replacement cost at 30 June 2009 by Opus International Consultants Ltd.

Water, Sewer and Stormwater assets were valued at depreciated replacement cost (DRC) as at 1 July 2008, water assets were further valued at DRC as at 30 June 2009. 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.

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

Other Fixed Assets

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.

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.

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

Asset	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%
- Unsealed roads	10 years	10%
- 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 - 5 years	20 - 25%
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%

Disposals

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.

(xvi) Intangible Assets - Software

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

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

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

(xvii) 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.

(xviii) 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 measured initially at its cost, including transaction costs. Investment property is then stated at its fair value at the balance sheet date.

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.

(xix) Trade and Other Payables

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

(xx) Borrowings

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

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

(xxi) Employee Entitlements

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

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

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

(xxii) Provisions

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

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

(xxiii) Equity

Equity is the community's interest in MDC and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the special uses that MDC intends to make of its accumulated surpluses. These components of equity are:

- Retained earnings.
- Ordinary revenues.
- Revaluation reserves.
- Reserves.

Special reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by Council without reference to the Courts or a third party. Transfer from these reserves can be made by certain specified purposes or when certain specified conditions are met.

Council created reserves are reserves established by Council decision. The Council may alter the purpose of the reserve without reference to any third party or the Courts. Transfer to and from these reserves is at the discretion of Council.

(xxiv) 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.

(xxv) Cost Allocation

The cost of providing support services for the Council are accumulated and are allocated to each activity using appropriate allocation bases which reflect the usage and /or capacity for each significant activity.

(xxvi) 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, MDC enters into forward contracts in accordance with the Council treasury policies (see above for details of MDC's accounting policies in respect of such derivative financial instruments).

2. Summary Cost of Services

COUNCIL	Actual 2008-09 \$000's	Budget 2008-09 \$000's	Actual 2007-08 \$000's
INCOME			
Democratic Process	2,569	2,503	2,435
Culture and Heritage	546	537	533
Community Housing	1,143	920	1,245
Community Safety	404	287	113
Community Support	500	490	503
Library Services	1,358	1,270	1,324
Emergency Management	793	705	710
Community Facilities	4,897	4,653	4,429
Land Transport	19,908	16,974	17,446
Rivers and Land Drainage	6,871	6,781	7,094
Wastewater (Sewerage)	7,667	7,551	7,020
Stormwater	1,649	1,671	1,931
Water Supply	8,372	9,243	9,456
Solid Waste Management	4,462	4,330	4,479
Environmental Policy and Information	3,639	3,442	3,410
Regional Development	866	855	1,202
Consents and Compliance	6,517	7,070	6,822
Biosecurity	1,346	1,289	3,332
Harbour Control	781	1,909	837
Animal Control	581	535	484
Total Activity Income	74,869	73,015	74,805
Plus Other Income (Including Forestry)	16,330	12,640	17,853
Less Internal Income	(4,524)	(5,020)	(4,555)
Total Income	86,675	80,635	88,103
EXPENDITURE			
Democratic Process	2,491	2,451	2,430
Culture and Heritage	571	5,542	526
Community Housing	909	927	881
Community Safety	407	278	80
Community Support	515	520	663
Library Services	1,315	1,268	1,283
Emergency Management	640	641	572
Community Facilities	5,492	4,721	4,812
Land Transport	18,969	13,922	14,649
Rivers and Land Drainage	4,773	3,801	4,053
Wastewater (Sewerage)	6,701	6,067	5,082
Stormwater	1,666	1,258	1,119
Water Supply	6,836	6,793	5,968
Solid Waste Management	4,341	4,344	4,397
Environmental Policy and Information	4,093	3,538	3,292
Regional Development	996	933	921
Consents and Compliance	7,106	7,066	6,859
Biosecurity	1,262	1,308	3,169
Harbour Control	846	1,706	793
Animal Control	619	646	579
Total Activity Expenditure	70,548	67,730	62,128
Plus Other Expenditure (Including Forestry)	7,540	986	9,094
Less Internal Expenditure	(4,524)	(5,020)	(4,555)
Total Operating Expenditure	73,564	63,696	66,667

3. Rates Activity

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
RATES REVENUE				
Democratic Process	2,291	2,151	2,291	2,151
Arts and Heritage	483	477	483	477
Community Housing	-	-	-	-
Community Safety	55	96	55	96
Community Support	444	447	444	447
Libraries	1,073	1,050	1,073	1,050
Emergency Management	593	560	593	560
Community Facilities	4,084	3,797	4,084	3,797
Land Transport	8,142	7,923	8,142	7,923
Rivers and Land Drainage	3,172	2,978	3,172	2,978
Sewerage	6,178	5,063	6,178	5,063
Stormwater	1,119	1,092	1,119	1,092
Water	7,578	7,188	7,578	7,188
Solid and Hazardous Waste Management	2,032	1,847	2,032	1,847
Environment	3,070	2,884	3,070	2,884
Regional Development	778	816	778	816
Consents and Compliance	2,371	2,095	2,371	2,095
Animal Plant and Pests (Biosecurity)	1,135	999	1,135	999
Harbour Control	422	418	422	418
Animal Control	62	63	62	63
Total Significant Activity Rates	45,082	41,944	45,082	41,944
Non-Significant Activity Rates	8	-	8	-
Rates related parties	(328)	(305)	(11)	(11)
Total Rates (net of related party)	44,762	41,639	45,079	41,933
Rates Remissions	429	352	429	352
Total Rates (net of remissions)	44,333	41,287	44,650	41,581

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	30	27	30	27
Protected Land	2	2	2	2
Residential Land in Commercial/Industrial Areas	9	9	9	9
Single Entity Non Contiguous Pastoral Units	3	3	3	3
Separate Ownership Contiguous Units	9	8	9	8
Separately Used/Inhabited Parts of Rating Unit	47	38	47	38
Subdivisions creating four or more units	74	57	74	57
Rate Penalties	31	36	31	36
Water Remission	38	16	38	16
Multi-ownership Maori land	164	156	164	156
Land Affected by Natural Calamity	1	-	1	-
Statute Barred Debt (unoccupied land)	21	-	21	-
Total Rate Remissions	429	352	429	352

4. Finance income and finance costs

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
FINANCE INCOME				
Interest Income				
- term deposits	1,991	2,294	1,836	2,140
- Marlborough Regional Forestry	16	19	16	19
Total Finance Income	2,007	2,313	1,852	2,159
FINANCE COSTS				
Interest Expense				
- interest on bank borrowings	2,530	2,698	-	-
- interest other	(0)	14	45	14
Fair value losses on hedging instruments	2,127	-	-	-
Total Finance Costs	4,657	2,712	45	14
Net Finance Income	(2,650)	(399)	1,807	2,145

5. Other Revenue

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
User charges	8,710	9,300	8,826	9,605
Regulatory revenue	4,109	5,002	4,259	5,154
Lump sum contributions	-	1,399	-	1,399
Land subdivision revenues	1,544	2,711	1,544	2,711
Development impact levies	492	639	492	639
Infringements and fines	621	537	621	537
Petrol tax	402	426	402	426
Rendering of services	12,248	-	-	-
Vested assets	573	2,050	573	2,050
Dividend income related party	-	-	1,028	1,258
Dividend income other	10	10	10	10
Rental income from investment properties	6,950	-	25	-
Marlborough Regional Forestry revenue	6,513	6,571	6,513	6,571
NZTA roading subsidy	7,395	4,925	7,395	4,925
Other income	4,510	26,422	4,631	6,777
Total Other Revenue	54,077	59,992	36,319	42,062

6. Gains

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
NON-FINANCIAL INSTRUMENTS				
Property, plant and equipment gains on disposal	2,925	2,820	2,794	2,820
Total Non-Financial Instrument Gains	2,925	2,820	2,794	2,820
FINANCIAL INSTRUMENTS				
Gains/(losses) on fair value of investments	631	(871)	631	(871)
Total Financial Instruments Gains	631	(871)	631	(871)
Total Gains	3,556	1,949	3,425	1,949

7. Personnel costs

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Salaries and wages	18,594	16,700	14,586	12,875
Defined contribution plan employer contributions	698	682	569	549
Increase/(decrease) in employee entitlement liabilities	149	85	149	85
Total Personnel Costs	19,441	17,467	15,304	13,509

8. Other expenses

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Fees to principal auditor:				
- audit fees for financial statement audit	97	101	97	101
- audit fees for NZIFRS transition	-	18	-	18
- audit fees for LTCCP	80	7	80	7
Audit fees for the financial statement - Deloitte	79	90	-	-
Donations	57	57	-	-
Grants	1,995	2,158	1,995	2,158
Insurance premiums	921	873	921	873
Impairment adjustment of receivables (Note 11)	(15)	(72)	8	(98)
Councillors' remuneration	566	574	566	574
Directors fees	210	230	-	-
Property plant and equipment loss on disposal	101	22	-	-
Direct operating expenses of investment properties	2,092	-	-	-
Fair value adjustment investment property (Note 20)	9,358	(1,361)	(342)	-
Payments under operating leases	445	414	414	358
Forestry asset revaluation loss (Note 18)	(68)	1,956	(68)	1,956
Other operating expenses	44,389	41,663	41,635	36,427
Total Other Expenses	60,307	46,730	45,306	42,374
Amortisation and Depreciation				
Depreciation expense (Note 16)	14,861	12,397	12,795	10,501
Amortisation of intangible asset (Note 17)	178	327	114	269
Impairment of non-current assets	3,933	260	-	-
Total Amortisation and Depreciation	18,972	12,984	12,909	10,770

- Amortisation expense is included in the line item 'depreciation, amortisation and impairment' in the income statement.
- The main contributor to the increase in other operating expenditure was the July/August flood events.

9. Tax

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
9.1 INCOME TAX RECOGNISED IN PROFIT AND LOSS				
Components of tax expense				
Current tax expense	1,523	1,858	-	-
Deferred tax expense	(2,765)	(627)	-	-
Income tax expense	(1,242)	1,231	-	-
Relationships between tax expense and accounting profit				
Surplus before tax	1,025	26,000	13,111	21,436
Tax at 30% (2008 - 33%)	308	8,579	3,933	7,074
Non-deductible expenditure	2,351	546	-	-
Non-taxable income	(3,933)	(7,919)	(3,933)	(7,074)
Prior year adjustment	-	(11)	-	-
Deferred tax on change in tax rate	33	36	-	-
Tax expense/(benefit)	(1,242)	1,231	-	-

- Within the group tax losses to carry forward are \$1,091,070 (2008 \$1,146,339) with a tax effect \$327,321 (2008 \$378,292).
- The tax rate used in the above reconciliation is the corporate tax rate of 30% (2008: 33%) payable by New Zealand corporate entities on taxable profits under New Zealand law. This has decreased from the previous corporate tax rate of 33% 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 changed 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.

9.2 INCOME TAX RECOGNISED IN EQUITY

Deferred tax property revaluations	183	-	-	-
	183	-	-	-

The current and deferred tax amounts above were charged directly to equity during the period.

9.3 TAX ASSETS AND LIABILITIES

Current Tax Asset				
Tax refund receivable	74	551	-	-
Deferred Tax Liability				
Temporary Differences	3,655	6,237	-	-

9.4 DEFERRED TAX

	Property plant & equipment (\$000's)	Financial instruments (\$000's)	Investment Property (\$000's)	Provisions (\$000's)	Total (\$000's)
GROUP DEFERRED TAX ASSETS					
Balance at 1 July 2007	-	(178)	-	604	426
Charged to profit and loss	-	(109)	-	(192)	(301)
Balance at 1 July 2008	-	(69)	-	796	727
Charged to profit and loss	-	(638)	-	(155)	(793)
Balance at 30 June 2009	-	569	-	951	1,520
GROUP DEFERRED TAX LIABILITIES					
Balance at 1 July 2007	5,311	-	1,979	-	7,290
Charged to profit and loss	(162)	-	(164)	-	(326)
Balance at 1 July 2008	5,149	-	1,815	-	6,964
Charged to profit and loss	(1,316)	-	(656)	-	(1,972)
Charged to equity	183	-	-	-	183
Balance at 30 June 2009	4,016	-	1,159	-	5,175
GROUP NET DEFERRED TAX LIABILITY					
Balance at start of year	5,149	69	1,815	(796)	6,237
Balance at end of year	4,016	(569)	1,159	(951)	3,655

10. Cash and Cash Equivalents

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Cash at bank and on hand	9,355	3,297	7,035	1,337
Term deposits with maturities less than 3 months	161	6,165	161	6,165
Total Cash and Cash Equivalents	9,516	9,462	7,196	7,502
Cash, cash equivalents and bank overdrafts include the following for the purpose of the Statement of Cashflows:				
Cash at bank and on hand	9,355	3,297	7,035	1,337
Term deposits with maturities less than 3 months	161	6,165	161	6,165
Bank overdrafts (note 22)	(1,963)	(481)	(1,963)	(481)
Total as per Statement of Cashflows	7,553	8,981	5,233	7,021

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

11. Trade and other Receivables

- o The values of trade and other receivables approximate fair value.
- o 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 33, page 106).
- o Council has provided a sum of \$22,000 (2008 \$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.
- o \$479,700 (2008: \$15,923) of financial assets would have been past due or impaired but terms have been renegotiated.

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Rates receivables	673	328	673	328
Other receivables				
- related party receivables	-	-	61	-
- goods and service tax (net)	1,124	925	1,124	922
- prepayments	250	133	250	133
- other	7,453	7,560	5,853	6,024
Gross Debtors and Other Receivables	9,500	8,946	7,961	7,407
Less provision for impairment	(57)	(72)	(22)	(14)
Total Debtors and Other Receivables	9,443	8,874	7,939	7,393

The status of receivables is detailed below:

		Gross (\$000's)	Impairment (\$000's)	Net (\$000's)
GROUP 2007-08	Current Month	6,384	-	6,384
	30-90 days	2,170	-	2,170
	91-150 days	392	72	320
	Total previous year	8,946	72	8,874
GROUP 2008-09	Current Month	6,956	-	6,956
	30-90 days	699	-	699
	91-150 days	1,844	57	1,787
	Total Current Year	9,500	57	9,443
COUNCIL 2007-08	Current Month	5,218	-	5,218
	30-90 days	1,880	-	1,880
	91-150 days	309	14	295
	Total previous year	7,407	14	7,393
COUNCIL 2008-09	Current Month	5,790	-	5,790
	30-90 days	409	-	409
	91-150 days	1,761	22	1,739
	Total Current Year	7,961	22	7,939

Analysis of impaired debtors and movements in the provision for impairment of receivables:

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Individual impairment	57	72	22	14
Total Provision for Impairment	57	72	22	14
91-150 days	57	72	22	14
Total Individual Impairment	57	72	22	14
Balance at Start of Year	72	144	14	112
Provisions made during the year	57	72	22	14
Provisions reversed during the year	(72)	(144)	(14)	(112)
Balance at End of Year	57	72	22	14

12. Derivative Financial Instruments

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
CURRENT ASSET PORTION				
Interest rate swaps - at fair value	-	230	-	-
Total Derivative Financial Instrument Assets	-	230	-	-
NON-CURRENT LIABILITY PORTION				
Interest rate swaps - fair value hedges	1,898	-	-	-
Total Derivative Financial Instrument Liabilities	1,898	-	-	-

13. Other financial assets

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
CURRENT PORTION				
Term deposits and bonds with maturities of 4-12 months	2,133	11,151	2,133	11,151
Community loans	2	423	2	423
Loan to joint venture MRF	61	64	61	64
Total Current Portion of Other Financial Assets	2,196	11,638	2,196	11,638
NON-CURRENT PORTION				
Term deposits and bonds with maturities 12 months plus	13,843	14,198	13,843	14,198
Community loans	4	-	4	-
Loan to joint venture MRF	156	208	156	208
Unlisted shares in subsidiaries	-	-	6,000	6,000
Shares: NZ Local Govt. Insurance Corp	74	74	74	74
Shares Other	1	1	1	1
Total Non-Current Portion of Other Financial Assets	14,078	14,481	20,078	20,481
Total Other Financial Assets	16,274	26,119	22,274	32,119

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

14. Inventories

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Quarry rock and gravel	246	240	246	240
Goods held for maintenance	306	173	7	8
Total Inventories	552	413	253	248

15. Non-current assets held for sale

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Buildings	129	129	129	129
Land	258	258	258	258
Total Non-Current Assets Held for Sale	387	387	387	387

- Council owns property in Picton, Seddon and Awatere which is surplus to its requirements.
- These parcels are being actively marketed and the intention is to sell them within the next 12 months.

16. Property Plant and Equipment

2007- 08 GROUP

	COST OR VALN \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 1/07/2007 \$000's	WORK IN PROGRESS AND OTHER RECLASSIFICATIONS		CURRENT YEAR ADDITIONS \$000's	CURRENT YEAR DISPOSALS \$000's	DISPOSALS DEPN ADJUST \$000's	CURRENT YEAR IMPAIRMT \$000's	CURRENT YEAR DEPN \$000's	TRNSFR ADJUST \$000's	REVALN COST ADJUST \$000's	REVALN DPN ADJUST \$000's	COST/ REVAL 30/06/2008 \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 30/06/2008 \$000's
				COST \$000's	ACCUM DEPN \$000's											
16.1 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 and improvements	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
16.2 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
Stomwater 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

2008-09 GROUP

	COST OR VALN	ACCUM DEPN	CARRYING AMOUNT 1/07/2008	WORK IN PROGRESS AND OTHER RECLASSIFICATIONS		CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	DISPOSALS DEPN ADJUST	CURRENT YEAR IMPAIRMT	CURRENT YEAR DEPN	TRNSFR ADJUST	REVALN COST ADJUST	REVALN DPN ADJUST	COST/ REVAL 30/06/2009	ACCUM DEPN	CARRYING AMOUNT 30/06/2009
				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
16.1 Operational Assets																
Work in Progress	2,355	-	2,355	(652)	-	3,765	1,586	-	-	-	(1,394)	-	-	2,488	-	2,488
Buildings	69,693	2,840	66,853	647	-	1,883	-	-	104	1,978	-	27	(526)	72,250	4,396	67,854
Forest Crops	436	-	436	-	-	1	-	-	-	-	-	-	-	437	-	437
Land and improvements	116,974	868	116,106	389	-	1,201	-	-	3,829	447	-	(3,899)	(475)	114,665	4,669	109,996
Landfill	7,515	5,259	2,256	82	-	2,772	4,180	4,180	-	41	-	-	-	6,189	1,120	5,069
Library Books	4,014	2,786	1,228	-	-	227	-	-	-	165	-	-	-	4,241	2,951	1,290
Other Structures and Improvements	2,942	265	2,677	(12)	(1)	1,154	-	-	-	31	-	-	-	4,084	295	3,789
Office Equip, Furnishings & Fittings	7,401	5,328	2,074	321	-	358	1,493	1,482	-	558	-	-	-	6,587	4,404	2,183
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	649	367	282	-	-	-	-	-	-	56	-	-	-	649	423	226
Plant, Machinery & Equipment	10,910	6,108	4,802	120	2	1,465	1,226	1,119	-	860	-	-	(13)	11,269	5,837	5,432
	222,941	23,820	199,121	895	1	12,826	8,485	6,781	3,933	4,135	(1,394)	(3,872)	(1,014)	222,911	24,094	198,817
16.2 Infrastructural Assets																
Work in Progress	2,247	-	2,247	(1,041)	-	7,519	-	-	-	-	-	-	-	8,725	-	8,725
Bridges	35,959	-	35,959	-	-	-	-	-	-	855	-	(1,506)	(855)	34,453	-	34,453
Car parks	15,160	10	15,150	(377)	-	-	1	-	-	106	-	(548)	(106)	14,234	10	14,224
Public Conveniences	2,356	40	2,316	28	1	83	-	-	-	39	-	-	-	2,467	80	2,387
Reserves and Parks	43,600	729	42,871	-	-	643	-	-	-	168	-	-	-	44,244	897	43,347
River Works	127,146	-	127,146	11	-	867	-	-	-	118	-	-	-	128,024	118	127,906
Roads and Streets	404,343	-	404,343	29	-	7,367	-	-	-	4,787	-	108,983	(4,787)	520,722	-	520,722
Sewerage Schemes	65,979	2,745	63,234	19	-	6,259	-	-	-	1,756	-	39,461	(2,745)	111,718	1,756	109,962
Stomwater Drainage Schemes	27,571	1,209	26,362	-	-	858	-	-	-	877	-	32,089	(1,209)	60,518	877	59,641
War Memorials	451	21	430	-	-	-	-	-	-	4	-	-	-	451	25	426
Water Supply Schemes	67,100	3,496	63,604	436	(2)	5,757	1	-	-	2,016	-	18,629	(5,510)	91,921	-	91,921
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	791,912	8,250	783,662	(895)	(1)	29,353	2	-	-	10,726	-	197,108	(14,212)	1,017,477	3,763	1,013,714
Total Operational and Infrastructural Assets	1,014,853	32,070	982,783	-	-	42,179	8,487	6,781	3,933	14,861	(1,394)	193,236	(16,226)	1,240,388	27,857	1,212,531

2007-08 COUNCIL

	COST OR VALN \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 1/07/2007 \$000's	WORK IN PROGRESS AND OTHER RECLASSIFICATIONS		CURRENT YEAR ADDITIONS \$000's	CURRENT YEAR DISPOSALS \$000's	DISPOSALS DEPN ADJUST \$000's	CURRENT YEAR IMPAIRMT \$000's	CURRENT YEAR DEPN \$000's	TRNSFR ADJUST \$000's	REVALN COST ADJUST \$000's	REVALN DEPN ADJUST \$000's	COST/ REVALN 30/06/2008 \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 30/06/2008 \$000's
				COST \$000's	ACCUM DEPN \$000's											
16.1 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 and improvements	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
16.2 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

2008-09 COUNCIL

	COST OR VALN \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 1/07/2008 \$000's	WORK IN PROGRESS AND OTHER RECLASSIFICATIONS		CURRENT YEAR ADDITIONS \$000's	CURRENT YEAR DISPOSALS \$000's	DISPOSALS DEPN ADJUST \$000's	CURRENT YEAR IMPAIRMT \$000's	CURRENT YEAR DEPN \$000's	TRNSFR ADJUST \$000's	REVALN COST ADJUST \$000's	REVALN DPN ADJUST \$000's	COST/ REVAL 30/06/2009 \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 30/06/2009 \$000's
				COST \$000's	ACCUM DEPN \$000's											
16.1 Operational Assets																
Work in Progress	1,105	-	1,105	(539)	-	2,202	1,586	-	-	-	-	-	-	1,182	-	1,182
Buildings	31,105	1,022	30,083	581	-	1,593	-	-	-	666	-	-	-	33,278	1,688	31,590
Forest Crops	436	-	436	-	-	1	-	-	-	-	-	-	-	437	-	437
Land and improvements	86,740	466	86,274	377	-	1,201	-	-	-	165	-	(244)	-	88,074	631	87,443
Landfill	7,515	5,259	2,256	82	-	2,772	4,180	4,180	-	41	-	-	-	6,189	1,120	5,069
Library Books	4,014	2,786	1,228	-	-	227	-	-	-	165	-	-	-	4,241	2,951	1,290
Other Structures and Improvements	2,942	265	2,677	(12)	(1)	1,154	-	-	-	31	-	-	-	4,084	295	3,789
Office Equip, Furnishings & Fittings	7,322	5,268	2,054	321	-	358	1,493	1,482	-	555	-	-	-	6,508	4,341	2,167
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	649	367	282	-	-	-	-	-	-	56	-	-	-	649	423	226
Plant, Machinery & Equipment	5,881	2,772	3,110	85	2	694	92	89	-	391	-	-	-	6,568	3,075	3,493
	147,761	18,205	129,556	895	1	10,202	7,351	5,751	-	2,069	-	(244)	-	151,262	14,524	136,739
16.2 Infrastructural Assets																
Work in Progress	2,247	-	2,247	(1,041)	-	7,519	-	-	-	-	-	-	-	8,725	-	8,725
Bridges	35,959	-	35,959	-	-	-	-	-	-	855	-	(1,506)	(855)	34,453	-	34,453
Car parks	15,160	10	15,150	(377)	-	-	1	-	-	106	-	(548)	(106)	14,234	10	14,224
Public Conveniences	2,356	40	2,316	28	1	83	-	-	-	39	-	-	-	2,467	80	2,387
Reserves and Parks	43,600	729	42,871	-	-	643	-	-	-	168	-	-	-	44,244	897	43,347
River Works	127,146	-	127,146	11	-	867	-	-	-	118	-	-	-	128,024	118	127,906
Roads and Streets	404,343	-	404,343	29	-	7,367	-	-	-	4,787	-	108,983	(4,787)	520,722	-	520,722
Sewerage Schemes	65,979	2,745	63,234	19	-	6,259	-	-	-	1,756	-	39,461	(2,745)	111,718	1,756	109,962
Stormwater Drainage Schemes	27,571	1,209	26,362	-	-	858	-	-	-	877	-	32,089	(1,209)	60,518	877	59,641
War Memorials	451	21	430	-	-	-	-	-	-	4	-	-	-	451	25	426
Water Supply Schemes	67,100	3,496	63,604	436	(2)	5,757	1	-	-	2,016	-	18,629	(5,510)	91,921	-	91,921
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	791,912	8,250	783,662	(895)	(1)	29,353	2	-	-	10,726	-	197,108	(15,212)	1,017,477	3,763	1,013,714
Total Operational and Infrastructural Assets	939,673	26,455	913,218	-	-	39,555	7,353	5,751	-	12,795	-	196,864	(15,212)	1,168,739	18,287	1,150,453

17. Intangible Assets

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
SOFTWARE COST				
Balance at Start of Year	1,647	1,609	1,341	1,331
Additions	490	38	481	10
Balance at End of Year	2,137	1,647	1,822	1,341
ACCUMULATED AMORTISATION AND IMPAIRMENT				
Balance at Start of Year	1,356	1,029	1,159	890
Amortisation Expense	178	327	114	269
Balance at End of Year	1,534	1,356	1,273	1,159
NET BOOK VALUE				
Balance at End of Year	603	291	549	182

18. Forestry Assets

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Balance at Start of Year	11,661	15,823	11,661	15,823
Increase due to purchases	342	299	342	299
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to physical changes. (Note 8)	396	1,391	396	1,391
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes. (Note 8)	(327)	(3,347)	(327)	(3,347)
Decreases due to sales (harvest)	(1,459)	(2,505)	(1,459)	(2,505)
Balance at End of Year	10,613	11,661	10,613	11,661

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 2835 stocked hectares as at 30 June 2009 (2008: 2812.2)

The stocked area consists predominantly of radiata 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 2009 of the MRF estate ranges from 1-14 years 43%; 15-28 years 41% and 29-36 years 16% (2008: 1-14 years 35%, 15-28 years 43% and 29-33 years 22%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2009. Buck Forestry Service Ltd has prepared the forestry crop valuations as at 30 June 2009 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.

19. Joint Venture

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

	COUNCIL and GROUP	
	2008-09 (\$000's)	2007-08 (\$000's)
Current Assets	1,679	2,390
Non Current Assets	17,561	18,207
Current Liabilities	886	766
Non Current Liabilities	6,552	6,950
Income	6,578	6,701
Expense	6,705	9,009

20. Investment Property

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Balance at Start of Year	66,197	61,545	-	-
Additions from subsequent expenditure	1,855	804	1,389	-
Transfers from capital work in progress	1,368	2,487	-	-
Disposals	(67)	-	-	-
Net gain/(loss) from fair value adjustments (Note 8)	(9,358)	1,361	342	-
Balance at End of Year	59,995	66,197	1,731	-

The fair value of MDC's investment property at 30 June has been arrived at on the basis of a valuation carried out at that date by J F Sampson (ANZIV SPINZ) of Alexander Hayward 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

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Trade payables	6,763	3,939	5,102	2,475
Accruals	3,396	6,019	3,396	6,019
Income in advance	1,786	1,424	1,291	938
Deposits	1,505	1,570	1,505	1,720
Agency account	118	179	118	179
Trust funds	227	227	227	227
Amounts due to related parties (Note 29)	-	-	3,329	1,074
Total Creditors and Other Payables	13,795	13,358	14,968	12,632

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms.

22. Borrowings

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
CURRENT PORTION				
Bank overdraft	1,963	481	1,963	481
Total Current Portion of Borrowings	1,963	481	1,963	481
NON-CURRENT PORTION				
Loan	34,755	34,755	-	-
Total Non-Current Portion of Borrowings	34,755	34,755	-	-
Total Borrowings	36,718	35,236	1,963	481

Although Council had no formal overdraft facility in place as at 30 June 2009, 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 MDCH BNZ loan is 3.2% (2008: 8.9%).

Funds have been raised under a \$60 million multi-option facility agreement with the Bank of New Zealand (2008: \$45 million). The terms of that agreement are at least two years and not greater than five years.

Term loans have been secured by way of first mortgage over Certificates of Title 4C/1465, 3B/322, 3B/323, 3B/324 and 5D/878 of the Marlborough Land Registry. In addition a Negative Pledge Deed has been entered into with Port Marlborough New Zealand Limited.

Council

Interest rates range from 2.25% to 5% (2008: 5% to 7%).

23. Employee Entitlements

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
CURRENT PORTION				
Accrued pay	44	409	44	409
Annual leave	1,398	1,244	956	846
Sick leave	40	35	40	35
Total Current Portion Employee Entitlements	1,482	1,688	1,040	1,290
NON-CURRENT PORTION				
Retirement and long service leave	940	919	940	919
Total Non-Current Portion Employee Entitlements	940	919	940	919
Total Employee Entitlements	2,422	2,607	1,980	2,209

24. Provisions

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
CURRENT PORTION				
Runway reseal	2,797	-	-	-
NON-CURRENT PORTION				
Provision for landfill aftercare	468	559	468	559
Provision for runway reseal	-	2,282	-	-
Total Non-Current Portion Provisions	468	2,841	468	559
Total Provisions	3,265	2,841	468	559

GROUP	Landfill		Total
	Runway Reseal	Aftercare	
Balance at 1 July 2007	1,672	578	2,250
Additional provisions made	610	(19)	591
Balance at 1 July 2008	2,282	559	2,841
Additional provisions made	610	313	923
Amounts used	(95)	(404)	(499)
Less Current Portion	(2,797)	-	(2,797)
Balance at 30 June 2009	-	468	468

Landfill closure and aftercare liability

Closure responsibilities occur at the closure of each stage of the landfill and upon final closure.

Council has provided for closure of the stage currently in use, in 2013, and in 2049 of the entire landfill.

Closure responsibilities include:

- 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.

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.

Post-closure responsibilities include:

- 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-one to sixty years time (or between 2050 and 2069).

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

The provision has been estimated taking into account existing technology and known changes to legal requirements. To provide for the estimated cost a charge is made each year.

The estimated liability for closure and post closure is \$1.81m.

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

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
RETAINED EARNINGS				
Balance at start of year	551,434	532,511	495,590	479,994
Transfers (to)/from reserves	233	(6,025)	233	(6,025)
Transfers from asset revaluation reserve on disposal of property, plant & equipment	25	179	30	185
Surplus for the year	2,267	24,769	13,111	21,436
Balance at end of year	553,959	551,434	508,964	495,590
RESTRICTED RESERVES				
Balance at start of year	17,335	13,661	17,335	13,661
Transfers from Retained Earnings	2,146	3,674	2,146	3,674
Balance at end of year	19,481	17,335	19,481	17,335
Restricted reserve consists of:				
- Sinking Fund reserves	16,301	13,498	16,301	13,498
- Land Subdivision reserve	3,180	3,837	3,180	3,837
	19,481	17,335	19,481	17,335
ASSET REVALUATION RESERVE				
Balance at start of year	447,767	369,741	416,367	338,347
Revaluation gains	209,461	78,205	212,075	78,205
Income tax recognised directly in equity	(183)	-	-	-
Transfers from asset revaluation reserve on disposal of property, plant & equipment	(30)	(179)	(30)	(185)
Balance at end of year	657,015	447,767	628,412	416,367
ORDINARY AND COUNCIL CREATED RESERVES				
Balance at start of year	30,153	27,800	27,537	25,184
Transfers (to)/from Retained Earnings	(2,373)	2,353	(2,378)	2,353
Balance at end of year	27,780	30,153	25,159	27,537
TOTAL OTHER RESERVES	704,276	495,255	673,052	461,239

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

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Surplus/(deficit) after tax	2,267	24,769	13,111	21,436
Add/(less) non-cash items:				
Depreciation and amortisation expense	18,972	12,984	12,909	10,770
Decrease in forestry value due to harvest	1,459	-	1,459	-
Vested assets	(573)	(2,050)	(573)	(2,050)
Movement in deferred tax	(2,765)	(627)	-	-
Runway reseal provision	610	610	-	-
Landfill aftercare provision	(91)	(19)	(91)	(19)
(Gains)/losses in fair value of biological assets	(69)	4,460	(69)	4,460
(Gains)/losses in fair value of investment property	9,358	(1,361)	(342)	-
(Gains)/losses on fair value of investments	(631)	20	(631)	20
(Gains)/losses on derivative financial instruments	2,127	310	-	-
	28,397	14,327	12,662	13,181
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	(2,693)	(2,798)	(2,794)	(2,820)
Other	387	(95)	-	-
Dividend income	(10)	(10)	(1,038)	(1,268)
Fixed assets obtained on credit	1,303	(1,998)	1,303	(1,998)
	(1,013)	(4,901)	(2,529)	(6,086)
Add/(less) movements in working capital items:				
Accounts receivable	(2,268)	(1,786)	(230)	(2,030)
Inventories	(139)	(156)	(5)	(173)
Income tax receivable	477	(292)	-	-
Accounts payable	4,391	1,694	2,021	1,690
Employee benefits	(229)	(107)	(229)	(62)
	2,232	(647)	1,557	(575)
Net cash inflow/(outflow) from operating activities	31,883	33,548	24,801	27,956

27. Capital commitments and operating leases

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
CAPITAL COMMITMENTS				
Property, plant and equipment	13,432	3,159	13,337	1,798
Total Capital Commitments	13,432	3,159	13,337	1,798
Intentions to Commit:				
Your attention is drawn to the Long Term Council and Community Plan for July 2009 to June 2019 which is available from Council offices and agencies and details intentions for the coming year.				
OPERATING LEASES AS LESSEE				
Not later than one year	10	31	-	-
Later than one year and not later than five years	-	9	-	-
Total non-cancellable operating leases	10	40	-	-
OPERATING LEASES AS LESSOR				
Not later than one year	6,964	6,799	3,012	2,832
Later than one year and not later than five years	20,410	21,483	11,716	11,135
Later than five years	59,216	63,361	50,969	53,339
Total non-cancellable operating leases	86,590	91,643	65,697	67,306

Operating Leases as Lessor

Marlborough District Council leases its investment property under operating leases. The majority of these leases have a non-cancellable term of more than five years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are detailed above.

28. Contingencies

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
Uncalled capital in MDC Holdings Ltd	65,000	50,000	65,000	50,000
Financial guarantees	1,845	1,530	1,845	1,530
Other legal proceedings	178	110	178	110
Risk Pool	152	-	152	-
Total contingent liabilities	67,176	51,640	67,176	51,640

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 2008, the scheme had an estimated past service surplus of \$28.3 million (9.9% 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 continues at 1.0 times contributors' contributions. The 1.0 times is inclusive of specified superannuation contribution withholding tax. The equivalent information as at 31 March 2009 is not available at the date of preparation of these financial statements.

29. Related Parties Transactions

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.

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

	COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)
MDC Holdings Limited		
Purchased shares from MDC	-	1,425
Dividend paid to MDC	1,028	1,258
Interest received from MDC	45	
Services provided by MDC	11	24
Services provided to MDC	-	1
Other receivable from MDC	3,329	1,074
Trade payable to MDC	12	1
Marlborough Airport Limited		
Rates paid to MDC	3	3
Services provided by MDC	31	23
Port Marlborough (NZ) Limited		
Rates paid to MDC	314	291
Services provided by MDC	302	452
Services provided to MDC	43	48
Other receivable from MDC	-	156
Trade receivable from MDC	4	-
Trade payable to MDC	49	-

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). These goods and services were supplied on normal commercial terms.

During the year Council contracted with the domestic partner of a key management team member to the value of \$27,981 (2008: \$58,188), negotiated on normal commercial terms. There was a balance of \$6,245 (2008: nil) outstanding at year end.

30. Remuneration

	COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)
30.1 Key Management Personnel Compensation		
Salaries and other short term employee benefits	1,669	1,564
Total key management personnel compensation	1,669	1,564
Key management personnel includes the Mayor, Councillors, Chief Executive and other senior management personnel.		
30.2 Chief Executive		
Salary	264	306
Vehicle	17	18
Superannuation subsidy	9	9
Total Chief Executive compensation	290	333
2007-08 Salary includes back pay of \$50,460 relating to an error in the calculation of salary since 2002/2003 financial year.		
30.3 Elected Representatives		
Mayor		
Alistair Sowman	105	103
Councillors		
Jenny Andrews	49	47
Andrew Barker	24	28
Graeme Barsanti	32	30
Cliff Bowers	57	53
Warwick Brice	24	16
Jill Bunting	37	59
Liz Davidson	52	53
Tom Harrison	36	19
Gerald Hope	36	35
Francis Maher	36	35
Pat O'Sullivan	18	23
Graeme Taylor	36	31
Nigel Weetman	24	23
Frank Connor	-	7
John Craighead	-	12
Total Elected Representative compensation	566	574

The Mayor and Councillor Hope were directors of MDC Holdings Limited during the reporting periods 2007-08 and 2008-09 and were paid Directors' fees by MDC Holdings Limited. A Sowman \$8,500 (2008 \$8,500), G Hope \$8,500 (2008 \$8,500).

31. 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 2009 Council did not make any payments that required disclosure under the Local Government Act 2002 (2008: Nil)

32. Events after the Balance Date

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

33. Financial Instruments

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

33.1 Financial Instrument Categories

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
The accounting policies for financial instruments have been applied to the line items below:				
FINANCIAL ASSETS				
Fair Value Through Profit and Loss				
Term Deposits and bonds	15,903	17,260	15,903	17,260
Total Fair Value Through Profit and Loss	15,903	17,260	15,903	17,260
Loans and Receivables				
Cash and cash equivalents	9,516	9,462	7,196	7,502
Trade and other receivables	9,443	8,874	7,939	7,393
Shares	75	75	75	75
Other financial assets				
- term deposits	73	8,089	73	8,089
- loans to related parties	218	272	218	272
- Community Loans	6	423	6	423
Total Loans and Receivables	19,331	27,195	15,507	23,754
Total Financial Assets	35,234	44,455	31,410	41,014
FINANCIAL LIABILITIES				
Financial Liabilities Amortised at Cost				
Trade and other payables	13,799	13,358	14,967	12,632
Interest rate swaps - at fair value	1,898	230	-	-
Borrowings:				
- bank overdraft	1,963	481	1,963	481
- secured loans	34,755	34,755	-	-
Total Financial Liabilities	52,415	48,824	16,930	13,113

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

33.2 Financial Instrument Risks

(a) 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:

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
i) Maximum exposure to credit risk				
Cash at bank and term deposits	25,492	34,811	23,172	32,851
Debtors and other receivables	9,443	8,874	7,939	7,393
Community and related party loans	224	695	224	695
Financial guarantees	1,845	1,530	1,845	1,530
Total Credit Risk	37,004	45,910	33,180	42,469

Financial Instruments which potentially subject 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 \$1,264,904. 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:

	GROUP		COUNCIL	
	2008-09 (\$000's)	2007-08 (\$000's)	2008-09 (\$000's)	2007-08 (\$000's)
ii) Credit quality of financial assets				
Counterparties with Credit Ratings - Cash at Bank and Term Deposits				
A1+	8,915	8,321	6,595	6,361
AAA	-	1,525	-	1,525
AA+	-	1,020	-	1,020
AA	5,418	13,596	5,418	13,596
AA-	2,044	1,940	2,044	1,940
A+	3,135	5,500	3,135	5,500
A	5,017	1,982	5,017	1,982
Counterparties without Credit Ratings - Cash at Bank and Term Deposits				
NR	963	927	963	927
Total	25,492	34,811	23,172	32,851
COUNTERPARTIES WITHOUT CREDIT RATINGS - Existing counterparty with no defaults in the past				
Term deposits	963	927	963	927
Community and related party loans	224	695	224	695
Total	1,186	1,622	1,186	1,622

(b) 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 (\$000's)	Contractual Cashflow (\$000's)	Less than 1 year (\$000's)	1-2 years (\$000's)	2-5 years (\$000's)
The table below analyses MDC's financial liabilities into maturity groupings based on the remaining period at the balance date to the contractual maturity date.					
GROUP 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 Financial Liabilities	48,594	48,594	22,134	12,900	13,560
GROUP 2009					
Creditors and other payables	13,799	13,799	13,799		
Net settled derivative liabilities	1,898	1,898	-	798	1,100
Bank overdraft	1,963	1,963	1,963		
Secured loans	34,755	34,755	-	20,605	14,150
Total Financial Liabilities	52,415	52,415	15,762	21,403	15,250
COUNCIL 2008					
Creditors and other payables	12,632	12,632	12,632		
Bank overdraft	481	481	481		
Total Financial Liabilities	13,113	13,113	13,113	-	-
COUNCIL 2009					
Creditors and other payables	14,967	14,967	14,967		
Bank overdraft	1,963	1,963	1,963		
Total Financial Liabilities	16,930	16,930	16,930	-	-

Contractual maturity analysis of financial assets

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

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS	Carrying Amount (\$000's)	Contractual Cashflow (\$000's)	Less than 1 year (\$000's)	1-2 years (\$000's)	2-5 years (\$000's)
GROUP 2008					
Cash and cash equivalents	9,462	9,462	9,462		
Trade and other receivables	8,874	8,874	8,874		
Derivative financial instrument assets	230	230	(1)	23	208
Other financial assets:					
- term deposits	25,349	25,349	11,151	1,978	12,220
- Community and related party loans	695	695	695		
Total Financial Assets	44,610	44,610	30,181	2,001	12,428
GROUP 2009					
Cash and cash equivalents	9,516	9,516	9,516		
Trade and other receivables	9,443	9,443	9,443		
Other financial assets:					
- term deposits	15,976	15,976	2,133	516	13,327
- community and related party loans	224	224	64	160	
Total Financial Assets	35,159	35,159	21,156	676	13,327
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 Financial Assets	40,939	40,939	26,741	1,978	12,220
COUNCIL 2009					
Cash and cash equivalents	7,196	7,196	7,196		
Trade and other receivables	7,939	7,939	7,939		
Other financial assets:					
- term deposits	15,976	15,976	2,133	516	13,327
- community and related party loans	224	224	64	160	
Total Financial Assets	31,335	31,335	17,332	676	13,327

33.3 Sensitivity analysis

The table following illustrates 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.

SENSITIVITY ANALYSIS	2008-09		2007-08	
	-50bps Profit	+50bps Profit	-50bps Profit	+50bps Profit
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
GROUP INTEREST RATE RISK				
Financial assets				
Cash at bank and term deposits	(1)	1	(144)	144
Other financial assets - term deposits	(96)	96	(56)	56
Derivatives - held for trading	(309)	262	67	(71)
Total Sensitivity Financial Assets	(406)	359	(133)	129
Financial liabilities				
Borrowings:				
- bank overdraft	184	(184)	4	(4)
Total sensitivity to interest rate risk	184	(184)	4	(4)
COUNCIL INTEREST RATE RISK				
Financial assets				
Cash and cash equivalents - term deposits	(1)	1	(31)	31
Other financial assets - term deposits	(80)	80	(127)	127
Total Sensitivity Financial Assets	(81)	81	(158)	158
Financial liabilities				
Borrowings - bank overdraft				
	10	(10)	4	(4)
Total Sensitivity to Interest Rate Risk	10	(10)	4	(4)

33.4 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.

34. Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

MDC has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus relating to these separate areas of benefit is applied to the purpose of the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

35. Explanation of major variances against budget

Explanation of major variances from Marlborough District Council's projected figures in the 2008-09 Annual Plan are as follows:

35.1 Income Statement

Interest income is \$849,000 higher and interest expense \$1,368,000 lower than forecast due to delay in commencing some projects meaning funds were available for investment and did not need to be borrowed.

Subsidy and grant revenue is \$2,638,528 higher than budget, due primarily to roading subsidies received in relation to flood restoration.

Unbudgeted gains of \$3,425,000 were made on:

- Revaluation of Council's investments.
- Assets sold, including sections in Boulevard Park on Taylor subdivision.

Fees and user charges across Council were \$1,674,000 below budget due to:

- Downturn in demand for some services due to the economic climate.
- Delay in implementation of the proposed Harbour by-laws.

Deferment of residential and commercial activities resulted in delayed recovery of \$4,190,000 budgeted revenue.

This year and last year's actual forestry revenue (\$5,805,000 net of eliminations) and expenditure (\$6,391,000) are disclosed separately whereas they are budgeted on a net basis.

Other operating expenses also include:

- Saving against budget of the \$5,000,000 Civic Theatre Grant on hold.
- The \$4,910,000 cost (partially recovered) of flood recovery.

Depreciation is \$2,171,000 higher than budget due mainly to the impact of revaluation of Council's infrastructural assets since the budget was prepared.

35.2 Statement of Financial Position

For reasons discussed above the numbers disclosed vary from budget in that there is more money invested and no external borrowings. The value of Property, Plant and Equipment also reflects the revaluation discussed as affecting depreciation costs.

35.3 Statement of Cash Flows

The variances in the statement of cash flows reflect the impacts of the variances discussed above, in particular the deferral of capital and commercial projects reduced cash used for asset purchases, and therefore cash required from borrowings but also cash provided from sales.