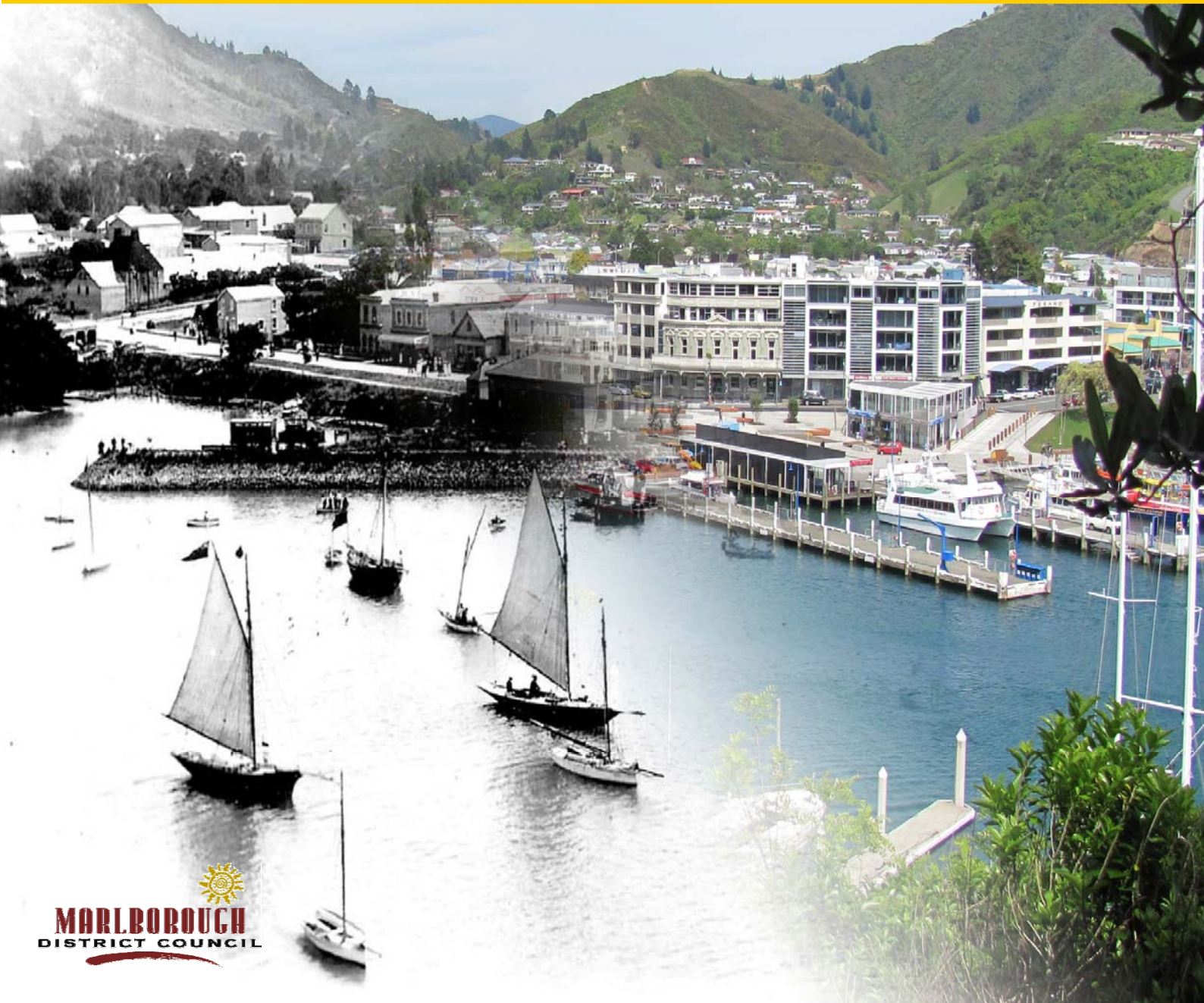


Marlborough District Council

# Annual Report

2009-2010



Our 150<sup>th</sup> Year





## Mission Statement

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

*Picture: Llamas at Collins Memorial Park, Koromiko*

## Role of the Annual Report

This Annual Report has been prepared to enable readers to assess the performance of the Marlborough District Council for 2009-2010 against the policies, activities, objectives, performance targets and financial details for the 2009-2010 year contained in the Council's 2009 - 2019 Long Term Council Community Plan.

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

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

*Front Cover: Picton Waterfront New Years Day 1902 (courtesy of Picton Museum) and present day.*

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*Picture: Construction of the Blenheim Central Water Treatment plant, Auckland Street, Blenheim*

## INTRODUCTION

- MDC Directory
- Mayor's Report
- Achievements 2009-2010
- Chief Executive's Report

## MDC Directory

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### 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](mailto:mdc@marlborough.govt.nz)

Web: [www.marlborough.govt.nz](http://www.marlborough.govt.nz)

### ADDRESSES

#### District Administration Building

15 Seymour Street, Blenheim 7201

#### Picton Service Delivery Centre (includes Library)

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 2010**
- Rateable Land Value..... \$8,865,720,650
  - Rateable Capital Value ..... \$15,776,359,750
  - Number of Rate Assessments..... 25,457

## MAYOR'S REPORT

The purpose our Annual Report is to inform the community about the Council's achievements, financial performance and position over the July 2009-June 2010 year. The report is audited by Audit New Zealand on behalf of the Auditor-General.

The past year was the first in working towards achieving our latest 10 Year Plan. A key theme of that Plan was to achieve the difficult balance of keeping rates affordable with improving services and making the necessary infrastructure investment to support our growing community.

Upgrading our sewerage and water infrastructure are specific priorities that the Council has signalled in its 10 Year Plan. This programme got underway with a piped sewerage scheme for Grovetown now in place, upgrades to water supplies in Blenheim and Picton were progressed, and Blenheim sewerage improvements have begun. Alongside this infrastructure, the Council builds, manages and funds a wide range of community infrastructure for local people to use and enjoy. This year, a range of improvements have been made across the District with Council support - the Giesen Sports and Events Centre in Renwick, London Quay waterfront project in Picton and the opening of the Re-Use Shop in Blenheim next to the Resource Recovery Centre. Improvements to walking and cycle tracks, play areas, memorials, parks and reserves across the region were also delivered by Council. The Council subsidiary Marlborough Airport Limited has upgraded the runway and terminal at Blenheim Airport. Construction work also began on the regional aquatic facilities at Stadium 2000 and Alfred Street car park in Blenheim which are due for completion in 2011.

These upgrades are necessary to support current and future growth in Marlborough. Council has been active recently in discussing the future growth of our province by developing urban growth strategies for Southern and Northern Marlborough. Hundreds of local people have provided their ideas and opinions about new housing and commercial/industrial land, open space, roading and other issues that affect their local area. Work will continue on these documents, and we will continue to talk to the community during this process. Ultimately, the results will feature in our future Long Term Plans and our Resource Management Plans by giving direction as to where and how growth should occur, and how the costs should be met.

2009 was a significant year for the province as Marlborough celebrated 150 years as a region in its own right. The community joined together to provide some memorable celebrations that culminated with the Anniversary Day parade in November. On the international front we also welcomed visitors from our Sister City Tendo in Japan, and successfully attracted the Russian rugby team to our district as their base for the forthcoming Rugby World Cup. We look forward to welcoming them and the many visitors who will be touring through our region next year.

Recently there has been a focus on democracy and representation in the run up to the 2010 elections. A representation review was undertaken on Marlborough which has resulted in the Picton and Pelorus/Northern Marlborough Sounds wards being amalgamated. Also this year, the Picton Ward forum was initiated which sits alongside the existing Sounds Advisory Group as a mechanism for local people in Northern Marlborough to have dialogue with the Council.

Your interest in reading our Annual Report is appreciated and feedback is welcome.



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 2009-10

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

### **Water and Sewerage Infrastructure**

A number of upgrades were commenced or completed. These include: Grovetown sewerage, Blenheim sewerage and Blenheim and Picton reservoirs.

### **Rivers and Drainage**

A long term project to acquire Taylor River esplanade reserve between Central Blenheim and the Taylor Dam from landowners in exchange for carrying out river control works has been achieved after several years of negotiation. The river works have been carried out on the Taylor, esplanade reserves acquired, and a cycleway/walkway has been constructed from Blenheim to the Taylor dam.

Picture at right: Taylor river at Meadowbank bridge showing enlarged channel carrying flood flows, and track on esplanade reserve.



### **Strategic Policy**

The Blenheim Town Centre Strategy was adopted in March 2010. This strategy has identified a number of strategic projects to enhance the CBD that will be worked up by the Council and other interested parties in the coming years. Identified projects include a new library and art gallery, streetscape improvements, new development standards and riverside enhancements.

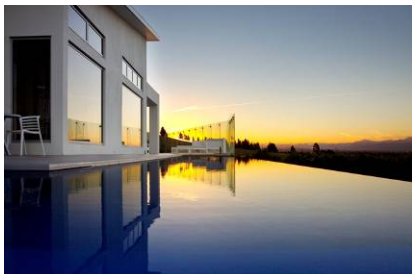
The drafting of the Regional Policy Statement has been completed, and drafting of the District Plan commenced. Work continued on developing the next generation water allocation models.

### **Regulatory**

The Resource Consent group improved the number of resource consents completed within statutory time limits from less than three in five last year to over four in five this year.

The Building Control Group has achieved stage two of accreditation as a Building Consent Authority and is now registered as such. This confirms the quality of our decision making and the competency of those staff making those decisions.

The Building Control group is making excellent progress in its aim to improve the safety of swimming pools through compliance with the Fencing of Swimming Pools Act, and with the safety provisions within buildings through its monitoring and enforcement related to Building Warrants of Fitness.



Picture: examples of inspected swimming pools in Marlborough

### **Reserves & Amenities**

The construction of the Aquatic Centre upgrade at Stadium 2000 commenced and is expected to be completed in Winter 2011. The Giesen Sports & Events Centre in Renwick was completed and opened in November 2009. A range of facilities across the District, such as the Skate Park in Blenheim, various walking tracks and play areas were upgraded/established. The new Foreshore development at London Quay, Picton was completed.

### **Culture and Heritage**

A range of events were organised to commemorate the 150<sup>th</sup> Anniversary of the province of Marlborough throughout 2009, culminating in the 150<sup>th</sup> Marlborough Anniversary parade in November.

### **Transportation**

Work began on the new carpark building in Alfred Street, Blenheim. This is due for completion in 2011.

### **Blenheim Airport**

Marlborough Airport Limited undertook runway renewal work and upgrades to the terminal at Blenheim Airport.





*Resealing the Marlborough Airport Limited's runway, Woodbourne (photo courtesy of Fulton Hogan Limited)*



*Commencement of the new carpark building, Alfred Street, Blenheim*



*Construction of the Victoria Domain Reservoir, Picton*



*New foreshore development, Picton*



*150<sup>th</sup> Marlborough Anniversary Parade, Blenheim*



*Skate Park upgrade, Blenheim*



*Construction of the new swimming pool complex Marlborough Lines Stadium, Blenheim*



## CHIEF EXECUTIVE'S REPORT

---

The Council has continued to play a central role in our community over the past year by focusing on improving the services we provide, planning ahead for future challenges, and by investing in local infrastructure projects at a time when private investment is reduced. The Council also has a significant ongoing work programme of services to deliver alongside improvements and new schemes.

Our recent resident satisfaction survey confirmed that the Council continues to provide services to the standard expected by our community and that our water, roading and waste management services are top community priorities, along with emergency management and community safety. Much of the Council's day-to-day work and expenditure is maintaining and developing these key assets to ensure that people have a good quality of life, whilst keeping rates affordable. The Council improved its indicators and targets as part of the 2009-19 Ten Year Plan and these are being reported for the first time in this Annual Report. Our aim is to more accurately represent the standards of service we provide to the community. Progress is being made, but we still have work to do in some areas before we can show that we are measuring and achieving all targets to our satisfaction.



The Council is pursuing improvements to the way in which we operate across our services to ensure a better service for the community. We are achieving this by sharing expertise and best practice with our neighbouring Councils, and we have begun internal reviews of our services to ensure they continue to meet the needs of our community. The Council's Building Control service has now achieved Building Control Accreditation following a comprehensive audit. This confirms the quality of our decision making and the competency of the staff making those decisions. These are significant achievements that have required a great deal of focus and effort from our staff.

The Council is making its contribution to supporting our local economy. We continue to invest in our roading and water infrastructure, we are improving in our principal town centres of Blenheim and Picton, and our economic development service is assisting with key projects to protect existing local jobs and to create new ones in our wine, marine, tourism and aviation sectors.

The Council also supports the development of our local economy by planning for sustainable growth and by providing effective regulatory services. In the past year key building blocks in setting the future direction of the District were developed. The drafting of our second generation Regional Policy Statement is almost complete, and we have begun consultation on our Marlborough Urban Growth Strategies. A key issue for our community and the rural economy looking ahead will be water usage, and we have been working on a new water allocation model for the District to meet all our needs into the future.

We have worked hard to deliver quality and valued services to our community in the past twelve months and will endeavour to continue our progress this year.

A handwritten signature in black ink, appearing to read 'Andrew Besley'.

**Andrew Besley**  
**CHIEF EXECUTIVE**



*Picture: Marlborough District Council  
Administration Building, Blenheim*

## YOUR COUNCIL

- Elected Council Members
- Council Committees and Members
- Council Staff Structure
- Equal Employment Opportunities Policy
- Staff Employed
- Infrastructural Assets
- Statement of Compliance
- Audit Office Report



## ELECTED COUNCIL MEMBERS

### BLENHEIM WARD



Jenny Andrews  
(Deputy Mayor)



Warwick Brice



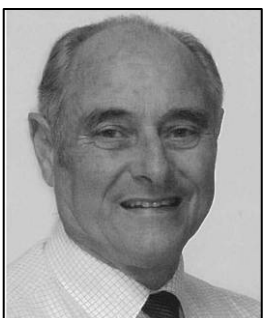
Jill Bunting



Alistair Sowman



Liz Davidson



Tom Harrison



Gerald Hope



Graeme Taylor

### WAIRAU/AWATERE WARD



Andrew Barker

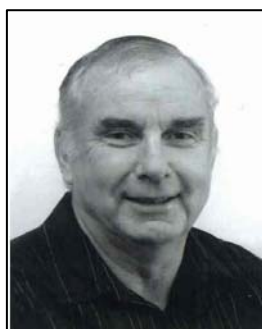


Francis Maher



Peter Jerram

### PICTON WARD



Cliff Bowers



Nigel Weetman

### PELORUS/NORTHERN MARLBOROUGH SOUNDS WARD



Graeme Barsanti

## COUNCIL COMMITTEES AND MEMBERS

(AS AT 30 JUNE 2010)

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 committees and their membership during 2009-2010 were 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 six iwi listed below are signatories to the memorandum. The memorandum sets out the intention of both parties to support a partnership between tangata whenua iwi and Council.

Currently the committee is in recess.

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

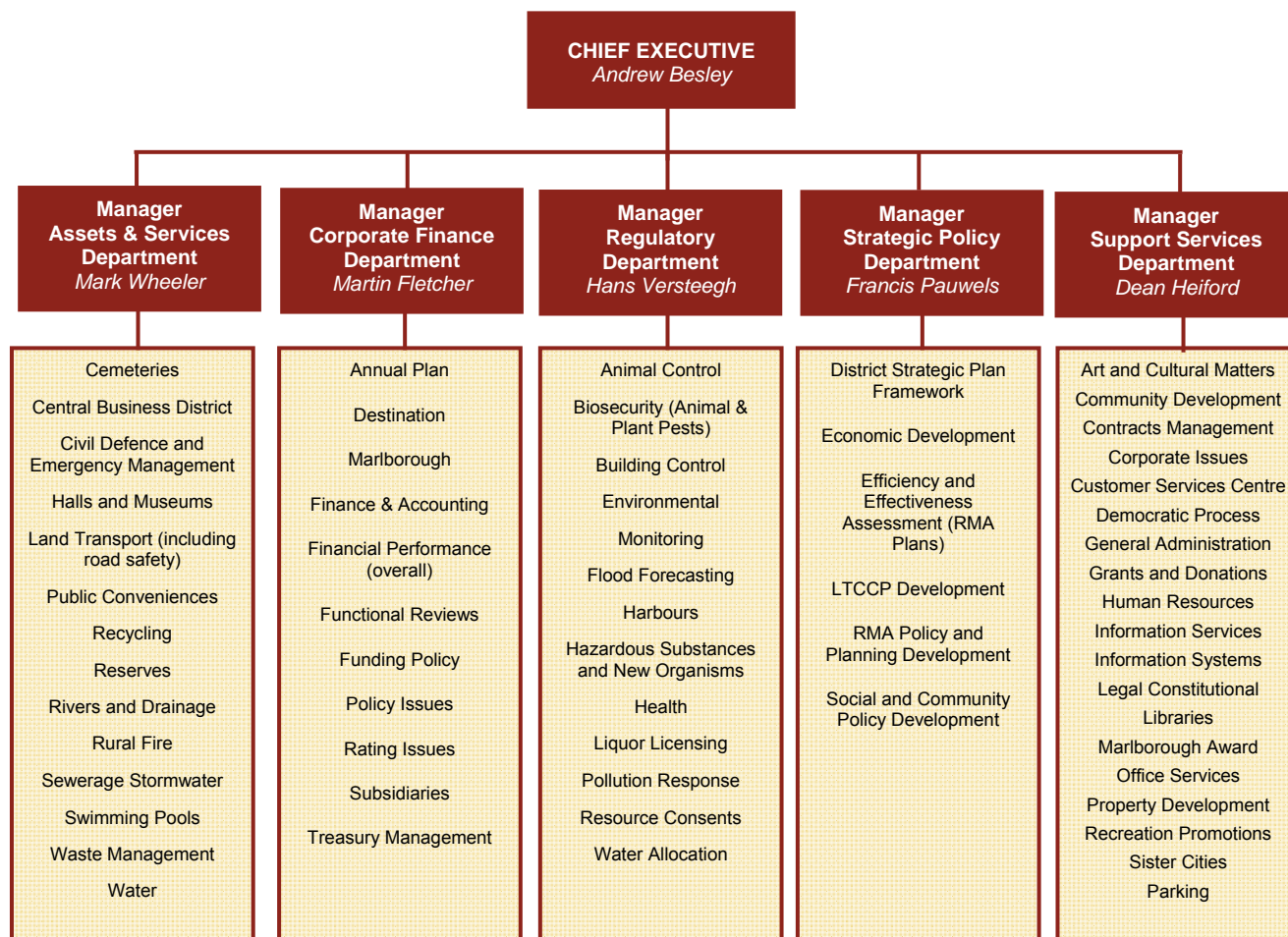
Manager, Corporate Finance- Martin Fletcher (Director)

### **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 2010)

	30.06.10		30.06.09	
	Male	Female	Male	Female
<b>General Management</b>				
Management and Support	3	1.9	3	2.9
<b>Assets and Services</b>				
Development and Project Management	5.8	1.5	6	1.5
Engineering	12	5	11	5
Operations	13.7	2.4	13.7	2.4
Reserves and Amenities	4.6	1.6	4.6	1
Rivers and Land Drainage	6	-	6	-
Management and Support	3	.4	3	1
Civil Defence/Emergency Management	2	-	2	-
<b>Corporate Finance</b>				
Management and Support	1	1	1	1
Treasury	3	6.6	4	6.6
<b>Regulatory</b>				
Animal and Plant Pests	5	-	4	
Building Control	17	5.7	15	4.7
Environmental Health and Liquor	-	1.4	-	2
Environmental Unit	8	5	8	5
Harbour Functions	2	-	2	-
Resource Management Control	9.6	13	10.6	11
Compliance	3	7.4	4	8
Management and Support	1	1	1	1
<b>Strategic Policy</b>				
Management and Community Policy	2	-	2	-
Environmental Policy	3	2	3	2
<b>Support Services</b>				
Support Services Management	1	1	1	-
Community Development Management	-	1	-	1
Democratic Services Management	1	1.6	1	2
Office Services	1	8.5	0.5	9
Contracts Management	0.5	-	0.5	-
Human Resources	-	0.9	-	0.9
Information Services	6	12.3	7	9.2
Customer Service Centres	1	14.8	1	15.3
Libraries	5	8.3	5	8.3
<b>Totals</b>	<b>120.2</b>	<b>104.3</b>	<b>119.9</b>	<b>100.8</b>

## INFRASTRUCTURAL ASSETS

ROADING ASSETS				
	30/06/2010		30/06/2009	
<b>Roads</b>	<b>Urban</b>	<b>Length</b>	<b>Urban</b>	<b>Length</b>
	Sealed	182.0	Sealed	180.3
	Metalled	0.6	Metalled	0.6
	<b>Rural</b>	<b>Length</b>	<b>Rural</b>	<b>Length</b>
	Sealed	691.6	Sealed	689.7
	Metalled	646.2	Metalled	658.3
		<b>1520.4</b>	<b>TOTAL</b>	<b>1528.9</b>
<b>Bridges</b>	<b>Number</b>	<b>Lineal Metres</b>	<b>Number</b>	<b>Lineal Metres</b>
One Lane Bridges	280	5063	284	5103
Two Lane Bridges	66	772	62	707
Footbridges	7	224	6	209
<b>TOTAL</b>	<b>353</b>	<b>6059</b>	<b>352</b>	<b>6019</b>
<b>Street Lighting</b>	3940 lights		3937 lights	

OTHER ASSETS		
	30/06/2010	30/06/2009
<b>Wharves</b>	12	12
<b>Water Supply Schemes</b>	7 schemes with 439.1 kms of reticulation	7 schemes with 423.9 kms of reticulation
<b>Sewerage Schemes</b>	5 schemes with 292.9 kms of reticulation	5 schemes with 287 kms of reticulation
<b>Stormwater System</b>	156.6 kms of reticulation	152.5 kms of reticulation
<b>Irrigation Schemes</b>	2 schemes with 64.7 kms of reticulation	2 schemes with 64.7 kms of reticulation



## STATEMENT OF COMPLIANCE

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### **Compliance**

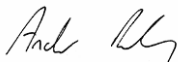
The Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

### **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 2010 fairly reflect the financial position and operations of the Marlborough District Council.



**ANDREW BESLEY**  
**CHIEF EXECUTIVE**

28 October 2010



**ALISTAIR SOWMAN**  
**MAYOR**

28 October 2010

# AUDIT REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

**Audit Report  
To the readers of  
Marlborough District Council and group's  
financial statements and service provision information  
for the year ended 30 June 2010**

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 the audit on her behalf. The audit covers the financial statements, the service provision information and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council and group for the year ended 30 June 2010.

## Unqualified opinion

In our opinion:

- The financial statements of the District Council and group on pages 19 to 132:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2010; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 19 to 86:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service provision for the year ended 30 June 2010, including:
    - the levels of service provision as measured against the intended levels of service provision adopted in the long-term council community plan; and
    - the reasons for any significant variances between the actual service provision and the expected service provision.
- The District Council and group have complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council and group's financial statements and service provision information.

The audit was completed on 28 October 2010, 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, the service provision 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, the service provision 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, the service provision information and the other requirements. We assessed the results of those procedures in forming our opinion.



Audit procedures generally include:

- determining whether the significant management and system 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 financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements, the service provision 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 and service provision information 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 2010. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The service provision information must fairly reflect the District Council's levels of service provision for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 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, the service provision 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 New Zealand Institute of Chartered Accountants.

During the year we audited LTCCP amendments to the District Council's revenue and financing policy and development contributions policy. Other than this audit, 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**

This audit report relates to the financial statements of Marlborough District Council and group for the year ended 30 June 2010 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 since it was initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. 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 and the related audit report dated 28 October 2010 to confirm the information included in the audited financial statements presented on this website.

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



*Picture: View of Market Place, Blenheim*

## COUNCIL ACTIVITIES

- Democratic Process
- People
- Emergency Management
- Land and Water Services
- Environmental Policy and Information
- Regulatory
- Regional Development



## ACTIVITIES

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### Introduction

The Local Government Act 2002 resulted in a change in the way local authorities determine which services they will provide. Councils no longer have any predetermined 'core business' such as roads and rubbish. Instead, Councils must now show how they will help achieve the District's community aspirations for the future, as well as deliver a number of services required by law.

Aligning its services with community aspirations and the Council's own vision better ensures that Council is heading in the right direction in meeting customer needs and wants. In this Annual Report, the Council has structured its activities into seven Activity Groups:

- Democratic Process.
- People.
- Emergency Management.
- Land and Water Services.
- Environmental Policy and Information.
- Regulatory.
- Regional Development.

Many of the goods and services Council delivers contribute to more than one outcome and an awareness of the overlaps means that community benefit obtained from each is maximised.

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. A total of 623 people participated in the survey this year with a maximum margin of error of 3.9% which is considered to be an acceptable margin for this type of survey. The survey was undertaken by telephone in June 2010. 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.

Overall 71% of respondents were satisfied with the performance of Council. The most highly rated service was the Library Services whilst the most lowly rated services were Regional Development and Rivers and Drainage. Whilst in some activities there is a marginal decline, the 2010 performance is statistically within a margin of error or better than the level of the 2009 survey.

## 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 published 2009-19 LTCCP. This document is available on Council's website.

### 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 3.4% of total activity expenditure.

Outcome	Related Community Outcome
The District's communities are able to participate in the decision-making processes that affect them.	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 Picton Ward Forum was established in 2009 to improve dialogue between that community and the Council. The Council also supports the Sounds Advisory Group.

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

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents' expectations. Undertake citizenship ceremonies and other civic duties. Manage 2010 election processes in accordance with Local Electoral Act.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.4	6.4	6.5	Achieved Largely consistent responses across the District demonstrated in the survey. New website should enhance residents' knowledge of Council activities.  Five citizenship ceremonies, involving over 60 people, were undertaken in 2009-10 along with 10 other civic functions  2010 election processes being conducted in accordance with the Local Election Act. The election is on 9 October 2010.

### Council Activity: Democratic Services

Provide a service that is timely and responsive to residents needs.	Percentage of agendas and attachments available to the public at least three working days prior to meetings.	100%	100%	100%	Achieved Agendas (including attachments) were completed and available to the public at least three clear working days prior to the meeting.
	Percentage of Council meetings advertised in the local media no less than five working days prior to meeting date.	100%	100%	100%	Achieved All Council meetings were advertised in the local media (Marlborough Express) no less than five working days prior to the meeting date.

Activity: Democratic Process	2009-10	2009-10	2008-09
Cost of services	Actual	Budget	Actual
	\$000's	\$000's	\$000's
Operating costs	2,513	2,418	2,491
Operating surplus - transferred to reserves	93	148	78
	<b>2,606</b>	<b>2,566</b>	<b>2,569</b>
<b>Funded by</b>			
Rates	2,336	2,297	2,291
General revenues applied	270	269	278
<b>Total revenue</b>	<b>2,606</b>	<b>2,566</b>	<b>2,569</b>
<b>Capital expenditure</b>			
	-	-	1
<b>Funded by</b>			
Other reserve transfers	-	-	1

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



## Activity Group: People

### Activities in this Group

The activities in this group include:

- o Culture and Heritage (including support for arts, and memorials and museums).
- o Community Housing.
- o Community Safety.
- o Community Support.
- o 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 addressing issues of intergenerational equity (where the cost is spread over the life of the asset as the benefit is enjoyed by current and future 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; knowledge and learning; creativity, and prosperity.

### 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 published 2009-19 LTCCP. This document is available on Council’s website.

### 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, by supporting and providing a range of services to the community to improve their daily lives.

### ACTIVITY: CULTURE AND HERITAGE

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

Outcome	Related Community Outcome
<p>Marlborough’s heritage resources are acknowledged, valued and enjoyed by present and future generations.</p> <p>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.</p>	<p>Heritage, Creativity.</p>

### What is this activity about?

This activity involves promoting “cultural wellbeing”. “Cultural wellbeing” is one of the four well beings that Local Government is charged with promoting through the Local Government Act. Council defines “culture” as encompassing the customs, practices, languages, values and world views that define social groups in Marlborough.

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

The Marlborough culture is unique: nowhere else in the world is there the same combination of people, place, and practice. Cultural identity- the sense of connection with other people through a shared culture - can make a strong contribution to a person’s overall wellbeing.

Responding to community changes requires a continual balance between the old and the new.

Over the period of this Plan, some new investments may need to be made in the District’s heritage assets. The Council’s Arts and Culture Strategy, and its Heritage Strategy, sets out the roles played by Council in detail, and the ways in which it proposes working with the community to achieve positives outcomes for culture and heritage.

These include:

- Forming partnerships with organisations and institutions that contribute to cultural wellbeing.(eg; Marlborough Museum, Past Perfect museums database project)
- Supporting projects that reflect and strengthen Marlborough cultural identity. (eg; Marlborough 150 year anniversary celebration)
- Managing the cultural and heritage assets and resources that it is responsible for in a sustainable manner.
- Providing annual heritage operating grants and a pool of grants funds for the arts and heritage sector to apply for each year.

<b>LEVELS OF SERVICE: CULTURE AND HERITAGE</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.5	7.5	6.8	Not achieved The 2010 Resident Satisfaction score is lower than the two previous years, but is still a comparatively high score. There are no clear themes from the comments provided by respondents.
Manage relationships with third party providers to ensure service quality and value including: Identify programmes and proposals to increase the provision and preservation of art and culture.	Percentage of proposed programmes approved by Council and external funding providers.	100%	100%	100%	Achieved Creative Communities Arts Scheme was the only new proposed programme and all grants were fully allocated and reported within set criteria and timeframes. The total grant allocation for the year was \$30,735.
Review existing programmes to ensure still addressing art and cultural issues.	Percentage of programmes reviewed, with results presented to, and recommendations endorsed by Council.	100%	100%	100%	Achieved The Past Perfect Heritage Database project was reviewed and endorsed for continuation by the Heritage sector and Council. Other programmes are delivered by contract and are thus reviewed on an ongoing basis.
	Percentage of grants allocated and reports provided to the relevant committee of Council.	100%	100%	100%	Achieved Grants allocation process completed. 17 grants were allocated to arts and heritage projects. The total grant allocation for the year was \$46,000.
	Percentage acceptance by Council of the achievements reported annually.	90%	90%	100%	Achieved Council received accountability reports from all grant recipients and all were accepted.

Activity: Culture and Heritage	2009-10 Actual	2009-10 Budget	2008-09 Actual
Cost of services	\$000's	\$000's	\$000's
<b>Operating costs</b>			
Arts	170	179	174
Heritage	386	306	317
Memorials	83	83	80
<b>Total operating costs</b>	<b>639</b>	<b>568</b>	<b>571</b>
<b>Funded by</b>			
Rates	511	504	483
General revenues applied	63	64	63
<b>Total revenue</b>	<b>574</b>	<b>568</b>	<b>546</b>
Operating deficit - funded from reserves	65	-	25
	<b>639</b>	<b>568</b>	<b>571</b>
<b>Capital expenditure</b>			
Memorials	7	14	-
<b>Total capital expenditure</b>	<b>7</b>	<b>14</b>	<b>-</b>
<b>Funded by</b>			
Depreciation reserve transfer	7	9	6
Other reserve transfers	-	5	(6)
	<b>7</b>	<b>14</b>	<b>-</b>

Note 1: Explanation of cost of service variance – Heritage costs include 150<sup>th</sup> celebrations.

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 represents 1.3% of total activity expenditure.

Outcome	Related Community Outcome
Marlborough residents have access to affordable housing options.	Affordable housing, Positive ageing.

### What is this activity about?

This activity involves Council considering 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:

- Maintaining a community where people and businesses can prosper.
- Providing an option for elderly people to access appropriate and affordable housing.

Housing is also a key element in the equation of economic sustainability, with direct linkages to the capacity of a community to attract and retain a labour force.

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

Council has an advocacy and facilitation role beyond the current provision of Housing for the Elderly. Council will continue to work closely with Housing New Zealand and the Marlborough Sustainable Housing Trust to attract more funding and provision of housing options for the Marlborough community.



LEVELS OF SERVICE: COMMUNITY HOUSING					
Performance Targets (for the financial year)					
Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.7	6.7	6.8	Achieved General maintenance is carried out at time of inspection. Also prompt follow up work on required maintenance has prolonged the life of many areas of the building and resulted in less maintenance callouts. Waiting lists have increased with average turnover reducing. However there is a noted lack of demand for bedsits.
Provide a community housing service that is sustainable.	Percentage of planned maintenance for the housing for elderly portfolio completed.	80%	90%	91%	Achieved Forty three out of 47 planned maintenance works were completed. 2x Unit upgrades, 7x new showers, 1x bath/shower conversion, 3x Complexes exterior treatment & painting of cladding & fencing, 2x complex replacement of ovens, 6x new hot water cylinders, 4x Unit louvre window replacements with double-glazed aluminium windows, 26x wet area shower conversions, 1x complex water mains replacement (under way). Four outstanding works were deferred until 2010-11 due to higher priority maintenance items being completed.

Activity: Community Housing	2009-10 Actual	2009-10 Budget	2008-09 Actual
Cost of services	\$000's	\$000's	\$000's
Operating costs	961	1,026	909
Operating surplus - transferred to reserves	230	32	234
	<b>1,191</b>	<b>1,058</b>	<b>1,143</b>
<b>Funded by</b>			
Subsidies and grants	184	-	117
Other revenue	1,007	1,058	1,026
<b>Total revenue</b>	<b>1,191</b>	<b>1,058</b>	<b>1,143</b>
Capital expenditure	222	123	214
Debt repayment	1,500	90	141
	<b>1,722</b>	<b>213</b>	<b>355</b>
<b>Funded by</b>			
Depreciation reserve transfer	378	213	120
Other reserve transfers	1,344	-	235
	<b>1,722</b>	<b>213</b>	<b>355</b>

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

Note 2: Significant Capital Expenditure and variances – Relates to the continuation of bathroom and other minor upgrades using a HNZN grant.

Note 3: All debt and associated repayments relate to internal borrowings which were fully repaid, one year earlier than budgeted, from existing sinking funds rather than convert to a one year table mortgage.

<b>ACTIVITY: COMMUNITY SAFETY</b>	
Operating costs of this activity represents 1.3% of total activity expenditure.	
<b>Outcome</b>	<b>Related Community Outcome</b>
People in Marlborough enjoy personal safety and security and are free from victimisation, abuse, violence and avoidable injury.	Safety and security, Positive Ageing, Youth.

**What is this activity about?**

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

Community safety has been identified by the Council as one of the main components of community wellbeing. Council has reviewed its role in community safety and has resolved to commit to longer term arrangements with police and Central Government as they become available. Within Council’s Safer Communities Marlborough section, a number of projects operate all of which contribute to community well being using a variety of social, situational and tertiary crime prevention approaches to support the New Zealand Crime Reduction Strategy.

**Community Safety Projects**

The Council, in partnership with government and other bodies, delivers a range of community safety projects in Marlborough. In 2009/10 these included:

***Truancy Service Marlborough***

Operated in partnership with the Ministry of Education to provide attendance support to all Marlborough schools. The service identifies the underlying reasons for the truancy of referred pupils and reports back to schools. The service does not patrol for truants or chase up casual truants.

***Marlborough Youth Transition Service***

Operated in partnership with the Ministry of Social Development to provide vocational support to 15-19 year olds. This service assists young people to determine a vocational direction then develops and implements an action plan to achieve these goals. The service also tracks the destinations of all school leavers in Marlborough.

***Turnaround Marlborough***

Operated in partnership with the Ministry of Justice to provide Restorative Justice Conferencing services (where offenders meet face-to-face with the victims of their crime) to the Blenheim District Court and Marlborough Police.

***Motivational Outdoor Therapy (MOTh)/Graffiti Vandalism Strategy***

Operated in partnership with the Ministry of Justice, the project provides MOTh for young offenders and to support the prompt removal of graffiti vandalism, provide free graffiti removal packs for the public, funds a 0800 reporting line and develop lines of intelligence on perpetrators of graffiti vandalism.

***Community Max***

Operated in partnership with the Department of Work and Income, Community Max provides a six-month wage subsidy for young people undertaking community projects. This project is expected to conclude in November 2010, remaining projects include track construction on Wither Hills, Blenheim, Riding for the Disabled, Rarangi Golf Club and Mayfield Kindergarten in Blenheim.

***Other Projects***

Operated in partnership with Ministry of Justice, three community safety projects concluded in 2009/10. These were: Neighbourhood Support Marlborough, Street Safe Marlborough and Crime Prevention Through Environmental Design.

<b>LEVELS OF SERVICE: COMMUNITY SAFETY</b>					
Performance Targets (for the financial year)					
<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>
Provide an overall level of service that meets or exceeds residents’ expectations.	Resident satisfaction with this service as measured by survey, where 10 = “service delivered extremely well”.	6.4	6.4	7.1	Achieved There is increased visibility of the Community Max programme. There are twice as many seasonal street patrols as previously (patrols cover the summer period November-April).

## Council Activity: People

	Percentage of residents that perceive of safety after dark in their neighbourhood and town as measured by survey.	Neighbourhood: 85% Town: 57%	85 % 58%	N/A	Not achieved Target is measured every three years, and is next due to be measured in 2011. Target was included for reference purposes only.
Manage relationships with third party providers to ensure service quality and value including identifying programmes and proposals to address safety issues.	Percentage of proposed programmes approved by Council and external funding providers.	100%	100%	100%	Achieved Consultation with external stakeholders through existing mayoral forums with youth talking heads and youth themselves about the 10 programmes that are operated. Community Max contract was awarded in 2009-10, with Mayoral approval. All existing contracts have been approved by funders. Council approved these projects.
Review existing programmes to ensure still addressing safety issues.	Percentage of programmes reviewed, with results presented to, and recommendations endorsed by Council.	100%	100%	0%	Not achieved Report delayed until August 2010 due to delays in announcing new funding priorities by central government. The programmes we operate have been reviewed in conjunction with stakeholder forums and they are still appropriate to meeting community safety outcomes. A report was presented to Council in August 2010. Shifting government priorities in many areas which means some programmes will not be funded in the future despite their continual need.
Programmes delivered within agreed timeframes and budgets.	Percentage of grants allocated and reports provided to the relevant committee of Council.	100%	100%	100%	Achieved All grants were allocated, however a report was taken to Council in August 2010 that covered the revised funding arrangements for the new financial year and new government priorities.
	Percentage acceptance by Council of the achievements reported annually.	90%	90%	100%	Achieved Report was received and fully accepted by Council in August 2010.



<b>Activity: Community Safety</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Safer Communities	891	216	366
Security	49	58	41
<b>Total operating costs</b>	<b>939</b>	<b>274</b>	<b>407</b>
Operating surplus - transferred to reserves	11	-	-
	<b>950</b>	<b>274</b>	<b>407</b>
<b>Funded by</b>			
Rates	78	78	55
General revenues applied	10	10	8
Subsidies and grants	856	184	327
Other revenue	6	2	14
<b>Total revenue</b>	<b>950</b>	<b>274</b>	<b>404</b>
Operating deficit - funded from reserves	-	-	3
	<b>950</b>	<b>274</b>	<b>407</b>
<b>Capital expenditure</b>			
Security	-	50	-
<b>Total capital expenditure</b>	<b>-</b>	<b>50</b>	<b>-</b>
Debt repayment	-	-	9
	<b>-</b>	<b>50</b>	<b>9</b>
<b>Funded by</b>			
Depreciation reserve transfer	-	50	-
Other reserve transfers	-	-	9
	<b>-</b>	<b>50</b>	<b>9</b>

Note 1: Explanation of cost of service variance – Safer Communities costs include an increased number of programmes fully funded from Government agencies including MOTh and Community Max programmes.

## ACTIVITY: COMMUNITY SUPPORT

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

<b>Outcomes</b>	<b>Related Community Outcome</b>
Marlborough's communities are robust and resilient. Young people are supported in their lifestyle choices. More people, more active, more often. Older people are valued and recognised as an integral part of the community.	Full participation; Positive youth; Physical activity; Positive ageing.

### What is this activity about?

This activity involves strengthening community cohesion, supporting social networks within the community, recognising the value and needs of older people and providing a positive environment for the development of our young people. It also includes support for physical recreation and activity.

Council is responsible for a number of community-owned assets such as sports fields, walkways, parks, all of which provide a range of active lifestyle options for members of the community. The main means by which Council encourages the use of these facilities is through providing assistance to sporting and recreational clubs and organisations, including its investment in Sport Marlborough, its support for Stadium 2000 and for Marlborough's aquatic facilities.

A District Physical Activity Plan has been developed that includes strategies to address barriers that make it difficult for people to be more physically active. The Council's Walking and Cycling Strategy is an important policy instrument, by making safe and convenient transport routes available for walkers and cyclists.

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

Similarly Council has a Youth Policy and Youth Initiatives Plan that works towards achieving a better environment and services for this sector with active input from youth. This includes making progress towards the Mayoral Task Force goal of "that all young people under the age of 25 should be engaged in appropriate education, training, work or other options which will lead to long term economic independence and wellbeing". Monthly Council Youth Forums are held to provide a voice for youth and to take effect of the Policy and Plan which provides direction for the allocation of Council's Youth Funding.

The volunteer sector including non government (NGO) and not for profit (NFP) organisations, underpins much of the service delivery of community services in Marlborough. Advocating the needs of the sector is an ongoing issue

particularly given the changes being experienced in the age and ethnicity of the community. Relationships are been made with key organisations to build the capacity of the sector through provision of training and support. Council also assists through provision of community grants with set criteria to target needs in the community. Relationships with other funding providers are maintained to try and maximise the funds available.

Community support is provided by Council in a number of ways including via third parties: organisations and agencies working with particular groups within the community, providing funding, advocacy or addressing specific issues directly through service provision.

<b>LEVELS OF SERVICE- COMMUNITY SUPPORT</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.2	≥7.2	7.0	Not achieved 2010 Resident satisfaction score = 7.0 Many positive comments were made reflecting the good score, however some residents expressed a desire for more funding and a greater focus on youth.
Manage Council Community Grants and third party providers to ensure service quality and value.	% of grants administered, allocated and accounted for within timeframes.	New measure	≥90%	100%	Achieved Community Grants were administered, allocated and accounted for within set criteria and timeframes.
	Outputs and outcomes of programmes reported to Council annually.	100%	100%	100%	Achieved Accountability reports are provided at completion of the funded projects. Council's Grants Committee undertook audit visits of a selection of grants recipients.
Implement Positive Ageing Accord.	Number of Older Peoples Forums held annually with minimum 90% attendance.	10	10	11	Achieved Monthly Older Persons Forums with at least 90% attendance continue to be held to progress issues affecting older people in the community.
	Timeliness in establishing the baseline for incremental improvement in awareness of services available.	Baseline established for incremental improvement in awareness of services available.	N/A	N/A	No target for 2009-2010. Baseline survey was undertaken in 2009. A further survey is planned to measure progress and identify Council's specific actions, particularly in those areas which are largely under Council control.
Review and implement Youth Initiative Plan annually.	Number of Youth Forums held annually with minimum 90% attendance.	10	10	10	Achieved Monthly Youth Forums continue to be held to progress issues identified by youth to action.
	Percentage of Actions in Youth Initiatives Plan completed each year.	90%	90%	93%	Achieved Twenty six of the 28 actions relating to youth were undertaken.

Build capacity of the Volunteer Sector through provision of training in partnership with key providers.	Number of training courses provided per annum where attendance numbers meet targets.	3	>3	3	Not achieved While only three training courses were provided, a partnership agreement has been established with Volunteer Marlborough and a funding expo was held.
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<b>Activity: Community Support</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Grants and Donations	445	521	440
Recreation	75	78	75
<b>Total operating costs</b>	<b>520</b>	<b>599</b>	<b>515</b>
Operating surplus - transferred to reserves	63	-	-
	<b>583</b>	<b>599</b>	<b>515</b>
<b>Funded by</b>			
Rates	521	509	444
General revenues applied	62	60	56
<b>Total revenue</b>	<b>583</b>	<b>569</b>	<b>500</b>
Operating deficit - funded from reserves	-	30	15
	<b>583</b>	<b>599</b>	<b>515</b>

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

<b>ACTIVITY: LIBRARY SERVICES</b>	
Operating costs of this activity represents 1.8% of total activity expenditure.	
<b>Outcome</b>	<b>Related Community Outcome</b>
Lifelong learning opportunities and improved knowledge, literacy and information skills for Marlborough's residents.	Full participation; knowledge and learning; creativity; heritage.

**What is this activity about?**

This activity involves providing the community with a professional library service which encourages a joy of reading and the pursuit of knowledge, through the provision of a wide range of current, timely and historical resources in various formats 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 Renwick and Linkwater.

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

The libraries' collection consists of over 133,700 items, covering a wide range of general interest and popular titles, both fiction and non-fiction, pre-school and children's titles, large print, local history, bicultural, along with non-book resources. The Collection Development Policy identifies how the collections will be maintained and developed to meet the needs of a growing and diverse population.

As well as providing comprehensive book collections for informational and recreational use, access is available to electronic databases and the World Wide Web. Free internet access will be offered from late October, through the Aotearoa People's Network. The Marlborough District Libraries' catalogue is also available on-line, providing 24/7 access to the libraries holdings. Music is available on CD, along with sheet music, videos, DVDs, talking books, magazines and jigsaw puzzles.

<b>LEVELS OF SERVICE: LIBRARY SERVICES</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	8.4	≥8.4	8.3	Not Achieved Library services are the highest rated Council activity and the sub score of 8.6 for Public Libraries exceeds the target. Participation in outreach programmes promoting literacy continues to increase. Demand for free internet facilities provided through Aotearoa People's Network Kaharoa continues to be high. Respondents expressed some concerns about the size of the Picton Library and the use of public libraries by tourists.
A range of current resources supporting the tastes, interests and reading levels of users is provided.	Average age of library resources.	<10 years	<10 Years	8.5 years	Achieved Average age of Library resources is 8.54 years. This has been achieved by an extensive 'de-selection' of out of date titles.
	Frequency of books being taken out (Turnover Rate).	4.5	4	4.62 times per year	Achieved Average turnover rate of items in the collection is 4.62 times per year.
	Percentage of books requested, not currently available, provided within five days.	New measure	95%	95%	Achieved 95% of all items requested were provided within five working days of being requested.
Provide access to information electronically.	Percentage year on year growth in users accessing library services electronically.	17,000	10% Growth	37,128 searches 49,297 page views	Achieved 37,128 database searches were undertaken in 2009-2010 (19,768 in 2008-2009) 49,297 page views on the libraries website were recorded in 2009-2010 (33,689 in 2008-2009)



<b>Activity: Library Services</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Operating costs	1,357	1,376	1,315
Operating surplus - transferred to reserves	90	-	43
	<b>1,447</b>	<b>1,376</b>	<b>1,358</b>
<b>Funded by</b>			
Rates	1,126	1,107	1,073
General revenues applied	130	130	130
Subsidies and grants	37	-	4
Other revenue	154	139	151
<b>Total revenue</b>	<b>1,447</b>	<b>1,376</b>	<b>1,358</b>
<b>Capital expenditure</b>	<b>262</b>	<b>263</b>	<b>283</b>
<b>Funded by</b>			
Depreciation reserve transfer	172	263	191
Other reserve transfers	90	-	92
	<b>262</b>	<b>263</b>	<b>283</b>

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

## **ACTIVITY GROUP: EMERGENCY MANAGEMENT**

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### **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 published 2009-19 LTCCP. This document is available on Council's website.

### **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.

### **What is this activity about?**

Council is a key member of the Marlborough Civil Defence Emergency Management Group (CDEM) with responsibility for the administration and implementation of a Civil Defence Emergency Management Group Plan. Amongst other requirements the Plan describes:

- The hazards and risks to be managed by the Group are prioritised according to risk. Major risks include:
  - Earthquake.
  - Biological pests and new organisms.
  - Animal disease epidemic.
  - Flooding.
  - Wildfire.
  - Drought.
  - Tsunami.
  - Hazardous goods spillage.
  - Transportation accident. (air, maritime, rail/or road)
- Emergency management policies and procedures in place to manage the hazards and risks.
- Arrangements for declaring a state of emergency in the area.
- Arrangements for cooperation and coordination with other Emergency Management Groups.
- The goals of the Marlborough Civil Defence Emergency Management Group Plan are:
  - A community where the potential effects of all hazards have been minimised.
  - People and communities that provide for their own safety and wellbeing; (resilience).
  - A CDEM Group that enables the community to respond to and recover from emergency events in a timely and integrated manner.

The objectives of the Plan are:

1. To minimise the adverse effects of natural and man-made hazards upon life, the social and economic fabric of communities, infrastructure, property and the natural environment.
2. To ensure that there is an effective region wide emergency management capability to respond to and recover from natural and man-made disasters.
3. To provide effective and efficient emergency management through partnership and improved coordination.
4. To reduce or mitigate the risks to lifeline infrastructure from natural and man-made hazards.

### **Rural Fire**

As the Rural Fire Authority for the Marlborough South area, Council has responsibility for preparation and implementation of the Marlborough District Council Fire Plan. The operational part of the Plan is updated each year prior to the summer fire season.

Council is working with other Rural Fire Stakeholders, including the Department of Conservation and the Forest Industry, on a proposal for an enlarged Rural Fire District incorporating the currently separate Marlborough North and Marlborough South Rural Fire Districts.

## Preparedness for Major Hazards and Events

The Marlborough Civil Defence Emergency Management Group, of which the Council is a key member is prepared and capable to respond and recover from a major event such as earthquake and floods. It should be noted that the Council is only one of the organisations that has emergency management responsibilities (others include: DHB, Police, Fire Service, St Johns).

Risk reduction is carried out by the Marlborough District Council for the Emergency Management group. Many of the targets and actions identified in the Marlborough Civil Defence Emergency Management Group Plan with regard to reduction have been achieved. The group is well prepared and ready to respond to an event. Exercises are carried out regularly and the group is actively involved in the Ministry of Civil Defence and Emergency Management 10 year training programme.

- An infrastructure lifelines group has been established to ensure that lifelines in Marlborough are planned to withstand a major event and to ensure that damaged lifelines during an event are repaired as soon as possible.
- Community awareness campaigns are given high priority within the allocated budget provided.
- The Emergency Management group responded to and managed the tsunami threat to the Marlborough coast line on 28 February 2010 in an efficient manner.
- A program is underway to train Council staff to work in an incident Control structure.
- Coordinated Incident Management courses are run for various organisations in preparation for an event.
- The group has established a recovery group incorporating Council, Work and Income NZ, Child Youth and Family, Insurance Industry, Chamber of Commerce, Health inspectors, just to name a few.
- The Groups Civil Defence/Recovery centres are well resourced. The training of volunteers is given high priority.

## Risk Reduction

The Marlborough District Council is a Unitary Authority having both Regional Council and Territorial Council functions, powers and duties. This means that the Council is ideally placed to integrate the management of natural, physical, social and economic resource. The primary vehicle for this integration is through the Regional Policy Statement and Resource Management Plans. Risk reduction is one of many underlying themes which have been woven into the construction of these frameworks. The current plans have a specific section describing the risk associated with natural hazards in the District. The plans also contain policies which relate to each of the risks. Both the Regional Policy Statement and the Resource Management Plans are currently the subject of review including the issue of risk reduction.

### ACTIVITY: EMERGENCY MANAGEMENT

Operating costs of this activity represents 1.1% of total activity expenditure.

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

### LEVELS OF SERVICE: EMERGENCY MANAGEMENT

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Score	Comments
Provide an overall level of service that meets or exceeds residents expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4	7.4	7.9	<p>Achieved</p> <p>Sub scores:</p> <ul style="list-style-type: none"> <li>• Rural Fire fighting 8.2</li> <li>• Emergency Management 7.6</li> </ul> <p>The Emergency Operations Centre was activated on two occasions during the year. Both related to potential tsunami events caused by the earthquakes off the coasts of Samoa and Chile.</p> <p>The Council responded to 84 fire callouts which burnt a total of only 19.4 hectares. This is a very good result considering that Marlborough South was one of the highest fire risk areas in the country. In the Canterbury, West Coast, Nelson, and Marlborough regions this represented only 1.79% of the total calls.</p>

## Council Activity: Emergency Management

Provide a planned, tested capability to respond to major Civil Defence and Emergency Events.	Timeliness of the completion of the annual update to Plan, including contact details.	October	October	October 2009	Achieved Annual updates of contact names and phone numbers was completed in October 2009.
	Level of compliance with the 10 year exercise programme for testing the CDEM Plan.	100%	100%	100%	Achieved Council is required to hold a tier two exercise every two years. This year we held exercise "Cloudy Bay" a Tsunami exercise on 26 August 2009.
	% compliance with testing programme for radios, sector kits and emergency generator.	100%	100%	100%	Achieved Radio tests were carried out weekly on Thursday mornings by Volunteers. Sector kits were all checked and recorded in July 2009. Emergency generator was serviced on 16 June 2010.
Provide a well planned, maintained and competent Rural fire fighting capability.	Timeliness for completion of the annual review of the Rural Fire-fighting Operational Plan.	October	October	October 2009	Achieved The operational Rural Fire Plan was reviewed in September 2009 and approved by the Assets and Services Committee on 8 October 2009.
	Timeliness of the Rural Fire Fighting Plan's approval by the Authority.	None	September 2009	October 2009	Achieved Assets and Services Committee approved part 1 of the fire plan covering policy on 8 October 2009 (no Committee meeting was held in September 2009).
	Number of registered Rural Fire force members.	40	40	43	Achieved During the period we had 43 registered Rural Fire Force members.
	% of registered Rural Fire force members who have completed their Fire Fighter Unit Standards.	70%	70%	88%	This was achieved with 88% of the registered rural Fire force members achieved 3285 the entry to fire ground unit standard.
	% of Rural Fire Force members who have attended at least 50% training events or fires.	50%	50%	30%	Not achieved Rural Fire Force is reliant upon volunteers whose family and work commitments take precedence. We will investigate means to attract better attendance.
	% of 3 monthly checks on water way equipment and vehicles completed.	70%	70%	40%	Not achieved Checks are currently carried out by volunteers whose family and work commitments take precedence. Waihopai and Awatere rural fire forces and the Blenheim Brigade have achieved the target. Council will ensure more resources will be directed to achieving this target.



## Council Activity: Emergency Management

	Timeliness for completion of the annual vehicle maintenance.	November	November	November	Achieved Annual vehicle service checks prior to the fire season were completed before November 2009 except for one Blenheim Fire Tanker which was serviced on 9 December 2009 at due time.
	% of changes in Fire Season status advertised.	100%	100%	100%	Achieved All changes advertised during the fire season via press and radio. Restricted fire season 14 November 2009. Total fire ban 6 January 2010. Restricted fire season 20 May 2010. Reverted to open fire season 26 May 2010.

<b>Activity: Emergency Management</b>	2009-10	2009-10	2008-09
	Actual	Budget	Actual
<b>Cost of services</b>	\$000's	\$000's	\$000's
Operating costs	791	653	640
Operating surplus - transferred to reserves	-	55	153
	<b>791</b>	<b>708</b>	<b>793</b>
<b>Funded by</b>			
Rates	596	589	593
General revenues applied	76	76	79
Subsidies and grants	32	13	33
Other revenue	27	30	88
<b>Total revenue</b>	<b>731</b>	<b>708</b>	<b>793</b>
Operating deficit - funded from reserves	60	-	-
	<b>791</b>	<b>708</b>	<b>793</b>
<b>Capital expenditure</b>	<b>23</b>	<b>34</b>	<b>49</b>
<b>Funded by</b>			
Depreciation reserve transfer	23	19	-
Other reserve transfers	-	15	49
	<b>23</b>	<b>34</b>	<b>49</b>

Note 1: Explanation of cost of service variance – Operating costs variance due to grant to Picton Emergency Centre (\$200,000) carried forward from previous years.

## 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 published 2009-19 LTCCP. This document is available on Council's website.

### 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.

### ACTIVITY: COMMUNITY FACILITIES

Operating costs of this activity represents 10.3% of total activity expenditure.

Outcome	Related Community Outcomes
<p>Marlborough's communities and visitors experience the District's open spaces and recreation facilities for recreation, relaxation and physical activity.</p> <p>Marlborough people have a respectful and comforting environment to remember those they have lost.</p>	<p>Fun and recreation, physical activity, heritage.</p>

### 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.

## Council Activity: Land and Water Services

Council has commenced the redevelopment of the regional aquatic centre in Blenheim, which is due to be completed in Winter 2011. By August 2010 the following process has been made:

- South plant rooms are complete with changeover from existing plant room completed in July.
- Ground floor of north side change rooms are complete with steel erected to 1st floor.
- Construction of the 10 lane, 25 metre pool now complete.
- Setout of leisure pool and spa pool has now commenced.

### 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

### Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.6	7.6	7.3	Not achieved Sub scores: parks and Reserves 7.9, Sports grounds 7.1 community halls 7.0, Swimming Pools 6.9 (Low score from Picton survey respondents. Picton Community are in the process of applying for funding for a new pool, Blenheim's pool is under development) , cemeteries 7.9, Public toilets 6.9.
Provide up to date relevant information to residents.	Number of newspaper articles.	8	>10	18	Achieved A significant effort was put into publicising parks and project through the media.
	% of changes to sport park availability advertised by 9.00 am each day.	90%	95%	92.9%	Not achieved The main reason for not achieving the target was that it was considered prudent to wait until later in the morning when the weather forecast and field conditions could be better assessed.
	% of public maps and brochures are updated within one month of significant change in facilities.	New measure	90%	See comments	The Council produces 10 brochures that it updates on a regular basis. The maps and brochures are updated once or twice a year as a result of exhausted supplies or review. The date of the significant change in facilities that initiates the update was not measured.
	% of public maps and brochures are restocked within 24 hours of request from agencies.	New measure	90%	100%	Achieved Sample response indicates that the target was met.
	Number of bimonthly audits undertaken on the relevancy of web pages and brochures.	New measure	6	6	Achieved
Provide a selection of cemetery services that	Number of plots available annually for burials.	214	Up to 300	420	Achieved

## Council Activity: Land and Water Services

meet the commemorative needs of the community.	% compliance with maintenance contract specifications.	95%	95%	100%	Achieved All monthly reports are compliant to standard. Any remediation is undertaken within one week as per the contract.
Provide reserves and amenities which are equitably distributed and available to all.	% of residents in urban area living within 10 minutes walk or 500 metre radius from a District or neighbourhood reserve.	98%	98%	98%	Achieved
	% of CBD and urban public toilet that are disabled accessible as measured by Accessibility Audit.	86%	86%	77%	Not achieved (7 out of 9 toilets are compliant) Target is expected to be met in 2010-2011.
Maintenance of the District's reserves, gardens and amenities.	% compliance with the maintenance contract specifications.	90%	95%	99%	Achieved
Provide Reserves and Amenities which are perceived as "Safe".	% of graffiti removed within 24 hours of identification.	50%	80%	64%	Not achieved Contractor was unable to meet the target. Council has redirected resources to backup contractor.
	% of new reserves, public conveniences and reported problem areas that receive a Crime Prevention Through Environmental Design (CPTED) Audit.	70%	80%	No new schemes requiring CPTED Audit	Not applicable
	Number of material (ie; moderate probability of injury) deficiencies identified by Playground Safety audits.	5	<5	0	Achieved
	% of significant Playground Safety audit recommendations actioned within one month. <i>Significant recommendations relate to safety of the equipment.</i>	90%	90%	100%	Achieved A sample indicated that problems were immediately resolved or unsafe equipment was immediately removed.
Provide strategic planning for Reserves and Amenities within the District.	% of Reserves with Management Plans as required under the Reserves Act.	0%	20%	40%	Achieved
	% of any newly acquired reserves that have management plans written within five years of their establishment.	0%	100%	100%	Achieved
Deliver an ongoing improvement programme for Reserves and Amenities.	% of programmed maintenance and renewal works in the Annual Plan achieved.	New measure	90%	100%	Achieved
	% of improvement works included in the Annual Plan achieved.	New measure	80%	65%	Not achieved 14/40 projects not achieved five of which were community dependant. Other projects were not achieved due to design or technical reasons.



<b>Activity: Community Facilities</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Cemeteries	432	479	419
Halls	261	287	206
Public Conveniences	654	636	609
Reserves	5,772	3,565	3,753
Swimming Pools	488	534	505
<b>Total operating costs</b>	<b>7,607</b>	<b>5,501</b>	<b>5,492</b>
<b>Funded by</b>			
Rates	4,466	4,396	4,084
General revenues applied	531	531	508
Subsidies and grants	11	10	16
Other revenue	213	193	289
<b>Total revenue</b>	<b>5,221</b>	<b>5,130</b>	<b>4,897</b>
Operating deficit - funded from reserves	2,386	371	595
	<b>7,607</b>	<b>5,501</b>	<b>5,492</b>
<b>Capital expenditure</b>			
Cemeteries	93	56	59
Halls	7	-	-
Public Conveniences	204	-	162
Reserves	5,457	1,448	4,689
Swimming Pools	3,844	6,000	1,101
<b>Total capital expenditure</b>	<b>9,605</b>	<b>7,504</b>	<b>6,011</b>
Debt repayment	560	106	87
	<b>10,165</b>	<b>7,610</b>	<b>6,098</b>
<b>Funded by</b>			
Depreciation reserve transfer	71	411	276
Other reserve transfers	9,505	7,157	5,167
New loans	589	42	655
	<b>10,165</b>	<b>7,610</b>	<b>6,098</b>

Note 1: Explanation of cost of service variance – Reserves operating variance due to reclassification of the Renwick Domain sports pavilion from Capital Expenditure to an operating grant (\$2,154,000).

Note 2: Significant Capital Expenditure – reserves Capital Expenditure on Picton Waterfront redevelopment (\$4,567,000) and College Park hockey turf renewal (\$244,000); swimming pools Capital Expenditure on Marlborough Aquatic Centre upgrade (\$3,844,000).

Note 3: Significant Capital Expenditure variances – swimming pool capital variance due to delay in design, consenting and construction of the Marlborough Aquatic Centre upgrade. Completion is expected in mid 2011. Reserves variance due to Picton Waterfront development carried forward from previous year.

Note 4: All debt and associated repayments relate to internal borrowings. Borrowings have been converted from sinking fund loans to table mortgages. Sinking fund balances at 1 July 2009 have been transferred from Other Reserves and applied to the partial repayment of outstanding loan balances.

## ACTIVITY: LAND TRANSPORT

Operating costs of this activity represents 23.7% of total activity expenditure.

<b>Outcome</b>	<b>Related Community Outcomes</b>
Marlborough's land transport system is integrated, safe, responsive and sustainable.	Essential services, Prosperity; Physical activity; Environmental sustainability.

### What is this Activity about?

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of the New Zealand Transport Agency (NZTA). As owner of the local roading network Council provides and maintains roads to standards that achieve an acceptable balance between user levels of service and cost. In addition Council is responsible for all roading related assets- footpaths, berms, street trees and plots, kerb and channelling, street lighting and carparks. Some wharves are also owned and maintained. There has been a developing increased emphasis on alternate modes such as walking and cycling. A Blenheim bus service has also commenced.

This activity is carried out so that the movement of people and goods within and through the District can be convenient and safe.

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

NZTA is a key partner in Council's land transport management and the State Highway network is of significant strategic importance in achieving community outcomes.

Council also works closely with the New Zealand Police on road safety issues and maintains and annually reviews a road safety strategy for the District.

### **Standards**

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

### **Safety**

Council each year receives a Road Safety Report from NZTA which analyses all crashes in the Marlborough District and makes comparison with peer authorities throughout NZ. The report includes both State Highways and local roads. The report for the five year period 2005 to 2009 was released in August 2010 and provides a guide to areas for which further work is required, either in terms of physical works or community education (the latter function was transferred to Council as at 1 July 2010). The Safety Management System is integrated into the Marlborough North Area (Hybrid) Maintenance Contract. Within the Contract, the System provides a methodology to enhance safety on the network.

Crashes are showing a reducing trend from 2007 to 2009 in both rural and urban areas, however the ratio of serious crashes is increasing.

The road safety coordinator had developed a community programme which, amongst other things, has had a focus on media work to increase knowledge of road users, motorcycle campaigns/ training, encouragement of alternative modes and operation of a cycle crash 0800 number.

Each year, Council receives funding assistance from NZTA to undertake physical safety improvements to the value of 8% of the basic programme, around \$660,000 in total. This allocation is used to improve safety at rural and urban intersections and to improve rural road alignments.

Marlborough Roads monitors the number of crashes which, within budget limits available as determined through the AMP, it is able to influence. A significant focus is in place to ensure safety is maintained through good quality pavements that are required to be free of potholes, edge breaks and other defects that may compromise safety. Management of icy road conditions has been a winter focus with no crashes resulting in injury recorded in the last year.

### **Quality of Roads**

Council maintains the quality of its roads by monitoring trends in pavement condition, the age of surfacings, and undertakes structural inspections and repairs. Marlborough Roads schedules a renewals programme to optimise total costs by ensuring maintenance costs do not become excessive. The proposed standards and forward programme of work are reviewed by the funding agency (NZTA) requirements through annual programme reviews and compared with peer Councils (selected from agencies with similar rural/urban mix of roads/number of bridges etc. )

The renewals are determined from approved (by NZTA) pavement modelling systems verified by physical inspection by experienced engineers. The significant renewal activities are:

- (a) resealing which restores waterproofing and skid resistance,( planned 400,000 m<sup>2</sup> and delivered 446,912m<sup>2</sup> in 2010);
- (b) area-wide treatments or pavement rehabilitation which extends pavement life and maintains pavement integrity and ride (programmed 55,000m<sup>2</sup> and delivered 47,181m<sup>2</sup> - offset by increased need for reseals, metalling and other activities) and;
- (c) metalling of unsealed roads (planned 17,000 m<sup>3</sup> and delivered 18,550 m<sup>3</sup>).

The pavement modelling system DTIMS (Deighton Total Infrastructure Modelling System) confirms that the planned quantities are those required to maintain the asset.

A regime of planned inspections determines standards are being maintained, programmed and delivered.

Marlborough Roads also monitor unsealed roads. They are challenging to managing being changeable and influenced by weather and traffic environment. Marlborough Roads now have a capability to measure roughness to assist with determining the need for intervention treatments, eg: grading.

Marlborough's roads compare favourably with peer agencies and NZTA requirements.

### **Smooth Travel Exposure (STE) for Sealed Roads**

The NZTA determines threshold NAASRA roughness threshold values for a series of six differing road hierarchies. These roughness values vary from a roughness of 100 for motorways to 150 for low volume rural roads (<1000 vpd) and urban streets.

The STE is a measure of the percentage of vehicle kilometres travelled (VKT) exposed to smooth roads ie: those roads which are below the respective threshold of roughness for each hierarchy. The RAMM database holds both traffic volumes and roughness (NAASRA) counts and a standard algorithm is used to calculate STE.

The Marlborough values compare favourably with peer agencies.

<b>LEVELS OF SERVICE: LAND TRANSPORT</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.0	6.0	6.3	Achieved Resident Satisfaction sub-scores: <ul style="list-style-type: none"> <li>• Sealed roads: 6.6</li> <li>• Unsealed roads 5.7</li> <li>• Footpaths 6.3</li> <li>• Street lighting 6.9</li> <li>• Car parking 6.1</li> </ul>
Provide a safe transport infrastructure.	Number of vehicle crashes per year involving injury where contributing factor is 'Road Conditions'.	3	<4	3	Achieved Analysis of crashes in 2009-2010 on the national crash database identifies: Two injury crashes on the state highway network; and one injury crash on the local road network where attributing factor were road conditions.
Provide a quality transport infrastructure.	Average road roughness standards for: Urban sealed roads.	97	<100	110	Not achieved We are in the process of changing our measurement methodology. If we had continued to use the same approach used in previous years the score would have been 107 for urban sealed roads and 91 for rural sealed roads. We are now moving to using the measure contained in NZTA's Road Asset Maintenance Management database, which includes the roughness of all urban and rural roads in Marlborough. The result reported is derived from the new approach.  By way of background the target maximum level of roughness of our urban roads is 100 in urban areas and 90 in rural areas and reflects the desirable higher standard expected to be achieved on higher volume arterial and collector roads as compared to the less busy local roads. The target is therefore higher than the standards to which we maintain. These target values are achieved on arterial roads and achieved on rural collector routes. Comparative MDC data shows an overall average downward trend (indicating smoother roads) on all urban and rural roads since first measurements were taken in 1997.

**Council Activity: Land and Water Services**

	Rural Sealed roads. NB: 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).	86	<90	96	Not achieved See above comment.
	Smooth Travel Exposure: Urban Sealed roads	79%	79%	96	Achieved Council uses National Association of Australian State Road Authorities (NAASRA standards) (Based on NAASRA count <150).
	Rural Sealed roads NB: this measure takes roughness and adjusts it for traffic volumes.	94%	94%	98.6	Achieved (Based on NAASRA count <150).
	District Surface Condition Index. NB: The Surface Condition Index is a weighted derivation from pavement defects eg; number of potholes, amount of flushing etc and the age of the surfacing treatment. Lower values indicate a higher standard.	18	<18	23.9	Not achieved Historic values have been further researched and have remained static - ranged from 23.7 to 24.6 over the last nine years. The target should be extended as 18 is more appropriate for SH standards.
Provide a service that is timely and responsive to community needs.	% of minor faults on footpaths repaired within 20 working days of detection.	100	100%	100%	Achieved Faults on footpaths continue to be managed within the 20 day timeframe.
	Overall parking occupancy rate: Kerbside	59%	<70%	64%	Achieved
	Off Street	79%	<85%	75%	Achieved The busiest two off-street car parks are monitored for occupancy: <ul style="list-style-type: none"> <li>Queen Street car park has an average measured occupancy of 86%.</li> <li>Alfred Street car park (now closed and to be replaced with a parking building) has an average measured occupancy of 63%.</li> </ul> Combined with all other off-street parks, there is currently sufficient parking for normal peaks.
Provide a sustainable land transport infrastructure.	% of programmed maintenance works in the Land Transport Asset Management Plan achieved.	100%	100%	100%	Achieved The maintenance and renewal programme has been fully met and is consistent with the Regional Land Transport Strategy and Asset Management Plan.



## Council Activity: Land and Water Services

	% of renewal and improvement works included in the Land Transport Asset Management Plan achieved.	95%	95%	95%	<p>Achieved</p> <p>Note: This is an overall rating assessment. Within contracted under-pinned quantities, there is an annual variation over the contract period. The following achievements are:</p> <table style="width: 100%; border: none;"> <tr> <td>Unsealed metalling</td> <td style="text-align: right;">114%</td> </tr> <tr> <td>Sealed resurfacing</td> <td style="text-align: right;">107%</td> </tr> <tr> <td>Drainage:</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">- culvert renewals</td> <td style="text-align: right;">300%</td> </tr> <tr> <td style="padding-left: 20px;">- kerb/channel renew</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>Pavement rehab</td> <td style="text-align: right;">86%</td> </tr> <tr> <td>Bridge renewals</td> <td style="text-align: right;">100%</td> </tr> </table>	Unsealed metalling	114%	Sealed resurfacing	107%	Drainage:		- culvert renewals	300%	- kerb/channel renew	100%	Pavement rehab	86%	Bridge renewals	100%
Unsealed metalling	114%																		
Sealed resurfacing	107%																		
Drainage:																			
- culvert renewals	300%																		
- kerb/channel renew	100%																		
Pavement rehab	86%																		
Bridge renewals	100%																		

Activity: Land Transport	2009-10	2009-10	2008-09
Cost of services	Actual	Budget	Actual
	\$000's	\$000's	\$000's
<b>Operating costs</b>			
Parking	1,321	1,584	1,163
Roading	16,152	15,417	17,806
<b>Total operating costs</b>	<b>17,473</b>	<b>17,001</b>	<b>18,969</b>
Operating surplus - transferred to reserves	1,794	2,052	939
	<b>19,267</b>	<b>19,053</b>	<b>19,908</b>
<b>Funded by</b>			
Rates	8,770	8,688	8,142
General revenues applied	1,149	1,150	1,127
Subsidies and grants	5,661	6,079	7,486
Other revenue	3,687	3,136	3,153
<b>Total revenue</b>	<b>19,267</b>	<b>19,053</b>	<b>19,908</b>
<b>Capital expenditure</b>			
Parking	1,875	1,021	2,282
Roading	6,497	8,033	7,395
<b>Total capital expenditure</b>	<b>8,372</b>	<b>9,054</b>	<b>9,677</b>
Debt repayment	2,838	409	336
	<b>11,210</b>	<b>9,463</b>	<b>10,013</b>
<b>Funded by</b>			
Depreciation reserve transfer	2,619	6,612	4,828
Other reserve transfers	7,591	1,639	5,185
Asset disposals	600	552	-
New loans	400	660	-
	<b>11,210</b>	<b>9,463</b>	<b>10,013</b>

Note 1: Explanation of cost of service variance – Roading operating costs include additional emergency reinstatement works (\$853,000).

Note 2: Significant Capital Expenditure – Parking includes strategic property, purchase and development in High Street, Blenheim (\$1,171,000), commencement of construction of Alfred Street carpark building, Blenheim (\$486,000) and parking component of Picton Waterfront redevelopment (\$192,000); roading includes renewals as per asset management plan (\$4,839,000) and vested assets (\$926,000).

Note 3: Significant Capital Expenditure variances – Roading variances are due to deferrals of Maori Ford bridge renewal, Northbank Road major rehabilitation works and Jacksons/Old Renwick Road intersection improvements due to no financial assistance from NZTA following release of 2009-2012 National Land Transport Programme.

Note 4: All debt and associated repayments relate to internal borrowings. Borrowings have been converted from sinking fund loans to table mortgages. Sinking fund balances at 1 July 2009 have been transferred from Other Reserves and applied to the partial repayment of outstanding loan balances.

**ACTIVITY: RIVERS AND LAND DRAINAGE**

Operating costs of this activity represents 5.5% of total activity expenditure.

Outcome	Related Community Outcomes
Residents and their property are safeguarded from the risks of river and stream flooding. Agricultural drainage of the lower Wairau Plains is provided. Environmental disadvantages of river control and drainage works are mitigated against.	Essential services, Environmental sustainability, Prosperity.

**How this Activity Contributes to Related Community Outcomes**

This activity contributes primarily to the Essential Services and Prosperity Community Outcomes by providing protection from flooding and erosion and improving the productivity of drainage impaired soils. This activity also contributes to environmental sustainability by using Gibsons Creek to recharge the Wairau Aquifer.

**What is this Activity About?**

The activity is primarily about managing flood hazard and drainage in the more developed area of Marlborough. Requirements in different areas have developed according to the risks of social and economic damage experienced or projected from anticipated hazards.

***Wairau Floodplain Floodways***

To maintain and upgrade the floodways passing across the main Wairau floodplain to provide a capacity for flood sizes up to a 1 in 100 year return period for the Wairau River and other major floodplain rivers of the Lower Wairau, Wairau Diversion, Opawa, Taylor, Omaka, Riverlands Co-op Floodway and others. This floodplain is generally that land downstream of the Waihopai confluence, north of New Renwick Road, or otherwise bounded by the hills and the sea.

***Wairau Floodplain Tributaries***

For tributaries of the Wairau floodplain (including the Wairau above the Waihopai confluence) to keep the river channels as clear of trees and debris as economically practical.

***Soil Conservation***

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

***Lower Wairau Floodplain Land Drainage***

To provide agricultural drainage for the Wairau floodplain land generally to the east of Blenheim and O'Dwyers Road. This involves controlling weed and sediment for some 175 kilometres of deliberately excavated drains or natural watercourses, operating floodgated culverts into the major rivers, and providing pumping stations generally with a capacity of removing 15 mm of rainfall in 24 hours. The riparian margins of selected channels are managed in an aesthetic and ecologically sensitive manner.

***Gravel Extraction***

To manage gravel extraction from river channels throughout Marlborough so as to improve their flood control performance in a manner that is not detrimental to the environment. This requires limiting gravel extraction to specific amounts and specific locations.

***Blenheim, Riverlands and Renwick Stormwater Outfall Channels***

To ensure a system of drains, natural watercourses, pumping stations, and floodgates adequately provide for the disposal of urban stormwater from the pipe networks operated by Council's Services section. The required level of service is to provide for a 1 in 50 year return period flood event.

***Gibsons Creek Rewatering***

To supply water from the Wairau and Waihopai rivers into Gibsons Creek to meet the requirements of the Southern Valleys Irrigation Scheme and to provide further water for environmental objectives of a continuous flow to the sea in the Gibsons Creek/Opawa system, and which will also provide for substantial groundwater recharge.

***Council River Control Floodway Reserve Land***

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

***Sounds Watercourses Flood Management***

To obtain a river capacity and standard of protection for flood sizes of up to 1 in 50 year return period for the Waitohi, Waikawa and their tributaries flowing through the urban areas of Picton and Waikawa.

***Flood Hazard Advice***

To provide flood hazard advice to other sections of Council for LIMS and PIMS documents, for resource consents, building consents and Resource Management Plans. The 1 in 50 year return period flood is used as a key indicator of flood hazard.

***Flood Response Actions***

To provide a flood hazard response system during flood events to carry out emergency repairs, and advise the public and public agencies (police, civil defence etc) of potential flood danger.

<b>LEVELS OF SERVICE: RIVERS AND LAND DRAINAGE</b>					
Performance Targets (for the financial year)					
Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well").	6.8	6.8	6.0	Not achieved We have had a wet winter this year. No large floods, but drainage issues. The drains have been maintained well and performed well to a good agricultural drainage standard, but some new lifestyle landowners are wanting a higher drainage standard.
Provide a sustainable flood protection service.	% of programmed maintenance and renewal works in the Rivers Asset Management Plan achieved.	New measure	90%	100%	Achieved
	% of improvement works included in the Rivers Asset Management Plan achieved.	New measure	80%	50%	Not achieved Difficulties in obtaining access approval to carry out works on private land. Also some difficulties in resourcing detailed design for some works.
To monitor, maintain and upgrade flood-ways to provide a capacity for a flood size up to 1 in 100 year return event for Wairau Plains and 1 in 50 year return event for Blenheim Stormwater Outfalls and Waitohi and Waikawa Rivers.	% of the floodway network inspected within 2 weeks of a flood event.	100%	100%	100%	Achieved Only the Taylor river has had a significant flood this year.
	% of the floodway network inspected by way of routine inspection annually.	New measure	90%	95%	Achieved
	% of remedial works post a flood event completed within 6 months of the event.	New measure	95%	100%	Achieved
	% of serious deficiencies identified as part of a routine inspection addressed within 1 month of identification.	New measure	95%	100%	Achieved
Effective drains and pumping stations are maintained.	% of drains and pumping stations inspected at least annually.	100%	100%	100%	Achieved
	% of deficiencies, particularly the clearance of weed, actioned within 6 months of identification.	90%	90%	95%	Achieved
River channels for tributaries of the Wairau floodplain will be kept as clear of trees and debris as economically practical.	% of public concerns investigated and receiving an initial response within 48 hours.	New measure	95%	100%	Achieved
	% of courses of action agreed post investigation implemented in the timeframe agreed.	New measure	90%	100%	Achieved

Sound flood hazard advice provided.	Number of liability consequences for Council arising from incorrect advice provided on flood hazards as part of the Resource Consent, Building Consent, PIMs and LIMs processes.	New measure	<5	0	Achieved
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<b>Activity: Rivers and Land Drainage</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
River Leases	281	200	236
Rivers Outside Wairau Floodplain	139	157	380
Wairau Floodplain Drainage	713	689	745
Wairau Floodplain Rivers	2,913	3,190	3,412
<b>Total operating costs</b>	<b>4,046</b>	<b>4,236</b>	<b>4,773</b>
Operating surplus - transferred to reserves	3,128	2,769	2,098
	<b>7,174</b>	<b>7,005</b>	<b>6,871</b>
<b>Funded by</b>			
Rates	3,331	3,285	3,172
General revenues applied	22	22	17
Other revenue	3,821	3,698	3,682
<b>Total revenue</b>	<b>7,174</b>	<b>7,005</b>	<b>6,871</b>
<b>Capital expenditure</b>			
Rivers Outside Wairau Floodplain	249	220	52
Wairau Floodplain Drainage	100	160	246
Wairau Floodplain Rivers	712	680	817
<b>Total capital expenditure</b>	<b>1,061</b>	<b>1,060</b>	<b>1,115</b>
Debt repayment	-	6	-
	<b>1,061</b>	<b>1,066</b>	<b>1,115</b>
<b>Funded by</b>			
Depreciation reserve transfer	-	81	119
Other reserve transfers	1,001	785	996
New loans	60	200	-
	<b>1,061</b>	<b>1,066</b>	<b>1,115</b>

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.

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

## ACTIVITY: WASTEWATER- (SEWERAGE)

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

<b>Outcome</b>	<b>Related Community Outcomes</b>
Public and environmental health risks of urban sewage are minimised. Sewerage from industrial zones is able to be processed at the Blenheim Sewage Treatment Plant.	Environmental sustainability; Essential services.

### What is this activity about?

The Council operates sewerage treatment plants (STP) at Blenheim, Picton, Havelock and Seddon. The Blenheim STP takes wastewater from Blenheim and Renwick and predominantly liquid tradewaste from Riverlands.

Major capital investment works continue to improve the capacity and quality of wastewater management in the region. A major upgrade to the Blenheim Sewage Treatment Plant was fully completed in time for the peak of trade waste disposal during the 2010 grape harvest. Public consultation, planning and early design works are progressing well for the construction of final effluent disposal to land, a wetland and a new outfall for the plant. The tertiary treatment will improve final effluent quality and in particular problems of high Biochemical Oxygen Demand (BoD) and suspended solids carried in the final effluent to the receiving waters.

Public consultation and agreement has been reached on the preferred design for a new outfall for Picton Sewage Treatment Plant which is due for completion in 2012-2013. Upgrading of the treatment ponds at Havelock and Spring Creek have been completed during the year as well as the installation of a grinder-pump based system in Grovetown and reticulation of both Grovetown and Spring Creek effluent back to Blenheim.



There are continuing efforts to identify and remedy inflow and infiltration to the network to avoid peak surges and potential overflows from the ingress of groundwater.

**LEVELS OF SERVICE: WASTEWATER - (SEWERAGE)**

**Performance Targets (for the financial year)**

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.8	6.8	8.0	Achieved A new treatment process to manage the large increase in winery waste was completed on time and led to a significant improvement in trade waste treatment during the peak vintage period at the Blenheim plant. \$8.8 M upgrade of Picton sewage outfall pipe also progressing well.
Provide a level of service quality that minimises environmental risks.	% of total flow treated prior to discharge through outfall for dispersal to receiving water in accordance with resource consent conditions. <i>The sewerage treatment plants (STP) at Blenheim and Picton have measurable consent conditions. Monitoring of the outfall discharge was undertaken in accordance with the consent.</i>	99.5%	99.5%	97.92%	Not achieved Picton's STP met the conditions. Blenheim's STP exceeded the conditions on a small number of occasions. Naturally occurring blooms of low density algae caused the occasional carry over of suspended solids and BoD beyond the consented limits.
Provide a reliable wastewater service with adequate system capacity and performance.	Number of overflows in the entire system resulting from a 1 in 2 year storm.	0	0	10	Not achieved Intense storms on 25 May and 7 June 2010 caused eight overflows from the Blenheim system and one each from Havelock and Spring Creek systems. Efforts to reduce inflow and infiltration continue through targeted programmes.
	Number of identified blockages occurring per 100 km of sewer main* per year (main pipeline blockages only). <i>* Measure only applies to sewer main pipe running along a street, therefore blockages on laterals connecting properties to sewer mains are not included</i>	34	<35	14	Achieved 43 blockages were recorded on 292.9km of sewer mains. = 14 blockages /100km

**Council Activity: Land and Water Services**

Provide a service that is timely and responsive to customer needs.	% of unplanned service interruptions or blockages responded to within two hours.	95%	95%	See comment	Not achieved Current recording system is under development. There was a total of 43 blockages. Eight of 16 jobs were responded to within two hours (50%). The response time for the remaining 27 jobs was not recorded. Resident's satisfaction score indicated that the community is very satisfied with the overall level of service. An alternative system is being put in place in 2010-2011.
	% of toilet facilities restored to all customers affected by unplanned interruptions within 6 hours of notification or alternative facilities provided. <i>(Loss of toilet facilities as a result of unacceptable blockage of the main sewer).</i>	100%	100%	See comment	Not achieved Current recording system is under development. Total of 43 blockages of which 14 jobs did not have complete measurable records. Of the remaining 29 blockages, 18 jobs were completed in less than six hours (62%). The other 11 jobs were completed in longer than six hours, and alternative facilities may have been provided to customers but this was not recorded. It is usual practice to provide alternative facilities if the service is not restored. Resident's satisfaction score indicated that the community is very satisfied with the overall level of service. An alternative recording system is being put in place in 2010-2011.
Provide a sustainable wastewater service.	% of programmed maintenance and renewal works in the Wastewater Asset Management Plan achieved.	New measure	90%	90%	Achieved 90% achieved (excludes Picton outfall. \$650k expenditure carried forward to 2010-11 due to delay in Resource Consent approval for the renewal of Picton outfall pipe.)
	% of improvement works included in the Wastewater Asset Management Plan achieved.	New measure	80%	33%	Not achieved 33% of planned works completed, Delays to resource consents for the Blenheim sewage treatment plant account for the majority of the under expenditure. The funding for these has been carried forward to 2010-11.

<b>Activity: Wastewater (Sewerage)</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Combined	5,558	7,628	6,028
Riverlands	1,085	-	673
<b>Total operating costs</b>	<b>6,643</b>	<b>7,628</b>	<b>6,701</b>
Operating surplus - transferred to reserves	2,194	1,173	966
	<b>8,837</b>	<b>8,801</b>	<b>7,667</b>
<b>Funded by</b>			
Rates	6,288	6,197	6,178
Other revenue	2,549	2,604	1,489
<b>Total revenue</b>	<b>8,837</b>	<b>8,801</b>	<b>7,667</b>
<b>Capital expenditure</b>			
Combined	6,315	6,334	3,893
Riverlands	585	-	4,627
<b>Total capital expenditure</b>	<b>6,900</b>	<b>6,334</b>	<b>8,520</b>
Debt repayment	4,558	975	847
	<b>11,458</b>	<b>7,309</b>	<b>9,367</b>
<b>Funded by</b>			
Depreciation reserve transfer	3,032	1,783	2,677
Other reserve transfers	7,273	1,397	2,975
New loans	1,153	4,129	3,715
	<b>11,458</b>	<b>7,309</b>	<b>9,367</b>

Note 1: Explanation of cost of service variance – Operating costs variance due to lower depreciation and interest costs.

Note 2: Significant Capital Expenditure – Blenheim sewer treatment plant industrial upgrade (\$585,000); Grovetown and Spring Creek sewerage reticulation (\$3,656,000); Blenheim sewer treatment plant domestic upgrade (\$470,000) and Battys/David/Severne Street sewerage extension (\$658,000).

Note 3: All debt and associated repayments relate to internal borrowings. Borrowings have been converted from sinking fund loans to table mortgages; sinking fund balances at 1 July 2009 have been transferred from Other Reserves and applied to the partial repayment of outstanding loan balances.

Note 4: Riverlands wastewater scheme was budgeted as part of the combined scheme but is funded separately and its capital and operating costs are reported separately.

## ACTIVITY: STORMWATER

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

<b>Outcome</b>	<b>Related Community Outcomes</b>
Residents and their property are protected from the risks of stormwater flooding.	Essential services, Environmental sustainability.

### What is this activity about?

Urban stormwater systems can be categorised in two parts:

- (i) Natural system of waterways and ponding areas (including improved open drains), and;
- (ii) Constructed system of stormwater mains, manholes, pump stations, retention areas, secondary flow paths (including roading), soakholes, stopbanks and floodgates.

Major stormwater systems are located at Blenheim and Picton. Renwick, Riverlands, Spring Creek, Havelock, Okiwi Bay, Rai Valley and Anakiwa also have stormwater infrastructure.

There were no storm events in 2009-2010 with a five to 100 year return, however short duration storms were experienced on a number of occasions during late summer and autumn of 2010. The Council mobilised an Incident Management Centre on four separate occasions. The coincidence of heavy rainfall and high levels of leaf litter caused some surface flooding of roads but little property flooding.

The Blenheim Stormwater Strategy is expected to be published in 2010-11 to provide a structure for improvement to stormwater quality and quantity management for the future. New resource consents will be put in place which will control and monitor urban stormwater discharges to the environment. This process is likely to be extended to other urban drainage systems in the future.

### Response to stormwater drainage problems

Calls about stormwater drainage are received throughout the year, and are risk assessed, prioritised and responded to according to severity and potential for damage. Current systems do not accurately measure response times, but a system is under development to address this. During periods of high rainfall when flooding is forecast, the Council

activates an Incident Control Management Centre (ICMC) to coordinate the response to the higher volume of calls received. Our practice is to respond to high priority calls within one hour. All possible remedial action is taken to alleviate the flooding (eg. clearing any drain blockages) and/or protecting the property (eg. sandbagging). Lower priority calls are responded to as soon as possible and appropriate action is taken. Some roads and public open spaces are designed to be secondary flow paths or detention areas to accommodate overflow waters from the reticulation during extreme events. These can cause some inconvenience and calls from our customers and are drained as soon as possible.

<b>LEVELS OF SERVICE: STORMWATER</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.4	6.5	6.4	Not achieved Main concern centred around the need to improve drainage and maintenance. The Council is well advanced in developing a stormwater strategy which will lead to further improvements.
Minimise the environmental risks of stormwater discharge.	Number of reported events that do not comply with their relevant stormwater discharge resource consent.	30	<30	See comment	A total of six complaints related to the Council's stormwater infrastructure were made, however their compliance is unknown due to the expiry of current resource consent conditions.  All reported incidents of contaminants entering waterways through urban stormwater discharges were immediately investigated and remedial action taken. Where the source was identified steps were taken to prevent reoccurrence. 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. New measure(s) will be developed once the Strategy is adopted.
Provide a reliable stormwater service.	% of properties that meet the following stormwater system capacity targets 1: <i>(Flooding return periods are measured through statistical analysis of rainfall intensity over a number durations (from 10 minutes to 24 hours) at rain gauge stations closest to the centre of the Blenheim, Picton and Havelock stormwater catchments as these are deemed to be representative of storm events in the region).</i>				There was no rainfall event that met the threshold periods identified below in 2009-10.

1 Excepting flooding that results from poor management of the overflow path on private property.



**Council Activity: Land and Water Services**

	<ul style="list-style-type: none"> <li>No surface flooding with a five year return period causing nuisance to property, roads and public open space.</li> <li>No surface flooding with a 10 year return period causing nuisance to important recreational fields and roads without alternative access.</li> </ul>	95%	95%	N/A	Achieved No five year flooding event.
		95%	95%	N/A	Achieved No 10 year flooding event.
	<ul style="list-style-type: none"> <li>No flooding with a 50 year return period floods residential property, commercial and industrial buildings.</li> </ul>	New measure	90%	N/A	Achieved No 50 year flooding event.
	<ul style="list-style-type: none"> <li>No flooding with a 100 year return periods floods major communal facilities related to supply of electricity and telephone, water and sewage disposal.</li> </ul>	New measure	80%	N/A	Achieved No 100 year flooding event.
	<ul style="list-style-type: none"> <li>No more than one blockage per 15 km of stormwater main per year. <i>(Road sumps are not included).</i></li> </ul>	1	1	1.4	Not achieved. 14 Blockages on 156.6 kms of main = 1.4 blockages/15 kms
Provide a service that is timely and responsive to customer needs.	<p>% of complaints responded to within: One hour if floodwater is a threat to a dwelling. 48 hours for other complaints.</p> <p><i>Systems to measure this indicator are not in place. The current system captures all complaints about stormwater flooding although details of dwellings at risk and the exact response times are not recorded.</i></p>	95%	95%	See comment	Not achieved Records indicate that 171 complaints in total were received during the year about stormwater system flooding, of which 101 were logged during more extreme flooding events in July 2009 and May and June 2010(when the ICMC is activated). Whilst specific details were not recorded the risk assessment process was implemented and sufficient resources deployed to meet the demand. There were very few known incidents where the target response was not achieved. A new system is under development to capture and measure responses to stormwater events.
Provide a stormwater service that is sustainable.	<p>% of programmed maintenance and renewal works in the Stormwater Asset Management Plan achieved.</p>	New measure	90%	17%	Not achieved Three major projects in Blenheim, Picton and Havelock have been delayed due to protracted property access negotiations and resource consenting issues. These have been carried forward to 2010-11.
	<p>% of improvement works included in the Stormwater Asset Management Plan achieved.</p>	New measure	80%	4.1%	Not achieved The largest project, 80% of total improvement works, in Renwick has been delayed due to resource consent issues. Funding has been carried forward to 2010-11.

Activity: Stormwater	2009-10 Actual	2009-10 Budget	2008-09 Actual
Cost of services	\$000's	\$000's	\$000's
<b>Operating costs</b>			
Blenheim	1,008	1,161	1,123
Picton	321	365	374
Other Schemes	156	186	169
<b>Total operating costs</b>	<b>1,485</b>	<b>1,712</b>	<b>1,666</b>
Operating surplus - transferred to reserves	468	157	-
	<b>1,953</b>	<b>1,869</b>	<b>1,666</b>
<b>Funded by</b>			
Rates	1,291	1,278	1,119
General revenues applied	172	172	157
Other revenue	490	419	373
<b>Total revenue</b>	<b>1,953</b>	<b>1,869</b>	<b>1,649</b>
Operating deficit - funded from reserves	-	-	17
	<b>1,953</b>	<b>1,869</b>	<b>1,666</b>
<b>Capital expenditure</b>			
Blenheim	293	385	680
Picton	-	105	95
Other Schemes	220	18	94
<b>Total capital expenditure</b>	<b>513</b>	<b>508</b>	<b>869</b>
Debt repayment	1,729	138	204
	<b>2,242</b>	<b>646</b>	<b>1,073</b>
<b>Funded by</b>			
Depreciation reserve transfer	308	565	175
Other reserve transfers	1,934	81	898
	<b>2,242</b>	<b>646</b>	<b>1,073</b>

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.

Note 4: All debt and associated repayments relate to internal borrowings. Borrowings have been converted from sinking fund loans to table mortgages; sinking fund balances at 1 July 2009 have been transferred from Other Reserves and applied to the partial repayment of outstanding loan balances.

## ACTIVITY: WATER SUPPLY

Operating costs of this activity represents 9.9% of total activity expenditure.

Outcome	Related Community Outcomes
Residents have access to a safe and reliable water supply.	Essential services.

### What is this activity about?

Council operates seven drinking water supply systems:

Location	New Zealand Drinking Water Standards Met?	Adequate Capacity?
Blenheim	No	Yes
Awatere	No (see below)	Yes
Picton	No	Predicted to be at peak demand capacity in 2011-2012.
Havelock	No	No, restrictions imposed at peak demand.
Renwick	No	Yes
Riverlands	Yes – microbiological No – aesthetic (manganese)	Yes
Wairau Valley	No	Yes

## Drinking Water Standard

Works are planned to meet the drinking water requirements of the Health (Drinking Water) Amendment Act 2007 for all Council water treatment plants. Community agreement about the nature of treatment and cost is required before works are undertaken.

In Blenheim, a new \$4M disinfection plant and water storage facility was commissioned at Middle Renwick Road and construction started at the Central Water Treatment Plant.. Treatment upgrades are planned for the Picton supply at Essons Valley to meet drinking water standards.

Public consultation continues with the Awatere community on an acceptable treatment solution of the water supply. A boil water notice is currently in place in the Awatere.

Plans are progressing through public consultation to meet the standards in the other settlements.

## Capacity

The completion of a new reservoir at Taylor Pass Road, Blenheim and Victoria Domain, Picton will enhance the security of supply and reduce operating costs.

Council is commencing consultation with the Picton community to consider options on water use management or significant investment in a new source to meet rising demand. The construction of a new storage facility has been started at Havelock.

In the light of general increasing demand for water supplies new sources and engineering solutions are being sought, however the costs of these schemes may be prohibitive for the communities and therefore water management alternatives (eg: water metering, leakage control etc) may be necessary. A water management strategy is being developed to be discussed with the Picton community as it is anticipated that peak demand will soon exceed supply.

## LEVELS OF SERVICE: WATER SUPPLY

### Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.1	6.5	6.9	Achieved
Provide a level of water quality that meets community needs and is appropriate to the degree of public health risk.	% compliance with E.coli criteria for Priority one (p1) bacteriological determinand of Drinking Water Standards (DWSNZ). As measured by number of samples required by the DWSNZ.	98%	98%	100%	Achieved (*All areas except Awatere supply) *Awatere supply does not meet this standard. Permanent Boil Water Notice is in force, a permanent solution to the meeting DWSNZ is being sought through public consultation.
Provide a reliable water supply service	% compliance with the following water system capacity and peak demand targets: Per property (percent of number of properties within defined water scheme: <ul style="list-style-type: none"> <li>• 4 m<sup>3</sup> per day</li> <li>• For commercial and industrial zones where the section size is greater than 800m<sup>2</sup> target is 4 m<sup>3</sup> per day/800 m<sup>2</sup></li> <li>• For rural schemes an additional 50l/ha/day for stock</li> </ul>	95%	96%	96%	Achieved based upon indicative modelling of Blenheim and Picton for the peak demand experienced in 09-10 <sup>2</sup> .

<sup>2</sup> The current design model is not based on 4m<sup>3</sup> per property per day. 4m<sup>3</sup>/day is a theoretical target for sub-division pipe sizing and not the system design target. The indicator is to be adjusted for future reports.

**Council Activity: Land and Water Services**

	Provide a minimum water pressure at new subdivisions of 300 kPa	95%	96%	96%	Achieved Based upon indicative modelling of Blenheim and Picton for the peak demand experienced in 09-10.
	The water reticulation system shall be able to provide the following fire fighting flows from hydrants except in the Awatere Valley and Wairau Valley township: <ul style="list-style-type: none"> <li>• Residential zone: 25l/s</li> <li>• Commercial zone 50 l/s</li> <li>• Industrial zone 100 l/s</li> </ul>	95%	96%	96%	Achieved
	General fire conditions as per the New Zealand Fire Service Code of Practice (NZPAS 4509:2008)	95%	96%	96%	Achieved
Provide a service that is timely and responsive to current needs.	% of service interruptions responded to within: <ul style="list-style-type: none"> <li>• 30 minutes for major loss of supply creating a situation causing or likely to cause damage to persons or property</li> <li>• 60 minutes for substantial leaks not falling into the first priority.</li> </ul>	95%	96%	88.2%	Not achieved A new system to capture information about response to water supply issues was put in place in March 2010. Since this date there have been a total of 37 loss of service customer calls. Time recording for three of the events was incomplete. 30 met the target response time. Four were over time allowed.
	% of supplies restored to customers affected by an interruption within eight hours of notification. <i>Prior to March 2010 the system recorded leaks to water mains and service pipes but did not specifically identify where the service was interrupted or the subsequent time of restoration of supply. The job completion time was recorded which identifies the final reinstatement of the surface after the repair has been undertaken. After March 2010 a new system was put in place to accurately measure this indicator.</i>	100%	100%	See comment	Not achieved During the period July 2009 to March 2010, 130 leakage calls were recorded. Not all leaks would have resulted in loss of supply, however, 27 (21%) of leaks were fully completed within eight hours. Of the remaining jobs the final reinstatement works (eg. filling holes) extended beyond this period and was subsequently recorded as the completion time. The restoration of service is treated as a priority and this would have been achieved at an earlier time. Between March-June 2010, the new system recorded six incidents of no water supply, of which four had their services restored within 8 hours.
Provide a sustainable water supply	% of programmed maintenance and renewal works in the Water Supply Asset Management Plan achieved.	New measure	90%	95%	Achieved 95%*. (* Picton maintenance budget excluded due to delay of Barnes Dam inspection.)



## Council Activity: Land and Water Services

	% of improvement works included in the Water Asset Management Plan achieved.	New measure	80%	75%	Not achieved 75% of projects complete. The Blenheim CWTP makes up the majority of under expenditure. However, the project has commenced, and the balance of funding will be carried over to 2010-11.
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Activity: Water Supply	2009-10 Actual	2009-10 Budget	2008-09 Actual
Cost of services	\$000's	\$000's	\$000's
<b>Operating costs</b>			
Awatere	559	448	491
Blenheim	3,266	3,750	2,881
Havelock	213	221	198
Picton	1,232	1,774	1,256
Renwick	282	323	284
Riverlands	239	289	241
Southern Valleys	1,473	1,531	1,451
Wairau Valley	26	37	34
<b>Total operating costs</b>	<b>7,290</b>	<b>8,373</b>	<b>6,836</b>
Operating surplus - transferred to reserves	1,651	1,035	1,536
	<b>8,941</b>	<b>9,408</b>	<b>8,372</b>
<b>Funded by</b>			
Rates	8,394	8,340	7,578
Other revenue	547	1,068	794
<b>Total revenue</b>	<b>8,941</b>	<b>9,408</b>	<b>8,372</b>
<b>Capital expenditure</b>			
Awatere	256	355	154
Blenheim	9,406	10,769	5,867
Havelock	59	42	450
Picton	2,836	4,876	807
Renwick	131	166	119
Riverlands	17	80	40
Southern Valleys	-	13	9
Wairau Valley	6	-	1
<b>Total capital expenditure</b>	<b>12,711</b>	<b>16,301</b>	<b>7,447</b>
Debt repayment	5,143	1,341	975
	<b>17,854</b>	<b>17,642</b>	<b>8,422</b>
<b>Funded by</b>			
Depreciation reserve transfer	1,689	2,252	1,609
Other reserve transfers	8,095	3,073	5,853
New loans	8,070	12,317	960
	<b>17,854</b>	<b>17,642</b>	<b>8,422</b>

Note 1: Explanation of cost of service variance – Revenue variance due to reduced network upgrade contributions due to declining subdivision development (\$276,000). Blenheim and Picton operating costs variance due to reduced interest costs resulting from partial repayment of loans.

Note 2: Significant Capital Expenditure – Blenheim central water treatment plant upgrade (\$4,100,000), Blenheim low reservoir (\$4,748,000) and Victoria Domain reservoir and pipelines (\$2,305,000).

Note 3: Significant Capital Expenditure variances – Picton water - favourable tender award for Victoria Domain reservoir (\$1,451,000) and deferral of Essons Valley treatment upgrade to 2010-11 (\$1,146,000).

Note 4: All debt and associated repayments relate to internal borrowings. Borrowings have been converted from sinking fund loans to table mortgages. Sinking fund balances at 1 July 2009 have been transferred from Other Reserves and applied to the partial repayment of outstanding loan balances.

### ACTIVITY: SOLID WASTE MANAGEMENT

Operating costs of this activity represents 7.4% of total activity expenditure.

Outcome	Related Community Outcomes
Public and environmental health risks of solid and hazardous waste are minimised.	Essential services, environmental sustainability.

### What is this activity about?

Council has one operating active landfill, in Taylor Pass Road, Blenheim. This engineered sanitary landfill is designed and constructed to current landfill design specifications and industry best practice.

### Compliance

The resource consent for the operation of the landfill sets conditions to ensure there are not adverse effects to the surrounding environment from landfilling of rubbish. It sets trigger levels against a number of constituents which will provide indication of contamination by leachate (produced when rubbish breaks down) escaping into the environment. However some of the elements measured occur naturally in the environment, one of them being present in isolation from other indicators, and do not of themselves provide evidence of an environmental impact. Some trigger levels were exceeded particularly nitrates & nitrites however on the occasions that trigger levels were exceeded other elements which are present in leachate were not detected. On some occasions upstream monitoring points which cannot be affected by leachate exceeded trigger levels but downstream points were not. All elements exceeding trigger levels returned background levels on subsequent monitoring.

While there are some trigger levels that have been exceeded these have not been on going, showing no trend toward impacts to the environment nor is there evidence from other monitored parameters that support any of these being the result of a leachate discharge from the landfill which is likely to have an impact to receiving waters or the environment.

There have been two occasions when trigger levels were exceeded during or immediately after extreme rainfall events (August 2008 & June 2010). Stormwater mixing with leachate has caused short duration discharges of leachate of a drain in the vicinity of the landfill. This drain is a small tributary of the Taylor River. Leachate collection and pumping system has been installed which will capture and store leachate during rainfall events to prevent this occurring in future. This was commissioned in July 2010.

In summary, whilst resource consent conditions have been exceeded on occasions these have not been considered to be a breach as they may have been due to natural occurrences and did not become trends.

### Recycling

The reduction of the volume of waste being landfilled in Marlborough, continues to be reduced through encouraging reuse of materials, and/or recycling materials into other products. The opportunities to recover resources were further increased during the year with the construction of a Reuse facility at the Resource Recovery Centre and Council finalised its commitment for the introduction of kerbside collection of recyclables in Picton and Blenheim, awarding a contract for the service to commence in October 2010.

## LEVELS OF SERVICE: SOLID WASTE MANAGEMENT

### Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.5	7.5	7.5	Achieved
Reduce environmental and public health risks of waste.	% of organic wastes in landfill.	20%	20%	25%	Not achieved While the proportion is up from 14% in April 2009 to 25% in December 2009 the annual sample survey of land fill content shows a decreasing volume of organic waste going to landfill. Investment in a new bay for organic waste is being made in Picton.

## Council Activity: Land and Water Services

	% of plastics in landfill. <sup>3</sup>	12.5%	10%	9%	Achieved The SWAP study completed over 7 -13 December 2009 shows 9% plastics going into the landfill. The improved facilities provided by the Resource Recovery Centre during 2009 and the Reuse Shop in 2010 has encouraged greater recycling activity.
	Number of transfer stations not having hazardous waste collection facilities	1	1	3	Not achieved Three transfer stations do not have hazardous waste facilities. Planning to introduce Agrechemical collections by outside agencies which will replace hazardous waste collection at transfer stations is continuing.
	% compliance with resource consent conditions for landfill sites.	95%	98%	100%	Achieved There has been 100% compliance with preventing environmental impacts from the operation of the regional landfill (see compliance wording above).
Provide a sustainable waste management service.	% of programmed maintenance and renewal works included in the Marlborough Waste Strategy and Plans and Asset Management Plan achieved.	New measure	90%	94%	Achieved 94% of programmed maintenance and renewals completed.
	% of improvement works included in the Marlborough Waste Strategy and Plans and Asset Management Plan achieved.	New measure	90%	100%	Achieved The Reuse Shop was early in 2010 with trading commencing in May. Annual sales have increased to \$12,600 in June. Council during the annual planning consultation period February to June committed to introducing a kerbside recyclables collection for Blenheim and Picton. This is to commence on 4 October 2010. A contract for the collection has been let.

<sup>3</sup> Target assumed the adoption of kerbside recycling (to be adopted in Blenheim and Picton October 2010).

<b>Activity: Solid Waste Management</b>	<b>2009-10</b>	<b>2009-10</b>	<b>2008-09</b>
<b>Cost of services</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Landfills	2,701	2,649	1,943
Transfer Stations	329	478	377
Refuse Collections	1,110	1,099	908
Waste Minimisation	1,303	1,430	1,113
<b>Total operating costs</b>	<b>5,443</b>	<b>5,656</b>	<b>4,341</b>
Operating surplus - transferred to reserves	-	126	121
	<b>5,443</b>	<b>5,782</b>	<b>4,462</b>
<b>Funded by</b>			
Rates	1,994	1,961	2,032
General revenues applied	119	119	136
Subsidies and grants	143	195	2
Other revenue	2,922	3,507	2,292
<b>Total revenue</b>	<b>5,178</b>	<b>5,782</b>	<b>4,462</b>
Operating deficit - funded from reserves	<b>265</b>	-	-
	<b>5,443</b>	<b>5,782</b>	<b>4,462</b>
<b>Capital expenditure</b>			
Landfills	347	435	2,773
Waste Minimisation	219	200	1,380
<b>Total capital expenditure</b>	<b>566</b>	<b>635</b>	<b>4,153</b>
Debt repayment	2,888	365	435
	<b>3,454</b>	<b>1,000</b>	<b>4,588</b>
<b>Funded by</b>			
Depreciation reserve transfer	756	470	938
Other reserve transfers	2,498	-	790
New loans	200	530	2,860
	<b>3,454</b>	<b>1,000</b>	<b>4,588</b>

Note 1: Explanation of cost of service variance – Other revenue variance due to lower landfill and transfer station fees (\$481,000). This is partially offset by reduced transfer stations' operating costs.

Note 2: Significant Capital Expenditure – Regional landfill stage 6 construction (\$228,000) and Resource Recovery Centre reuse shop (\$212,000).

Note 3: All debt and associated repayments relate to internal borrowings. Borrowings have been converted from sinking fund loans to table mortgages. Sinking fund balances at 1 July 2009 have been transferred from Other Reserves and applied to the partial repayment of outstanding loan balances.



## **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 published 2009-19 LTCCP. This document is available on Council's website.

### **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**

Operating costs of this activity represents 3% of total activity expenditure.

<b>Outcome</b>	<b>Related Community Outcomes</b>
Sustainable management of Marlborough's natural and physical resources.	Environmental sustainability, prosperity.

### **What is this activity about?**

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

The drafting of the second generation Regional Policy Statement is nearly complete. The drafting of the new District Plan is underway. Once drafting of both documents is complete, they will be jointly "notified" which is the start of the formal public consultation process.

A new set of environmental indicators are being developed. Poor groundwater quality is a particular focus as it is caused by both natural and man-made activities. The only man-made contaminant of widespread significance is the nutrient nitrate-nitrogen. It is important to monitor levels in groundwater to protect human health and so that land-use practices and policies can be reviewed or refined.

<b>LEVELS OF SERVICE: ENVIRONMENTAL POLICY</b>					
Performance Targets (for the financial year)					
Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
<p>A reviewed resource management policy framework.</p> <p>A resource management framework that reflects current and emerging issues.</p>	<p>Timeliness of review and adoption of key strategy documents.</p>	New measure	Notification of a new Marlborough RPS by 31 December 2009.	Delayed	<p>The Environmental Policy Committee has decided to delay the notification of the RPS to coincide with the reviewed Resource Management Plan. This will provide the community with the opportunity to consider an integrated package of resource management provisions.</p>
		New measure	The completion of an urban strategy for the Central Business Zone by December 2009 with a wider Blenheim strategy completed by 31 December 2010.	March 2010	<p>Central Business Strategy (Blenheim Town Centre Strategy) was adopted on 20 March 2010. Wider Blenheim strategy is progressing as part of the Southern Marlborough Urban Growth Strategy.</p>
		New measure	The completion of an efficiency and effectiveness assessment of the existing resource management plans by 31 December 2009.	See comment	<p>The efficiency and effectiveness assessment has been subsumed into the current review of the resource management plans. The results will be reflected in reviewed plan provisions.</p>
<p>The sustainable management of natural and physical resources.</p>	<p>Average Groundwater Nitrate levels.</p>	New measure	Baseline targets established for all aquifers.	Achieved	<p>A methodology has been developed to measure and determine trends in nitrate concentrations across all of Marlborough's 12 aquifers.</p> <p>The measure benchmarks nitrate-nitrogen levels against the New Zealand Drinking Water Standard (DWSNZ- 2005), and Ecological Habitat Guideline (ECAN- 2009).</p> <p>For all 12 aquifers nitrate-nitrogen levels will not be &gt; 11.3 ppm as a baseline measure in order to protect human health (DWSNZ- 2005)</p> <p>No more than six aquifers shall exceed nitrate-nitrogen levels &gt; 1.7 ppm as a baseline measure in order to protect ecological habitat.</p>

## Council Activity: Environmental Policy and Information

	Average winter concentration of PM10 at: Redwoodtown Middle Renwick Road	New measure(s)	<37 µg/m <sup>3</sup> <27 µg/m <sup>3</sup>	25 µg/m <sup>3</sup> (14 µg/m <sup>3</sup> )	Achieved Air quality monitoring of the Blenheim air shed during 2009 resulted in average winter concentrations recorded at the Redwoodtown monitoring site of 25 µg/m <sup>3</sup> and Middle Renwick Road 14 µg/m <sup>3</sup> .  In 2009 the airshed was compliant with the National Environment Standards for the first time since monitoring began with only one exceedance of the standard. This result has been influenced by a combination of seasonal climatic conditions and a gradual reduction in the amount of PM10 emissions entering the atmosphere as a result of superior and increased use of insulation in houses and an emission standard for all new woodburners.
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Cost of services – refer page 70

<b>ACTIVITY: ENVIRONMENTAL SCIENCE AND MONITORING</b>	
Operating costs of this activity represents 3.1% of total activity expenditure.	
Outcome	Related Community Outcomes
Knowledge, information and services to enable the management of Marlborough's natural and physical resources in a sustainable way.	Environmental sustainability, prosperity.

### What is this activity about?

This activity involves the monitoring of natural and physical resources, carrying out science based investigations, providing advice, and facilitating sustainable resource management programmes.

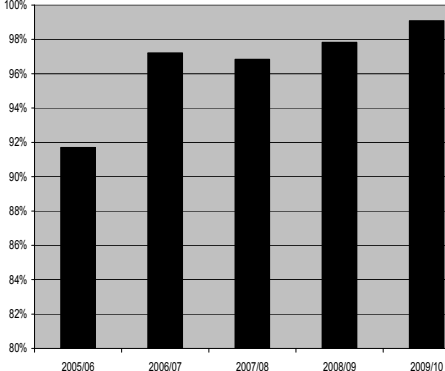
The monitoring of natural and physical resources is carried out to:

- Obtain information about the condition of the environment.
- Raise awareness of environmental issues.
- Assist in identifying areas where there is a need to improve the quality of the environment and enable Council to support a range of methods that can be applied to address specific issues, and
- Allow Council to assess the effectiveness of it's policies and methods contained in the RMA policy and planning documents.

Science based investigations are dynamic and will change to reflect new environment pressures. Emphasis has been placed on monitoring and developing sustainable programmes associated with water resources. This reflects the value of water to the community and its vulnerability to over use and contamination.

Other monitoring programmes involve measuring air quality, land use, land cover, contamination, soil quality, and the extent and condition of biodiversity. Monitoring of river flood flows is also undertaken for real time emergency response and to support flood design and planning.

This activity also involves implementing sustainable resource management programmes that promote sustainable resource use, for instance Council is active in promoting the restoration and protection of biodiversity values on private land. The activity also involves education and advocacy with the resource users and the wider community.

<b>LEVELS OF SERVICE: ENVIRONMENTAL SCIENCE AND MONITORING</b>																	
<b>Performance Targets (for the financial year)</b>																	
<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>												
Effective Environmental Monitoring Network is operated.	Percentage availability of the Environmental Monitoring network.	New measure	99%	99.1%	<p>Achieved</p> <p>Council's Environmental Monitoring Network performance target for 2009-10 was to make available at least 99% of the 4.5 million data points that were scheduled to collect.</p> <p>The graph below shows percentage availability of the environmental monitoring network for the last five years.</p> <p>Percentage Availability of Environmental Monitoring Network data.</p>  <table border="1"> <caption>Percentage Availability of Environmental Monitoring Network data</caption> <thead> <tr> <th>Year</th> <th>Percentage Availability</th> </tr> </thead> <tbody> <tr> <td>2005/06</td> <td>91.5%</td> </tr> <tr> <td>2006/07</td> <td>97.5%</td> </tr> <tr> <td>2007/08</td> <td>97.0%</td> </tr> <tr> <td>2008/09</td> <td>98.5%</td> </tr> <tr> <td>2009/10</td> <td>99.1%</td> </tr> </tbody> </table>	Year	Percentage Availability	2005/06	91.5%	2006/07	97.5%	2007/08	97.0%	2008/09	98.5%	2009/10	99.1%
Year	Percentage Availability																
2005/06	91.5%																
2006/07	97.5%																
2007/08	97.0%																
2008/09	98.5%																
2009/10	99.1%																
Monitor, undertake investigations, gather and analyse information, and report on the state of Marlborough's natural resources including: Soil quality. Contaminated sites. Water quality. Water quantity. Air quality.	Timeliness of completion data integrity audit.	New measure	30 June	30 June	<p>Achieved</p> <p>Environmental monitoring real time data is audited by regularly inspecting and calibrating equipment and monitoring stations. This ensures that the data collected is a true representation of the measured parameter. These calibrations are completed in a timely manner and inspection details are recorded within the environmental monitoring database.</p> <p>The analysis of water quality samples are routinely subject to audits by accredited laboratories. Furthermore, Council staff undertake an information audit to ensure that the data fits within a prescribed range.</p> <p>In the future Council plan to develop automated audit process for information stored in our data base systems and also intend to undertake an external review of our real time monitoring data during 2010-11.</p>												
	Number of technical monitoring report cards completed.	New measure	5	5	<p>Achieved</p> <p>Five State of the Environment reports and annual report cards have been completed during 2009-2010 and include reports on: Ground Water Quality, Surface Water Quality, Recreation Water Quality, Air and Soil Quality.</p>												

## Council Activity: Environmental Policy and Information

	Timeliness completion of resource investigations and reporting to the Environment Committee.	New measure	30 June	30 June	Achieved A total of 14 resource investigations and monitoring reports had been planned and reported to the Council by 30 June 2010. Of the 14 investigations, six of these were longer term projects and investigations commenced prior to the 2009-2010 financial year.  The reports included a range of investigations, for example information included reports on the nature and origin of saline ground water in Wairau Valley, water irrigation efficiency trials, and trends in PM10 (air quality).
Encourage the community and industry to look after and restore the environment through communication, education and advocacy.	Percentage of planned educational programmes (including public campaigns, fact sheets, website) are completed annually.	New measure	90%	100%	Achieved All planned environmental communication, education and advocacy programmes were completed. Initiatives included a range of programmes; involving a comprehensive upgrade of environmental information on the web site; series of articles in the media on the State of the Environment Report 2008 and about community biodiversity programmes; series school education initiatives, including white bait connection, pest fish programmes and enviro-school Initiatives; routine presentations to Council and the community on a variety of subjects and preparation of fact sheets on ground water.
Restoration and protection of indigenous biodiversity on private land.	Long-term (5yr +) trends in number of protected (Significant Natural Areas) biodiversity sites.	41 (2008)	50	50	Achieved Nine further protection projects have been carried out since 2008 in partnership with private land owners on Significant Natural Area biodiversity sites, these include: <ul style="list-style-type: none"> <li>• five wetland restoration projects</li> <li>• two farm fencing projects to exclude stock from areas of regenerating forest and shrub land</li> <li>• one weed control programme and</li> <li>• one farm conservation management plan.</li> </ul>

Cost of services – refer page 70

### ACTIVITY: ANIMAL AND PLANT PESTS - (BIOSECURITY)

Operating costs of this activity represents 1.7% 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 is delivered in accordance with a Regional Pest Management Strategy which is prepared in conjunction with stakeholders, the community, and in compliance with the Biosecurity Act 1993, the Resource Management Act 1991 and the Regional Policy Statement. The Council is also involved as a stakeholder with nationally led pest management programmes, for instance the National Pest Management Strategy for Bovine Tb.

### *Regional Pest Management Strategy*

The Regional Pest Management Strategy (RPMS) defines and declares 37 plant and animal species as pests in the region. The pests are divided into three groups:

- **Total Control Pests** - pests to be eradicated throughout the region. The onus for control is shared between the land occupiers, Council and in particular circumstances, the Department of Conservation.



## Council Activity: Environmental Policy and Information

- **Containment Pests** - pests that require control to prevent spread and to reduce overall pest density levels over time. The control of these pests is primarily the responsibility of the land occupier.
- **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 to determine impacts and distribution.

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.

### LEVELS OF SERVICE: ANIMAL AND PLANT PESTS - (BIOSECURITY)

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.3	6.3	6.2	Not achieved Resident satisfaction score = 6.2 The sub scores were for animal pests 6.3, and plant pests 6.0. Overall the results indicate a slight reduction in community satisfaction. This is possibly due to a community's expectation that Council should be undertaking a wider range of pest control work on private properties other than implementing a more pure regulatory response requiring landowner intervention. Also, the survey satisfaction score is lower in the Marlborough Sounds which is possibly due to Council having less of a presence in this area due to the focus on the economically productive parts of the District which is predominantly Southern Marlborough.
Prepare and publish a Regional Pest Management Strategy Operational Plan annual report.	Timeliness completion of annual report to Environment Committee.	New measure	30 October	15 October	Achieved Operational Plan Report for 2008-09 was presented and adopted by the Environment Committee on 15 October 2009.
Control the spread and impacts of animal and plant pests.	Area of plant pest infestations in hectares of: Nassella Tussock	55,927 ha	<55,927 ha	54,085 ha	Achieved The area infested with Nassella Tussock has reduced due to improved refinements made from field assessments and subsequently mapped by site.

**Council Activity: Environmental Policy and Information**

	Chilean Needle Grass	2,706 ha	<2,706 ha	2,736 ha	Not Achieved The area with an infestation of Chilean Needlegrass has increased above the baseline target despite the efforts of the community controlling this pest plant. Three new infested sites were found last season and a number of new patches were found on properties with a known infestations.
	Number of properties where the maximum allowable rabbit population levels as measured by RPMS Modified Mclean Scale indices are exceeded for:	See below	See below	See below	A total of 55 properties were inspected for rabbit control compliance with the Regional Pest Management Strategy (RPMS). 33 inspections were carried out on 'new' properties while 22 were carried out on properties with existing Control Programmes. This was necessary to assess current rabbit levels and to build landholder familiarity with new processes and staff.  New Control Programmes were issued on 6 properties where rabbit levels were found to be above the Modified Mclean Scale.
	<ul style="list-style-type: none"> <li>• Upper Awatere/Clarence level 4.</li> <li>• Remainder of District level 3.</li> </ul>	6	<10	5	Achieved
		4	<15	18	Not Achieved An increase in monitoring resulted in a broader geographical inspection of properties especially in the Wairau Valley and Coastal Marlborough areas. This resulted in a number of properties being reported with rabbit population's levels above the Modified Mclean Scale and specified performance target. These properties were also in non compliance with RPMS requirements. An increase of rabbit populations is a direct consequence of emerging rabbit populations in parts of the District.
	Number of control pests as measured by plant numbers destroyed. (excluding boneseed, spartina and eelgrass).	6,000	5,500	5,490	Achieved A small reduction in Total Control Pest Plant numbers compared against the target was achieved which reflects the implementation of effective control regimes for these pest species over the last few years.

**Council Activity: Environmental Policy and Information**

	% of properties issued with a containment pest control programme that have undertaken control actions, without enforcement, as verified by inspection and audit regimes.	80-90%	85%	95%	Achieved A total of 435 Animal or Plant Pest Control programmes were issued of which 412 (95%) undertook control work to the required standard without enforcement action. 429 of these programmes were issued to control pest plants of which 407 land occupiers complied. Six of the programmes were issued to control animal pests (rabbits). Five land occupiers complied. The other land occupier obtained an extension with approval.
	Level of land occupier compliance with Regional Pest Management Strategy rules as measured by the number of directions issued.	30	<50	22	Achieved 22 Notice of Directions (enforcement notices) were issued on land occupiers for non compliance with RPMS a requirement which is a reduction from 28 from the previous year.
Provide community and industry awareness of pest management responsibility through communication, education and advocacy.	% of planned educational programmes (including public campaigns, fact sheets, website) are completed annually.	New measure	90%	100%	Achieved All planned environmental communication, education and advocacy programmes were completed. Initiatives included a range of programmes including: Council and Department of Conservation manned stall at the Garden Marlborough Fête displaying pest information and providing animal pest identification services. The production of 11 new brochures for a range of pest species has been completed. A comprehensive upgrade of biosecurity information on the web site. Two pest workshops covering ecological animal pest and rabbit pest management were held, in the Sounds area and in South Marlborough.

**Council Activity: Environmental Policy and Information**

<b>Activity: Environmental Policy and Information</b>	<b>2009-10</b>	<b>2009-10</b>	<b>2008-09</b>
<b>Cost of services</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Environmental Policy	2,247	1,341	1,599
Environmental Science and Monitoring	2,301	2,329	2,494
Biosecurity (Pest Management)	1,275	1,261	1,262
<b>Total operating costs</b>	<b>5,823</b>	<b>4,931</b>	<b>5,355</b>
<b>Funded by</b>			
Rates	4,304	4,259	4,205
General revenues applied	561	561	578
Subsidies and grants	93	10	85
Other revenue	220	1	117
<b>Total revenue</b>	<b>5,178</b>	<b>4,831</b>	<b>4,985</b>
Operating deficit - funded from reserves	645	100	370
	<b>5,823</b>	<b>4,931</b>	<b>5,355</b>
<b>Capital expenditure</b>			
Environment Policy	-	-	1
Environmental Science and Monitoring	48	49	78
Biosecurity (Pest Management)	4	-	6
<b>Total capital expenditure</b>	<b>52</b>	<b>49</b>	<b>85</b>
<b>Funded by</b>			
Depreciation reserve transfer	49	49	77
Other reserve transfers	3	-	7
Asset disposals	-	-	1
	<b>52</b>	<b>49</b>	<b>85</b>

Note 1: Explanation of cost of service variance – Significant projects were accelerated during the year to provide a 20 year urban growth strategy for the whole of Marlborough. In addition the opportunity was taken to undertake key projects that would help underpin the RPS and RMP reviews. These include outstanding landscapes and investigating water allocation. Additional expenses were also incurred through various plan changes, variations and Environment Court appeals.

## **ACTIVITY GROUP: REGULATORY**

### **Activities in this Group**

The activities for this group include:

- Resource Consents.
- Building Control.
- Compliance.
  - Environmental Health.
  - Environmental Protection.
  - Project and Land Memoranda.
- Animal Control.
- Harbours.

### **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.

This activity group contributes to the following community outcomes: environmental sustainability, prosperity, energy efficiency, affordable housing, safety and security, healthy choices, fun and recreation.

### **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 published 2009-19 LTCCP. This document is available on Council's website.

### **ACTIVITY: RESOURCE CONSENTS**

Operating costs of this activity represents 4.6% of total activity expenditure.

<b>Outcome</b>	<b>Related Community Outcomes</b>
A high quality and equitable resource consent service that effectively manages Marlborough's built environment and natural resources in a way that best secures a sustainable level of development that meets the needs of the community.	Environmental sustainability, prosperity.

### **What is this activity about?**

This activity involves discharging Council's statutory obligations under the Resource Management Act 1991 (The Act). The Act sets out a range of powers, duties and functions and the statutory processes that must be followed when processing and determining applications for resource consent.

The Act's purpose is to promote sustainable management of natural and physical resources. This Activity is about the promotion of the sustainable management of natural and physical resources and the administration of the Marlborough Sounds and the Wairau/Awatere Resource Management Plans.

Specifically this Activity processes five different types of resource consents:

- Land Use Permits
- Water Permits
- Discharge Permits
- Subdivision Permits
- Coastal Permits

### **Consent Monitoring and Compliance**

There are several mechanisms used to trigger monitoring of consents:

#### ***Reporting of Consent Lapse and Expiry Dates***

A process has been in place of reporting on consent lapse and expiry dates; investigation of the file to assess whether there is information to indicate the consent has been given effect to and; follow up (in writing) with the consent holder where that information is not found.

#### ***Notifications From Consent Holders***

Many consents require some form of notification to Council that work is about to start; test results relating to water or waste water; to name a few examples. These notifications allow Council to monitor work underway; inspect installations of meters; and assess compliance with consent conditions.



**Long Term Monitoring Projects**

There are a number of monitoring projects, undertaken on an annual basis, that have been ongoing for many years (some at least 15 years). These projects capture consents newly granted as well as monitoring permitted activities under the Resource Management Plans. Some examples include winery waste, dairy effluent, stream crossings and, sounds sewage.

**Building Consent Processes**

Many land use consents are specifically related to building consents. These projects are for the same projects and are therefore effectively monitored by the building consent process.

**Subdivisions**

Monitoring of subdivision consents is generally driven by the consent holder fulfilling consent conditions with the aim of progressing the development to issue of section 223 and section 224 certificates and ultimately certificates of title.

**Complaints Received**

Complaints are considered in the context of any resource consents for the activity. Compliance with the consent conditions is monitored as a part of the process.

**Achieving Compliance**

Council employs a variety of strategies when there is non-compliance with consent conditions. This ranges from low level informal warnings during monitoring visits through to prosecution as a last resort or when the non-compliance is serious. Written warnings, infringement notices, abatement notices are all used as well. The majority of non-compliance is dealt with at the low level, with officers working with the consent holder to encourage compliance with consent conditions. Council has recently formed an Enforcement and Prosecution Committee.

**LEVELS OF SERVICE: RESOURCE CONSENTS**

**Performance Targets (for the financial year)**

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	5.8	5.9	5.7	Not achieved Residents' concerns centred on the costs and processing time. Changes to the RMA has led to revised procedures that should address these issues.
Provide a consent processing service that is timely and responsive to customer needs.	% of resource consent applications processed within statutory timeframes.	54.8%	60%	84.34%	Achieved Changes to the RMA prompted a process review that focused on improving time frame compliance. The section has made steady progress in this area and has remained at over 90% timeframe compliance for the last five months.
Provide a consent processing service that is fair, consistent and cost effective.	% of complaints regarding fees charged for processing resource consent applications compared to total number of consents.	0.5%	<0.5%	0.52%	Not achieved The number of objections to fees remains very low.
	% of resource conditions upheld following appeal.	75%	>75%	95.7%	Achieved The Court has provided a "review" of the quality of Council processing in that 95.7% of resource consent conditions were upheld following an appeal. The last MfE survey was for 2007-2008.

Educate applicants on the RMA and the resource consent application and approval process.	% of incomplete applications rejected.	21.5%	20%	14.5%	Achieved Changes to the RMA have required the use of section 88 to a greater degree but this approach was highly publicised and all stake holders were advised of the raised standard of application expected.
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<b>Activity: Resource Consents</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>	<b>3,365</b>	<b>3,242</b>	<b>3,229</b>
<b>Funded by</b>			
Rates	1,173	1,160	1,124
General revenues applied	153	152	155
Other revenue	1,519	1,930	1,737
<b>Total revenue</b>	<b>2,845</b>	<b>3,242</b>	<b>3,016</b>
Operating deficit - funded from reserves	520	-	213
	<b>3,365</b>	<b>3,242</b>	<b>3,229</b>
<b>Capital expenditure</b>	<b>-</b>	<b>5</b>	<b>-</b>
<b>Funded by</b>			
Depreciation reserve transfer	-	2	-
Other reserve transfers	-	3	-
	<b>-</b>	<b>5</b>	<b>-</b>

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

## ACTIVITY: BUILDING CONTROL

Operating costs of this activity represents 3.7% of total activity expenditure.

<b>Outcome</b>	<b>Related Community Outcome</b>
Residents and visitors live and work in buildings that are healthy and safe.	Affordable housing and Energy efficiency.

### What is this activity about?

This activity involves giving effect to the Building Act 2004. This Act charges Council with several responsibilities which are set out in two separate categories. The categories are **Territorial Authority** responsibilities and **Building Consent Authority** responsibilities.

**Territorial Authority** responsibilities carried out by the Building Control Section include:

- Issuing building consents subject to waivers or modifications of the Building Code.
- Issuing certificates of acceptance.
- Issuing amended compliance schedules.
- Administering and enforcing the provisions of building warrants of fitness.
- The extent of compliance on change of use and specified intend life changes.
- Functions in relation to earthquake-prone, dangerous or unsanitary buildings.
- Determining whether building work is exempt under the First Schedule to the Building Act 2004.
- Other functions and duties required by the Building Act 2004.
- Providing a copy of relevant applications to the New Zealand Historic Places Trust.
- The territorial authority must act as a building consent authority within its District.
- Keep building related records.
- Swimming pool fencing control.

**Building Consent Authority** responsibilities carried out by this section include:

- Granting and issuing building consents.
- Inspecting building work for which it has granted consent.
- Issuing notices to fix.
- Issuing code compliance certificates.
- Issuing compliance schedules.

This Activity also involves other functions under separate legislation including:

- Monitoring swimming pool fencing under the Fencing of Swimming Pools Act 1987.
- Investigating building related complaints under the Local Government Act and the Building Act.

- The Marlborough District Council is required to have an accredited Building Consent Authority.

The most significant component of this activity is to receive, process, grant, and issue Building Consent applications, followed by inspecting work for compliance and issuing a Code Compliance Certificate. The standard of compliance required is set out in the Building Regulations and its compliance with the New Zealand Building Code.

**BCA Accreditation**

The Building Control Group is accredited under the BCA Accreditation Regulations which has specific requirements for ensuring that work is undertaken by competent persons and the quality of the decision making is accurate.

In line with these requirements the Building Control Group follows formal auditing programmes which cover all of its operations including processing of applications and inspections. Each procedure is audited at least annually and all staff are audited regularly. Copies of audits they are held electronically and are readily available. All processing is covered by a series of processing checklists which must be completed in full and on which each officer records compliance decisions and where the compliance is seen. These checklists are subject to quality check by an independent person, for every application, to ensure that the correct forms are used and fully completed. The forms are also part of the formal audit process.

Every person making technical decisions about code compliance is assessed to determine their competency level and re-assessed at least annually to review that competence. Staff can only undertake work within their own competency level unless they are under supervision from a person with the appropriate competency. All projects are categorised to determine the competence category required to work on that project. This again is part of the audit procedure.

All technical staff have a training plan to ensure that they undertake ongoing technical improvement and to increase their competency level. Training in areas of risk such as fire design, plumbing and drainage and weathertightness are all included in the training plans. Until staff are appropriately trained they are not rated as competent for any particular area of building assessment such as weathertightness.

The Building Control Group is now fully accredited including the second stage. That was achieved on 13 July 2010.

<b>LEVELS OF SERVICE: BUILDING CONTROL</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>
Provide an overall level of service that meets or exceeds residents' expectations.	% of respondents to customer surveys that rate the level of service as satisfactory or higher.	New measure	80%	96.2%	Achieved Measure is against all of those respondents who stated the service was average or better.
Provide a consent processing service that is timely and responsive to customer needs.	% of applications processed within 15 working days of receipt.	New measure	80%	74%	Not Achieved This is a good result when compared with recent years and indicates that the section is improving its performance in this area. 1,281 applications out of 1,738 met the target.
Provide a service that minimises risks to public safety.	% of swimming pools inspected annually.	15%	>15	21.4%	Achieved 284 pools were inspected out of 1,328 active on our records. An overall increase in compliance of pools within the District has also been achieved.

	% of building warrants of fitness audited annually.	New measure	20%	5.5%	Not achieved Even though this target was not achieved there has been considerable monitoring work on most Building Warrants of Fitness by means of desk surveys and investigations. The focus has been on improving the accuracy of the Compliance Schedules and related Warrants of Fitness. It is anticipated that this target will be met in future years.
	% of building under construction inspected to ensure that Code Compliance is achieved.	100%	100%	100%	Achieved All requests to attend inspections have been met and the projects inspected. 6,691 inspections were completed during the period.

<b>Activity: Building Control</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>	<b>2,590</b>	<b>2,368</b>	<b>2,232</b>
<b>Funded by</b>			
Rates	406	402	380
General revenues applied	54	54	53
Other revenue	1,500	1,912	1,391
<b>Total revenue</b>	<b>1,960</b>	<b>2,368</b>	<b>1,824</b>
Operating deficit - funded from reserves	630	-	408
	<b>2,590</b>	<b>2,368</b>	<b>2,232</b>

Note 1: Explanation of cost of service variance – Higher operating costs due to leaking housing settlements. Lower user charges have been recovered as a result of lower numbers of building inspections completed than budgeted.

## ACTIVITY: ENVIRONMENTAL HEALTH

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

<b>Outcome</b>	<b>Related Community Outcomes</b>
To ensure residents of Marlborough and visitors to the District have confidence that they live and stay in an environment that is safe.	Health choices.

### What is this activity about?

The activity involves the protection of public health through:

- the registration and inspection of premises that prepare or sell food;
- the investigation of complaints about consumed foods, including the manner of its preparation and the state of premises used for food preparation;
- the educating of residents about food safety through direct contact and provision of written information material.

The activity also involves providing reports for the purposes of the Sale of Liquor Act 1989 and licensing and monitoring for compliance with licence conditions of that Act. It also provides reports for the purposes of the Gambling Act 2003.

Further, the activity involves investigation of nuisance complaints concerning noise, smoke, odours, pest control and hazardous substances.

To ensure consistency and quality of food inspections undertaken by Council Environmental Health Officers (EHO) the following is undertaken:

- In-house discussion/team meetings
- Meetings with other top-of-the-south local authority EHO's
- No officer has a particular area (ie; the inspector is not always the same for the same premises)
- Continuous personal skill development - two of the EHO's have completed 2 of 3 unit standards to become competent auditors. This will enable staff to audit food control plans under potential legislative changes.

With the abovementioned factors this ensures the quality of inspections of food premises in Marlborough is high and consistent.

## LEVELS OF SERVICE: ENVIRONMENTAL HEALTH

### Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
To approve and monitor food safety, generally encourage operators of food premises through education and enforcement to take responsibility for providing safe and suitable food.	% of registered food premises inspected at least once per annum.	100%	100%	100%	Achieved 285 food premises were registered. All premises were inspected at least once with the following results: 216 qualified pass 14 pass 1 pass - other 1 qualified pass - other 7 qualified pass with liquor 31 pre-registration or re-inspections 15 premises failed food inspections and were reinspected.
	% of other registered premises inspected at least once per annum.	100%	100%	100%	Achieved 101 premises were registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile shops. All premises were inspected at least once.
	Number of random inspections made of all markets with 10 food stalls or more.	6	6	6	Achieved
	Number of inspections of annual events having more than 10 food stalls.	6	6	6	Achieved
Encourage operators of registered premises to take responsibility for providing a safe environment.	% of environmental health complaints of a critical nature responded to within one working day.	100%	100%	100%	Achieved Seven complaints concerning food hygiene were received. Of these one was considered to be of a critical nature. It was responded to within one working day.
	Number of food complaints relating to Council inspected premises.	38	35	7	Achieved.
Encourage operators of licensed premises to establish a reasonable system of control over the sale and supply of liquor to the public with the aim of contributing to the reduction of liquor abuse.	% of liquor licensing applications processed within statutory timeframes.	100%	100%	98%	Not achieved. 108 applications were advertised by Council. 106 applications were advertised within timeframes.



Proactively monitor and investigate environmental conditions that may directly or indirectly affect public health with particular emphasis on statutory nuisances, bylaw, air quality and noise complaints.	% of incidents that potentially threaten public health that are responded to and investigated within seven working days of notification.	100%	100%	99%	Not achieved. 1516 environmental health complaints were received. Eleven of these complaints were responded to after seven days.
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Cost of services – refer to page 79

### ACTIVITY: ENVIRONMENTAL PROTECTION

Operating costs of this activity represents 1.2% of total activity expenditure.

Outcome	Related Community Outcomes
Ensuring statutory compliance with the Resource Management Act 1991 and/or Resource Management Plans.	Environmental sustainability, Health choices.

#### What is this activity about?

The activity involves ensuring compliance with the Resource Management Act 1991 and/or Council's Resource Management Plans. This involves investigating complaints or reports of alleged breaches, follow up, finding resolutions to issues, issuing infringement notices or instigating prosecution processes through the judicial system.

The activity also involves finding non-regulatory solutions that both address the matter at issue and improving public understanding of the aims of the Resource Management Act 1991 with ongoing education of the public in sustainable resource use.

### LEVELS OF SERVICE: ENVIRONMENTAL PROTECTION

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of service that meets or exceeds residents' expectations.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	5.8	5.9	6.2	Not achieved Some concerns with lack of follow up/enforcement/compliance.
Monitor resource consents to ensure the consent holder is in compliance.	% of resource consents monitored for compliance within two years of issue.	New measure	50%	52.3%	Achieved A total of 3,244 consents were granted for the period 1 July 2008 and 30 June 2010. 1,697 consents have been monitored in some form.
	% of resource consent non-compliance has follow up action taken.	100%	100%	95.7%	Not achieved
Proactively monitor and investigate alleged breaches of the Resource Management Act 1991, Resource Management Plans and Consents.	% of complaints responded to within seven working days.	New measure	95%	93.9%	Not achieved
	% of complaints, either resolved or had a resolution strategy, developed within 90 days of receipt.	New measure	95%	99.3%	Achieved

Effective enforcement action undertaken on breaches under the Resource Management Act 1991.	% of abatement and infringement notices upheld on appeal.	100%	95%	100%	Achieved 52 abatement and 41 infringement notices were issued. 13 of the abatement notices have been appealed. 100% achieved as the abatement notices under appeal have not yet been heard by the Environment Court.
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Cost of services – refer to page 79

<b>ACTIVITY: PROJECT AND LAND MEMORANDA</b>	
Operating costs of this activity represents less than 1% of total activity expenditure.	
Outcome	Related Community Outcomes
Information provided on request and to the extent required by the relevant statutes and/or regulations.	Essential services.

**What is this activity about?**

The activity involves the timely, accurate and complete supply of information Council either holds, or has been statutorily advised of, by means of either a Land Information Memorandum (LIM) or Project Information Memorandum (PIM).

The Building Amendment Act 2009 made changes to the status of PIMs. There is no longer a requirement to obtain a PIM with building consent applications. It will be up to the owner to decide whether or not a PIM is required.

**Reason for Changes**

- Only a minority PIM application were made separately before a building consent application.
- The Act needs to be more flexible to account for different types or scale of building projects, particularly where PIM information will not add much value to the process.
- Government wanted to provide owners with the choice to decide whether they believed they would benefit from a PIM or not.

Where PIMs are not applied for, Council still has to obtain information relevant to building consent applications. This is now part of the building consent process.

<b>LEVELS OF SERVICE: PROJECT AND LAND MEMORANDA</b>					
Performance Targets (for the financial year)					
Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provision of Land Information Memoranda and Project Information Memoranda.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.9	6.9	Not measured	The recent change in the status of PIM's and how they are delivered has lessened the need to separately measure resident satisfaction with this service.
	Percentage of Land Information Memoranda and Project Information Memoranda requests processed within statutory timeframes.	100%	100%	100%	Achieved LIMS - 395 Land Information Memorandum issues. All within 10 working days.
			100%	99.7%	Not achieved PIMs - Two out of 816 were over time and these were both log fires.
	Number of liability claims made because of incomplete or inaccurate information supplied.	1	<3	0	Achieved No claims for either LIMs or PIMs.

Activity: Compliance	2009-10 Actual	2009-10 Budget	2008-09 Actual
Cost of services	\$000's	\$000's	\$000's
<b>Operating costs</b>			
Environmental Health	318	393	343
Environmental Protection	861	728	680
Project and Land Memoranda	537	577	622
<b>Total operating costs</b>	<b>1,716</b>	<b>1,698</b>	<b>1,645</b>
Operating surplus - transferred to reserves	-	-	32
	<b>1,716</b>	<b>1,698</b>	<b>1,677</b>
<b>Funded by</b>			
Rates	879	870	867
General revenues applied	114	114	119
Other revenue	584	714	691
<b>Total revenue</b>	<b>1,577</b>	<b>1,698</b>	<b>1,677</b>
Operating deficit - funded from reserves	139	-	-
	<b>1,716</b>	<b>1,698</b>	<b>1,677</b>
<b>Capital expenditure</b>			
Environmental Protection	-	-	2
Environmental Health	1	4	8
<b>Total capital expenditure</b>	<b>1</b>	<b>4</b>	<b>10</b>
<b>Funded by</b>			
<b>Other reserve transfers</b>	<b>1</b>	<b>4</b>	<b>10</b>

Note 1: Explanation of cost of service variance – Additional costs have been incurred in environmental protection enforcement. Other revenue has decreased as there is no longer a requirement to obtain a PIM with building consent applications.

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

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

## ACTIVITY: ANIMAL CONTROL

Operating costs of this activity represents less than 1% of all the activity expenditure.

Outcome	Related Community Outcomes
Ensuring Council fulfils the obligations that are imposed on it or the public by the provisions of the Dog Control Act 1996, and Bylaws.	Safety and security.

### What is this activity about?

The activity involves Dog Control and the Control of Animals (excluding dogs) on public land and public roads. This service is undertaken by contractor Maataa Waka.

## LEVELS OF SERVICE: ANIMAL CONTROL

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
To provide an effective dog control service including registration is in accordance with the Dog Control Act 1996.	% of compliance with the conditions of animal control contract 2008/54.	New measure	100%	100%	Achieved
	% of complaints regarding dog attacks, rushes and lost and found investigated within 24 hours of receipt.	New measure	100%	83%	Not achieved A total 949 complaints were received regarding dog attacks, rushes, lost and found. 788 were investigated within 24 hours of receipt.
	Number of working days after 31 July to process all dog registrations received during the registration period.	3	5	10	Not achieved Contractor unable to meet target. Level of service to be reviewed.

To provide an effective education programme on dog safety and responsible dog ownership.	Number of presentations undertaken to primary age groups of children.	30	30	39	Achieved
To provide an effective service for dealing with wandering livestock on public land and roads.	% of complaints regarding wandering livestock investigated within 24 hours.	New measure	100%	97%	Not achieved 104 complaints were received. 101 were investigated within 24 hours.

<b>Activity: Animal Control</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Dog Control	570	594	550
Other Animal Control	56	70	69
<b>Total operating costs</b>	<b>626</b>	<b>664</b>	<b>619</b>
<b>Funded by</b>			
Rates	49	49	62
General revenues applied	7	7	9
Other revenue	536	528	510
<b>Total revenue</b>	<b>592</b>	<b>584</b>	<b>581</b>
Operating deficit - funded from reserves	34	80	38
	<b>626</b>	<b>664</b>	<b>619</b>

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

## ACTIVITY: HARBOURS

Operating costs of this activity represents 1.2% of all the activity expenditure.

<b>Outcome</b>	<b>Related Community Outcome</b>
Proactively manage the safe and sustained use of the maritime areas of Marlborough so that it can continue to provide physical, spiritual, economic and environmental benefits to its current and future stakeholders.	Environmental sustainability, Safety and security, Fun and recreation.

### What is this activity about?

This activity involves ensuring safety in Marlborough's marine 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 safety within this area, as required by legislation.

The Council is also required to prepare, maintain and review a Regional Oil Spill Contingency Plan, a responsibility which extends to the 12 mile territorial sea boundary.

In broad terms, the activity can be sub-divided into three areas, Operations/Control, Aids to Navigation and Marine Oil Spill Response.

## LEVELS OF SERVICE: HARBOURS

Performance Targets (for the financial year)

<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>
Effective public education to provide a safe environment for all users.	% of planned public education campaigns delivered per annum including having the annual review of a Safe Sounds Boating brochure ready for distribution by Labour weekend.	New measure	95%	100%	Achieved Brochures were prepared and 5,000 printed and placed in circulation at Labour weekend. An additional print run of 1,500 copies was required to meet demand.

	Number of weekends in period commencing at Labour Weekend through to end of Easter of the following year where patrols undertaken.	New measure	>20	17	Not achieved A total of 17 weekend patrols were undertaken during the summer period. Two weekend patrols were cancelled due to participation in child safety programmes and with Easter falling in early April, this target was not met.
	Number of daily patrols undertaken from mid-December through to end of January of the following year targeting known 'hot-spots'.	40	40	40	Achieved Daily patrols were undertaken from mid-December to end of January.
	% of navigation warnings issued within two hours of a reported event that may impact on navigation safety.	100%	100%	100%	Achieved A total of 50 navigation warnings were issued during the year. Areas of concern covered ranged from salmon cage tows to warning of on-water maritime events such as kayak race events.
	Development and/or review of the Harbour Safety Plan.	Yearly	Yearly	Ongoing	Achieved Development of the Harbour Safety Plan is ongoing. A review of the harbour risk assessment was completed during the year and served to underpin the new Navigation Bylaw process
	% of funded mitigation measures completed.	New measure	80%	39% complete, 39% partially complete	Not achieved Funded measures not complete due to: 1. Insufficient human and financial resources, due to staff vacancies and fees and charges bylaws not being implemented until August 2010. The new bylaws are different to those originally proposed which may reduce anticipated income. 2. Some actions have been changed since June 2009. 3. Some actions rely upon other organisations.
High degree of compliance with statutes, bylaws and regulations that directly affects Marlborough's coastal region and its users.	Number of random light inspections of marine farms undertaken.	203	>200	See comment	With the introduction of revised lighting plans and the development of new passive marking devices for the ends inshore lines, it was agreed with the Committee and industry that audits would not resume until September 2010.



	% of accident and incident investigation, as appropriate, commenced within five working days.	100%	100%	100%	Achieved The database shows 200 incidents reported during the year (these exclude AtoN failures). Where appropriate, incident information was passed on to Maritime NZ since there is not statutory authority for the Harbour Master to investigate accidents and incidents.
Navigation aids, swimming and water-ski lanes maintained effectively.	% of time aids to navigation are working <i>(Failures are recorded by the harbourmaster following notification by Sounds users that aids are not working).</i>	100%	100%	99.9%	Not achieved There were a total of 16 reported failures during the year. A new structure was established replacing an old tower at West Head light.
	% of pre summer season inspections of swimming and water-ski lanes undertaken.	100%	100%	100%	Achieved All swimming lanes were inspected 25 and 26 October, prior to the summer period.
	Number of further inspections of swimming and water-ski lanes undertaken during the summer season.	>2 of each	>2 of each	4	Achieved Swimming and water-ski lanes at Picton and Waikawa are monitored as part of the daily patrol routine as many of them are located in known 'hot-spots'. Swimming lanes at Momorangi Bay were also inspected periodically. Water ski lanes at Te Mahia were inspected twice in January 2010.

<b>Activity: Harbour Control</b>	<b>2009-10</b>	<b>2009-10</b>	<b>2008-09</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>	911	1,570	846
Operating surplus - transferred to reserves	-	319	-
	<b>911</b>	<b>1,889</b>	<b>846</b>
<b>Funded by</b>			
Rates	314	311	422
General revenues applied	42	42	59
Other revenue	206	1,536	300
<b>Total revenue</b>	<b>562</b>	<b>1,889</b>	<b>781</b>
Operating deficit - funded from reserves	349	-	65
	<b>911</b>	<b>1,889</b>	<b>846</b>
<b>Capital expenditure</b>	<b>130</b>	<b>104</b>	<b>32</b>
<b>Funded by</b>			
Depreciation reserve transfer	38	85	16
Other reserve transfers	92	19	16
	<b>130</b>	<b>104</b>	<b>32</b>

Note 1: Explanation of cost of service variance – The budgeted revenue and expenditure was contingent upon Council agreeing to the Proposed Navigation Bylaw 2009. Council adopted the Bylaw with effect from 16 August 2010.

## ACTIVITY GROUP: REGIONAL DEVELOPMENT

### Activities in this Group

The activities in this group include:

- o Regional Development.
- o Tourism Marketing.
- o Events and Conferences.
- o 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 and innovation, attracting new investments, and by presenting Marlborough as a competitive tourist destination. As a provider of infrastructure, as a regulator of many business activities, 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, full participation, environmental sustainability and enterprise and endeavour.

### 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 published 2009-19 LTCCP. This document is available on Council's website.

### 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 represents less than 1% of total activity expenditure.

Outcome	Related Community Outcomes
Improved quality of life for all residents.	Prosperity. Enterprise and endeavour.

### What is this activity about?

Council's decisions and actions can significantly assist the development of the regional economy by encouraging local business initiatives and innovation, attracting new investments, and by presenting Marlborough as a competitive tourist destination. As a provider of infrastructure, as a regulator of many business activities, 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.

### How this Activity Contributes to Related Community Outcomes

This activity is aimed at developing the regional economy to achieve long term economic growth to the benefit of the Marlborough community. It is about identifying where the direction of growth needs to be, how we will get there and what needs to be done. The activity is delivered by a range of public sector partners, including the Council, in support of the private sector and also involves making investments in the right area. Responsibility for the co-ordination of this activity moved to the Council from the Marlborough Regional Development Trust (MRDT). It is important to recognise that regional development is not just supporting businesses, but also about ensuring our community and workforce have the health, skills and knowledge to play their part in the development of Marlborough's economy.

### LEVELS OF SERVICE: REGIONAL DEVELOPMENT

Performance Targets (for the financial year)

Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.1	6.1	6.0	Not achieved Some residents were concerned with the wine and tourism focus of this activity.

Co-ordinate effective economic development delivery.	Marlborough's GDP growth rate ranking amongst Local Authorities. (BERL)	In 2007 Marlborough's GDP growth rate was 42 out of 72 Local Authorities.	<36	See comment	BERL survey not undertaken for 2009 due to change in survey methodology. 2010 report due in January 2011.
	Unemployment rates compare to the national rate.	Unemployment rate as at March 2008 was 3.7% (NZ 4.1%).	Unemployment rate is equal to or less than the national rate.	5.1%	Achieved Unemployment rate as at March 2010 was 5.1%, compared with the national rate of 6%.
	Inter-census change in average household income equal or better than national trend.	Increase in average household income per the 2006 census was 18% (NZ 13%).	≥ National trend	+5%	Achieved Inter-census median household income increased by 18% (NZ: 13%) (Source: Census 2006). The median weekly income for employed people in Nelson/Marlborough/Tasman has increased by 12% between 2006 to 2009 which is the same as the New Zealand average. (Source: Statistics NZ Income Survey 2009).

Cost of services – refer to page 87

<b>ACTIVITY: MARKETING AND TOURISM</b>	
Operating costs of this activity represents less than 1% of total activity expenditure.	
Outcome	Related Community Outcomes
Marlborough is a preferred place for New Zealanders and people from overseas to visit, enjoy and experience.	Prosperity. Enterprise and endeavour.

**What is this activity about?**

This activity is delivered by Destination Marlborough, a charitable trust. Destination Marlborough was 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 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 <http://www.destinationmarlborough.com/>

<b>LEVELS OF SERVICE: MARKETING AND TOURISM</b>					
Performance Targets (for the financial year)					
Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.8	6.8	7.1	Achieved
Manage third party providers to ensure service quality and value.	Achievement of Reporting requirements.	Reporting requirements met.	Reporting requirements are met.	100%	Achieved Six monthly reports provided to Council at meetings on 12 October 2009 and 26 April 2010

Effective promotion of Marlborough as a destination.	% change in visitor nights in Marlborough compared to national trends.	Guest nights for the year ended March 2008 increased by 12.2% (NZ 6.9%).	% change in visitor nights equal or better than national trends.	-1.7%	Not achieved Guest nights in commercial accommodation for year ended March 2010 decreased .3% (NZ +2%). However International guest nights performed above national average +5.1% (NZ +3.1%). (Source: Statistics New Zealand Commercial Accommodation Monitor March 2010)
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Cost of services - refer to page 87

<b>ACTIVITY: EVENTS MANAGEMENT</b>	
Operating costs of this activity represents less than 1% of total activity expenditure.	
Outcome	Related Community Outcomes
Marlborough is highly regarded nationally and internationally for the quality of its events and conference facilities.	Prosperity, Full participation.

### What is this activity about?

This activity is delivered by the Marlborough Festival and Events Trust, a charitable 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.

<b>LEVELS OF SERVICE: EVENTS MANAGEMENT</b>					
Performance Targets (for the financial year)					
Level of Service	Indicator	Baseline	Target	2009-2010 Actual	Comments
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.3	7.3	7.4	Achieved
Manage third party providers to ensure service quality and value.	Achievement of reporting requirements	Reporting requirements are met.	Reporting requirements are met.	Reporting requirements met.	Achieved Reports to Council on 12 October 2009 and 15 March 2010.
	Participation numbers at Blenheim Christmas Parade and the Christmas eve celebration.	<5,000	>5,000	> 5,000	Achieved Numbers attending the Christmas Parade and festival continue to be high reflecting the strong support from the community for this event. Note: no Christmas eve celebrations are organised. As part of the review of the events contract Council has entered into a separate contract with another provider for delivery of annual New Years Eve events in response to community demand.

Cost of services - refer to page 87

<b>ACTIVITY: RESEARCH CENTRE</b>	
Operating costs of this activity represents less than 1% of total activity expenditure.	
<b>Outcome</b>	<b>Related Community Outcomes</b>
Marlborough's primary industries have access to world class research and advisory services that add value to their productivity and competitiveness.	Prosperity, Environmental Sustainability and Enterprise and endeavour.

**What is this activity about?**

This activity is delivered by the Marlborough Research Centre Trust, and provides support for public good research, regional prosperity, and environmental sustainability in support of Marlborough's primary industries. Further information on the Marlborough Research Centre Trust is available at <http://www.wineresearch.org.nz>

<b>LEVELS OF SERVICE: RESEARCH CENTRE</b>					
Performance Targets (for the financial year)					
<b>Level of Service</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>2009-2010 Actual</b>	<b>Comments</b>
Provide an overall level of customer satisfaction that meets or exceeds residents' expectations of this activity.	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.9	6.9	6.7	Not achieved Resident satisfaction report indicated a lower satisfaction level in Northern Marlborough, perhaps reflecting the focus of the research centre on viticulture and primary production, which is mostly based in Southern Marlborough.
Manage third party providers to ensure service quality and value.	Achievement of reporting requirements.	Reporting requirements met.	Reporting requirements are met.	100%	Achieved The centre has a very high level of acceptance by industry particularly viticulture. Completed the 25 <sup>th</sup> annual report combined with chronological history outlining achievements.
	Number of published research papers.	23	>20	>20	Achieved 107 published research papers and a further 22 workshops presentations.



<b>Activity: Regional Development</b>	<b>2009-10 Actual</b>	<b>2009-10 Budget</b>	<b>2008-09 Actual</b>
<b>Cost of services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Events and Conferences	169	168	233
Marketing and Tourism	466	586	472
Regional Development	144	155	155
Research Centre	136	136	136
<b>Total operating costs</b>	<b>915</b>	<b>1,045</b>	<b>996</b>
<b>Funded by</b>			
Rates	807	793	778
General revenues applied	85	85	88
<b>Total revenue</b>	<b>892</b>	<b>878</b>	<b>866</b>
Operating deficit - funded from reserves	23	167	130
	<b>915</b>	<b>1,045</b>	<b>996</b>
<b>Capital expenditure</b>			
Marketing and Tourism	66	-	-
<b>Total capital expenditure</b>	<b>66</b>	<b>-</b>	<b>-</b>
Debt repayment	-	4	-
	<b>66</b>	<b>4</b>	<b>-</b>
<b>Funded by</b>			
Other reserve transfers	11	(116)	-
Asset disposals	-	120	-
New loans	55	-	-
	<b>66</b>	<b>4</b>	<b>-</b>

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.

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



*Picture: Resealing Team on the Marlborough Airport Limited runway, Woodbourne (photo courtesy of Fulton Hogan Limited)*

## ORGANISATIONS

- Council Controlled Organisations

## **COUNCIL CONTROLLED ORGANISATIONS**

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Marlborough District Council has the following Council Controlled Organisations (CCO's).

- MDC Holdings Limited.
- Marlborough Housing for the Elderly Trust.
- Mayoral Drought Relief Fund.

### ***MDC Holdings Limited***

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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 2010 was 15% (2009: 23%).

### ***Marlborough Housing for the Elderly Trust***

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Marlborough Housing for the Elderly Trust is a charitable trust that assists in the provision of adequate housing for the elderly people of Marlborough, and other members of the community.

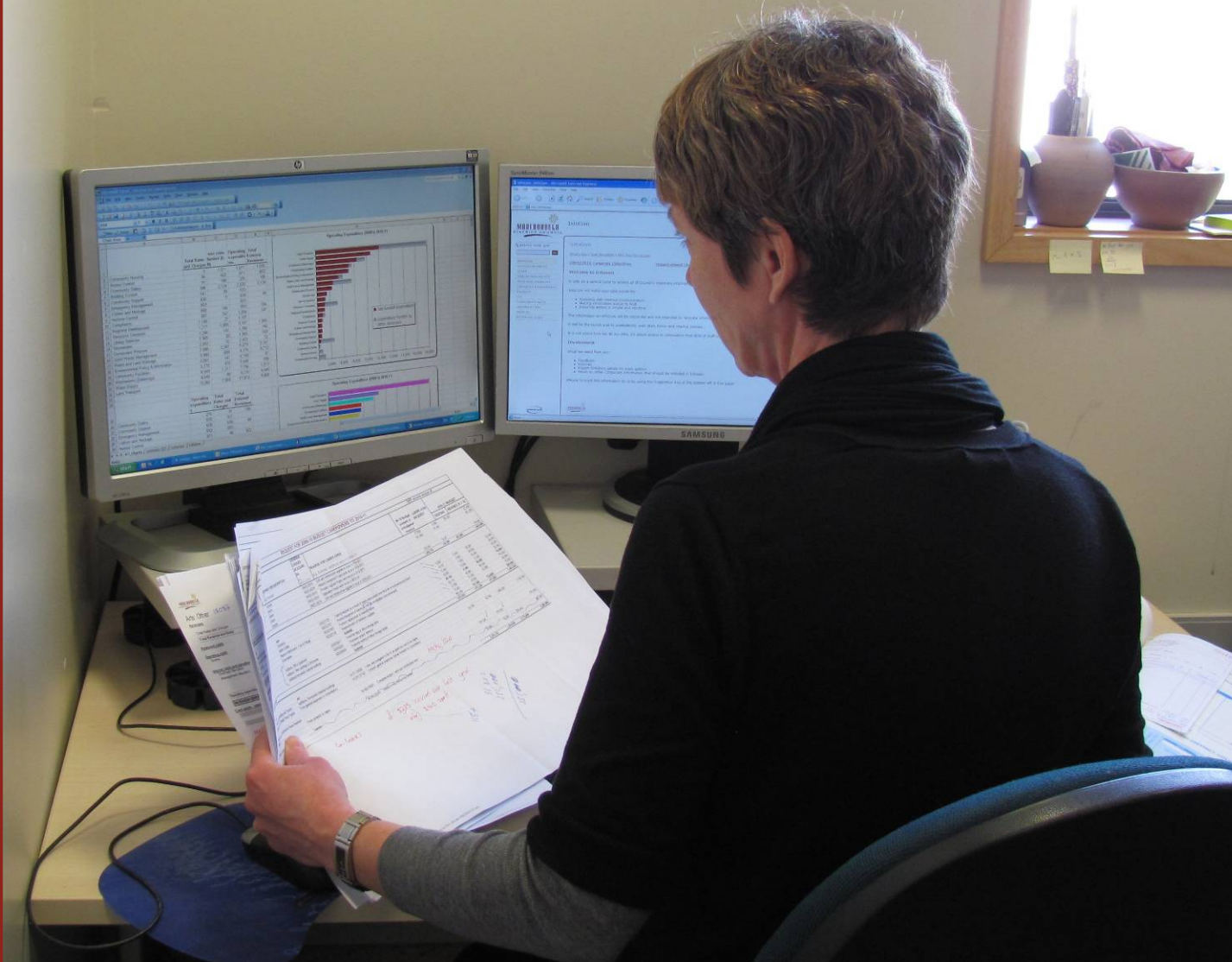
### ***Mayoral Drought Relief Fund***

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The Mayoral Drought Relief Fund is a charitable trust that assists in providing financial assistance to Marlborough people affected by drought.

**Council has exempted Marlborough Housing for the Elderly Trust and Mayoral Drought Relief Fund from the requirements of CCOs in terms of the Local Government Act 2002.**





Picture: Finance staff member at work, Blenheim Office

## FINANCIAL STATEMENTS

- Income Statement
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Financial Position
- Statement of Cashflows
- Notes to the Financial Statements

## INCOME STATEMENT

### Income Statement for the year ended 30 June 2010

	note	GROUP			COUNCIL	
		Actual	Actual	Actual	Budget	Actual
		2010	2009	2010	2010	2009
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>INCOME</b>						
Rates revenue	3	47,279	44,762	47,637	46,674	45,079
Finance income	4	1,362	2,007	1,281	12	1,852
Other revenue	5	56,029	54,077	48,571	41,900	36,319
Gains	6	994	3,556	928	-	3,425
<b>Total income</b>	<b>2</b>	<b>105,664</b>	<b>104,402</b>	<b>98,417</b>	<b>88,586</b>	<b>86,675</b>
<b>EXPENDITURE</b>						
Personnel costs	7	20,359	19,440	16,062	15,889	15,304
Finance costs	4	2,206	4,657	176	1,503	45
Other expenses	8	62,869	60,315	46,770	44,791	45,313
Depreciation, impairment and amortisation	8	18,233	18,972	14,774	15,625	12,909
<b>Total operating expenditure</b>	<b>2</b>	<b>103,667</b>	<b>103,384</b>	<b>77,782</b>	<b>77,808</b>	<b>73,571</b>
<b>Surplus before tax</b>		<b>1,997</b>	<b>1,018</b>	<b>20,635</b>	<b>10,778</b>	<b>13,104</b>
Income tax expense / (benefit)	9	3,327	(1,242)	-	-	-
<b>Surplus / (deficit) after tax</b>		<b>(1,330)</b>	<b>2,260</b>	<b>20,635</b>	<b>10,778</b>	<b>13,104</b>

## STATEMENT OF COMPREHENSIVE INCOME

### Statement of Comprehensive Income for the year ended 30 June 2010

	note	GROUP			COUNCIL	
		Actual	Actual	Actual	Budget	Actual
		2010	2009	2010	2010	2009
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		(1,330)	2,260	20,635	10,778	13,104
<b>OTHER COMPREHENSIVE INCOME</b>						
Gain on property revaluations	25	9,404	209,463	12,115	27,917	212,077
Income tax on items taken directly to equity	9	105	(183)	-	-	-
<b>Total other comprehensive income</b>		<b>9,509</b>	<b>209,280</b>	<b>12,115</b>	<b>27,917</b>	<b>212,077</b>
<b>Total comprehensive income</b>		<b>8,179</b>	<b>211,540</b>	<b>32,750</b>	<b>38,695</b>	<b>225,181</b>

The notes on pages 95 to 133 form part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY

### Statement of Changes in Equity for the year ended 30 June 2010

	note	GROUP			COUNCIL	
		Actual	Actual	Actual	Budget	Actual
		2010	2009	2010	2010	2009
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Balance at beginning of year</b>		1,258,248	1,046,708	1,182,033	1,114,197	956,852
Total comprehensive income for the year		8,179	211,540	32,750	38,695	225,181
<b>Balance at end of year</b>	<b>25</b>	<b>1,266,427</b>	<b>1,258,248</b>	<b>1,214,783</b>	<b>1,152,892</b>	<b>1,182,033</b>

The notes on pages 95 to 133 form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

## Statement of Financial Position as at 30 June 2010

	note	GROUP			COUNCIL	
		Actual	Actual	Actual	Budget	Actual
		2010	2009	2010	2010	2009
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	10	3,547	9,533	2,527	1,767	7,213
Debtors and other receivables	11	7,963	9,443	6,155	7,317	7,939
Other financial assets	13	840	2,196	840	4,372	2,196
Inventory	14	569	552	262	248	253
Tax refund receivable	9	1,239	74	-	-	-
Non-current assets held for sale	15	3,986	387	3,986	387	387
<b>Total current assets</b>		<b>18,144</b>	<b>22,185</b>	<b>13,770</b>	<b>14,091</b>	<b>17,988</b>
<b>NON-CURRENT ASSETS</b>						
Other financial assets	13	14,012	14,078	20,012	6,180	20,078
Property, plant and equipment	16	1,243,268	1,212,531	1,185,580	1,158,296	1,150,453
Intangible assets	17	630	603	621	501	549
Forestry assets	18	10,000	10,613	10,000	10,235	10,613
Investment property	19	52,407	59,995	1,743	-	1,731
<b>Total non-current assets</b>		<b>1,320,317</b>	<b>1,297,820</b>	<b>1,217,956</b>	<b>1,175,212</b>	<b>1,183,424</b>
<b>Total assets</b>		<b>1,338,461</b>	<b>1,320,005</b>	<b>1,231,726</b>	<b>1,189,303</b>	<b>1,201,412</b>
<b>CURRENT LIABILITIES</b>						
Creditors and other payables	21	12,657	13,799	11,802	12,601	14,968
Derivative financial instruments	12	239	310	-	-	-
Provisions	24	295	2,797	295	-	-
Employee entitlements	23	1,639	1,482	1,132	1,145	1,040
Borrowings	22	25,520	1,963	1,915	-	1,963
<b>Total current liabilities</b>		<b>40,350</b>	<b>20,351</b>	<b>15,144</b>	<b>13,746</b>	<b>17,971</b>
<b>NON-CURRENT LIABILITIES</b>						
Derivative financial instruments	12	1,389	1,588	-	-	-
Borrowings	22	21,649	34,755	-	20,900	-
Employee entitlements	23	915	940	915	1,064	940
Provisions	24	927	468	884	701	468
Deferred tax liability	9	6,804	3,655	-	-	-
<b>Total non-current liabilities</b>		<b>31,684</b>	<b>41,406</b>	<b>1,799</b>	<b>22,665</b>	<b>1,408</b>
<b>Net assets</b>		<b>1,266,427</b>	<b>1,258,248</b>	<b>1,214,783</b>	<b>1,152,892</b>	<b>1,182,033</b>
<b>EQUITY</b>						
Accumulated funds	25	565,974	553,976	542,943	530,605	508,980
Other reserves	25	700,453	704,272	671,840	622,287	673,053
<b>Total equity</b>		<b>1,266,427</b>	<b>1,258,248</b>	<b>1,214,783</b>	<b>1,152,892</b>	<b>1,182,033</b>

The notes on pages 95 to 133 form part of these financial statements.

# STATEMENT OF CASHFLOWS

## Statement of Cash Flows for the year ended 30 June 2010

	note	GROUP			COUNCIL	
		Actual	Actual	Actual	Budget	Actual
		2010	2009	2010	2010	2009
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>OPERATING ACTIVITIES</b>						
<b>Cash provided by:</b>						
Rates		47,139	44,417	47,497	46,674	44,734
User charges and other revenues		54,736	55,280	36,883	40,269	34,834
Dividends received		-	-	-	538	-
Goods and services tax (net)		739	-	739	-	-
Interest		1,306	1,961	1,281	-	1,852
		<b>103,920</b>	<b>101,658</b>	<b>86,400</b>	<b>87,481</b>	<b>81,420</b>
<b>Cash used for:</b>						
Payments to suppliers and employees		72,010	66,010	59,028	60,278	56,379
Interest paid		2,499	2,524	176	1,503	45
Goods and services tax (net)		-	202	-	-	202
Income tax paid		1,242	1,046	-	-	-
		<b>75,751</b>	<b>69,782</b>	<b>59,204</b>	<b>61,781</b>	<b>56,626</b>
<b>Net cash flow from operating activities</b>	26	<b>28,169</b>	<b>31,876</b>	<b>27,196</b>	<b>25,700</b>	<b>24,794</b>
<b>INVESTING ACTIVITIES</b>						
<b>Cash provided by:</b>						
Sale of assets		6,029	4,461	6,004	3,039	4,395
Advances received		2,237	-	-	-	-
Investments realised		(473)	10,475	1,765	11,943	10,475
Dividends received		6	10	10,751	-	1,038
		<b>7,799</b>	<b>14,946</b>	<b>18,520</b>	<b>14,982</b>	<b>15,908</b>
<b>Cash used for:</b>						
Investments made		(2,238)	2,205	-	-	-
Purchase of forestry assets		387	342	387	-	342
Purchase of intangible assets		201	490	198	-	481
Purchase of investment property		27	1,389	27	-	1,389
Purchase of fixed assets		51,827	43,826	47,539	42,064	40,285
		<b>50,204</b>	<b>48,252</b>	<b>48,151</b>	<b>42,064</b>	<b>42,497</b>
<b>Net cash flow from investing activities</b>		<b>42,405</b>	<b>(33,306)</b>	<b>(29,631)</b>	<b>(27,082)</b>	<b>(26,589)</b>
<b>FINANCING ACTIVITIES</b>						
<b>Cash provided by:</b>						
Loans		10,500	-	-	-	-
		<b>10,500</b>	-	-	-	-
<b>Cash used for:</b>						
Loans repaid		2,202	-	2,202	202	-
		<b>2,202</b>	-	<b>2,202</b>	<b>202</b>	-
<b>Net cash flow from financing activities</b>		<b>8,298</b>	-	<b>(2,202)</b>	<b>(202)</b>	-
<b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS</b>						
<b>Net decrease over year</b>		<b>(5,938)</b>	<b>(1,430)</b>	<b>(4,637)</b>	<b>(1,584)</b>	<b>(1,795)</b>
Balance at beginning of year		7,570	9,000	5,249	3,351	7,044
<b>Balance at end of year</b>	10	<b>1,632</b>	<b>7,570</b>	<b>612</b>	<b>1,767</b>	<b>5,249</b>

The notes on pages 95 to 133 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of Accounting Policies for the year ended 30 June 2010

#### 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.
- Marlborough Housing for the Elderly Trust which is accounted for in these financial statements as an activity of Council and
- Mayoral Drought Relief Trust which is not consolidated into these financial statements as to do so would not 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 2010. The results for Marlborough Housing for the Elderly Trust which are consolidated into these accounts are for the year ended 31 March 2010.

The financial statements were authorised for issue by Council on 28 October 2010.

#### 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

There have been no changes in accounting policies during the financial year, MDC has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- NZ IAS 1 Presentation of Financial Statements (Revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. Marlborough District Council has decided to prepare separate statements of income and comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduces a three level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application.

##### (v) Critical Accounting Estimates and Assumptions and Critical Judgments in Applying Accounting Policies

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 121) 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.
- Weathertightness claims.

### **Infrastructural 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 profit 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**

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted and which are relevant to the Council and group are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used,



replacing the many different impairment methods in NZIAS 39. The new standard is required to be adopted for the year ended 30 June 2014. Marlborough District Council has not yet assessed the effect of the new standard and expects it will not be early adopted.

- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The new standard is required to be adopted for the year ended 30 June 2012. Marlborough District Council has not yet assessed the effects of the new standard and expects to adopt it for the year ended 30 June 2011.

### 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 surplus or deficit 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 consolidated financial statements are prepared adding together like items 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

Rates are set annually by a resolution of Council and relate to a financial year. All ratepayers are invoiced within the financial year for which the rates have been set.

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

##### **Rates Revenue**

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, community safety 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**

MDC has elected to defer the adoption of NZ IAS 23 Borrowing Cost (revised 2007) in accordance with its transitional provisions that are applicable to Public Benefit Entities. All borrowing costs are recognised as an expense in the period in which they are incurred and are calculated using effective interest method.

### **(vi) Grant Expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

### **(vii) 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. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted as at balance date.

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.

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 discount on acquisition) 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 transactions recognised in other comprehensive income or items charged or credited directly to equity, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Marlborough District Council intends to settle its current tax assets and liabilities on a net basis.

**(viii) 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.

**(ix) 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. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

**(x) 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.

**(xi) Derivative Financial Instruments and Hedge Accounting**

MDC enters into interest rate swaps to manage interest rate risk and, from time to time, foreign currency forward contracts to manage foreign currency rate fluctuation risk. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments fall into the "fair value through surplus or deficit" category.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. Derivative instruments entered into by MDC do not qualify for hedge accounting. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised in the surplus or deficit.

**(xii) Other Financial Assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which MDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and MDC has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive income.

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

***Financial assets at fair value through surplus or deficit***

Financial assets at fair value through surplus or deficit include financial assets held for trading and those designated at fair value through surplus or deficit at initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

### ***Held-to-maturity investments***

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities where there is a positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

### ***Fair value through other comprehensive income***

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date. The Council and group includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

## **(xiii) Impairment of Financial Assets**

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

### ***Loans and other receivables, and held-to-maturity investments***

Impairment is established when there is objective evidence that MDC will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instrument's carrying amount.

### ***Financial assets at fair value through other comprehensive income***

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

## **(xiv) 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.

**(xv) Non-current Assets Held for Sale**

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

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

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

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

**(xvi) 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.
- Infrastructural assets.
- Other.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and any impairment losses.

**Revaluation**

Land and buildings and infrastructural assets are revalued with sufficient regularity that the carrying amount does not differ materially from that which would be determined using fair values at balance date, generally every year.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve this balance is expensed in the 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 infrastructural 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 infrastructural assets are initially valued based on the actual quantities of infrastructural components vested and the current "in the ground" cost of providing identical services and this is their deemed cost.

**Depreciation**

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

Depreciation on revalued assets is charged to the Income Statement.

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



<b>Asset</b>	<b>Life</b>	<b>Rate</b>
<b>Roads, Streets and Bridges</b>		
- Land under roads and 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%
<b>Carparks</b>		
- Parking meters	10 years	10%
- Land and formation	Not depreciated	
- Basecourse	80 years	1.25%
- Surfacing	20 years	5%
- Markings	3 years	33.33%
<b>Buildings (excluding properties intended for sale)</b>	100 years	1%
<b>Council Computers</b>	4 - 5 years	20 - 25%
<b>Plant, equipment (excluding Council infrastructural assets)</b>	5 - 13.33 years	7.69 - 20%
<b>Mowers/chainsaws</b>	1 - 2 years	50 - 100%
<b>Sewerage</b>		
- 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%
<b>Stormwater</b>		
- Pipes	80 - 100 years	1 - 1.25%
- Pump stations	20 - 100 years	1 - 5%
<b>Water</b>		
- 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%
<b>Rivers and Drainage</b>		
- Pump stations	35 - 100 years	1 - 2.86%
- Stopbanks/earthworks	Not depreciated	
- Rock and gabion protection	Not depreciated	
- Trees and tree retardards	Not depreciated	
- Culverts and gates	Not depreciated	
- Channels	Not depreciated	
- Dam	100 years	1%
<b>Library books</b>	13.33 years	7.69%

**Disposals**

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

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

**(xvii) 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.

**(xviii) Impairment of Property, Plant and Equipment and Intangible Assets**

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

**(xix) Forestry Assets**

Forestry assets are owned and managed by Marlborough Regional Forestry. They 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.

Marlborough District Council own and manage some trees for soil conservation purposes. These are revalued as per Council's policy on property, plant and equipment.

**(xx) 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 restated to fair value at balance date, based on an independent valuation.

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

**(xxi) Trade and Other Payables**

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

**(xxii) 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.

**(xxiii) Employee Entitlements**

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

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

Liabilities for accumulating short-term compensated absences (eg; annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance sheet date. Sick leave, annual leave, vested long service leave and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

**(xxiv) Superannuation Schemes**

**Defined contribution schemes**

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

**Defined benefit schemes**

The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit plan accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 28.

**(xxv) Provisions**

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

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

A financial guarantee contract is a contract that requires MDC to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

**Financial guarantee contracts**

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council or group will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation.

However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

**(xxvi) Equity**

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

- Accumulated Funds.
- Ordinary revenues.
- Property Revaluation reserves.
- Restricted Reserves.

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

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

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

Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

**(xxvii) Goods and Services Tax**

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

**(xxviii) 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.

**(xxix) Foreign Currencies**

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

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

**(xxx) Budget Figures**

The budget figures are those approved by the Council in its 2009-2019 Long Term Council Community Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

## 2. Summary Cost of Services

	2009-10 Actual \$000's	2009-10 Budget \$000's	2008-09 Actual \$000's
<b>INCOME</b>			
Democratic Process	2,606	2,566	2,569
Culture and Heritage	574	568	546
Community Housing	1,191	1,058	1,143
Community Safety	950	274	404
Community Support	583	569	500
Library Services	1,447	1,376	1,358
Emergency Management	731	708	793
Community Facilities	5,221	5,130	4,897
Land Transport	19,267	19,053	19,908
Rivers and Land Drainage	7,174	7,005	6,871
Wastewater (Sewerage)	8,837	8,801	7,667
Stormwater	1,953	1,869	1,649
Water Supply	8,941	9,408	8,372
Solid Waste Management	5,178	5,782	4,462
Environmental Policy and Information	5,178	4,826	4,985
Resource Consents	2,845	3,242	3,016
Building Control	1,960	2,368	1,824
Compliance	1,577	1,698	1,677
Animal Control	592	584	581
Harbour Control	562	1,889	781
Regional Development	892	878	866
<b>Total activity income</b>	<b>78,259</b>	<b>79,652</b>	<b>74,869</b>
Plus other income (including forestry)	24,370	14,120	16,330
Less internal income	(4,212)	(5,186)	(4,524)
<b>Total income</b>	<b>98,417</b>	<b>88,586</b>	<b>86,675</b>
<b>EXPENDITURE</b>			
Democratic Process	2,513	2,418	2,491
Culture and Heritage	639	568	571
Community Housing	961	1,026	909
Community Safety	939	274	407
Community Support	520	599	515
Library Services	1,356	1,376	1,315
Emergency Management	791	653	640
Community Facilities	7,607	5,501	5,492
Land Transport	17,473	17,001	18,969
Rivers and Land Drainage	4,046	4,236	4,773
Wastewater (Sewerage)	6,643	7,628	6,701
Stormwater	1,485	1,712	1,666
Water Supply	7,290	8,373	6,836
Solid Waste Management	5,443	5,656	4,341
Environmental Policy and Information	5,823	4,931	5,355
Resource Consents	3,365	3,242	3,229
Building Control	2,590	2,368	2,232
Compliance	1,716	1,698	1,645
Animal Control	626	664	619
Harbour Control	911	1,570	846
Regional Development	915	1,045	996
<b>Total activity expenditure</b>	<b>73,652</b>	<b>72,539</b>	<b>70,548</b>
Plus other expenditure (including forestry)	8,342	10,455	7,547
Less internal expenditure	(4,212)	(5,186)	(4,524)
<b>Total operating expenditure</b>	<b>77,782</b>	<b>77,808</b>	<b>73,571</b>



3. Rates Activity

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>RATES REVENUE</b>				
Democratic Process	2,336	2,291	2,336	2,291
Culture and Heritage	511	483	511	483
Community Housing	-	-	-	-
Community Safety	78	55	78	55
Community Support	521	444	521	444
Library Services	1,126	1,073	1,126	1,073
Emergency Management	596	593	596	593
Community Facilities	4,466	4,084	4,466	4,084
Land Transport	8,770	8,142	8,770	8,142
Rivers and Land Drainage	3,331	3,172	3,331	3,172
Wastewater (Sewerage)	6,288	6,178	6,288	6,178
Stormwater	1,291	1,119	1,291	1,119
Water Supply	8,394	7,578	8,394	7,578
Solid Waste Management	1,994	2,032	1,994	2,032
Environmental Policy and Information	4,305	4,205	4,305	4,205
Resource Consents	1,173	1,124	1,173	1,124
Building Control	406	380	406	380
Compliance	879	867	879	867
Animal Control	49	62	49	62
Harbour Control	314	422	314	422
Regional Development	807	778	807	778
<b>Total significant activity rates</b>	<b>47,635</b>	<b>45,082</b>	<b>47,635</b>	<b>45,082</b>
Non-significant activity rates	10	8	10	8
Rates related parties	(366)	(328)	(8)	(11)
<b>Total rates (net of related party)</b>	<b>47,279</b>	<b>44,762</b>	<b>47,637</b>	<b>45,079</b>
Rates remissions	436	429	436	429
<b>Total rates (net of remissions)</b>	<b>46,843</b>	<b>44,333</b>	<b>47,201</b>	<b>44,650</b>

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 & other organisations	27	30	27	30
Protected land	2	2	2	2
Residential land in commercial/industrial areas	36	9	36	9
Single entity non-contiguous pastoral units & separate ownership contiguous units	14	12	14	12
Separately used/inhabited parts of rating unit	49	47	49	47
Subdivisions creating four or more units	81	74	81	74
Rate penalties	37	31	37	31
Water remission	17	38	17	38
Multi-ownership Maori land	173	164	173	164
Land affected by natural calamity	-	1	-	1
Statute barred debt (unoccupied land)	-	21	-	21
<b>Total rate remissions</b>	<b>436</b>	<b>429</b>	<b>436</b>	<b>429</b>

#### 4. Finance Income and Finance Costs

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>FINANCE INCOME</b>				
Interest income				
Term deposits	1,350	1,991	1,269	1,836
Marlborough Regional Forestry	12	16	12	16
<b>Total finance income</b>	<b>1,362</b>	<b>2,007</b>	<b>1,281</b>	<b>1,852</b>
<b>FINANCE COSTS</b>				
Interest expense				
Interest on bank borrowings	2,475	2,530	-	-
Interest other	-	-	176	45
Fair value losses on hedging instruments	(269)	2,127	-	-
<b>Total finance costs</b>	<b>2,206</b>	<b>4,657</b>	<b>176</b>	<b>45</b>
<b>Net finance income</b>	<b>(844)</b>	<b>(2,650)</b>	<b>1,105</b>	<b>1,807</b>

#### 5. Other Revenue

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
User charges	9,803	8,710	9,978	8,826
Regulatory revenue	4,073	4,109	4,258	4,259
Lump sum contributions	137	-	137	-
Land subdivision revenues	1,594	1,544	1,594	1,544
Development impact levies	836	492	836	492
Infringements and fines	629	621	629	621
Petrol tax	393	402	393	402
Rendering of services	11,707	12,248	-	-
Vested assets	1,648	573	1,648	573
Dividend income related party	-	-	10,745	1,028
Dividend income other	6	10	6	10
Rental income from investment properties	7,177	6,950	148	25
Marlborough Regional Forestry Revenue	7,445	6,513	7,445	6,513
NZTA roading subsidy	5,602	7,395	5,602	7,395
Other income	4,979	4,510	5,152	4,631
<b>Total other revenue</b>	<b>56,029</b>	<b>54,077</b>	<b>48,571</b>	<b>36,319</b>

#### 6. Gains

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>NON-FINANCIAL INSTRUMENTS</b>				
Property, plant and equipment gains on disposal	587	2,794	587	2,794
Other	66	131	-	-
<b>Total non-financial instrument gains</b>	<b>653</b>	<b>2,925</b>	<b>587</b>	<b>2,794</b>
<b>FINANCIAL INSTRUMENTS</b>				
Gains on fair value of investments	341	631	341	631
<b>Total financial instruments gains</b>	<b>341</b>	<b>631</b>	<b>341</b>	<b>631</b>
<b>Total gains</b>	<b>994</b>	<b>3,556</b>	<b>928</b>	<b>3,425</b>

#### 7. Personnel Costs

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Salaries and wages	19,573	18,593	15,440	14,586
Defined contribution plan employer contributions	739	698	575	569
Increase in employee entitlement liabilities	47	149	47	149
<b>Total personnel costs</b>	<b>20,359</b>	<b>19,440</b>	<b>16,062</b>	<b>15,304</b>

## 8. Other Expenses

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Fees to principal auditor:				
audit fees for financial statement audit	101	97	101	97
audit fees for LTCCP	6	80	6	80
audit related fees for assurance services	-	-	-	-
Audit fees for financial statement audit - Deloitte	83	79	-	-
Donations	42	57	-	-
Grants	4,230	2,001	4,230	2,001
Insurance premiums	1,364	921	1,364	921
Impairment adjustment of receivables (note 11)	11	(15)	12	8
Impairment adjustment of non-current assets held for sale	927	(23)	928	-
Councillors remuneration	610	566	610	566
Directors fees	205	208	-	-
Property plant and equipment loss on disposal	221	114	216	13
Direct operating expenses of investment properties	2,265	2,092	-	-
Fair value adjustment investment property (note 19)	10,086	9,358	14	(342)
Payments under operating leases	362	445	340	414
Forestry asset revaluation loss (note 18)	(597)	(69)	(598)	(68)
Other operating expenses	42,953	44,404	39,547	41,623
<b>Total other expenses</b>	<b>62,869</b>	<b>60,315</b>	<b>46,770</b>	<b>45,313</b>
<b>AMORTISATION AND DEPRECIATION</b>				
Depreciation expense (note 16)	16,764	14,861	14,648	12,795
Amortisation of intangible asset (note 17)	173	178	126	114
Impairment of non-current assets (note 16)	1,296	3,933	-	-
<b>Total amortisation and depreciation</b>	<b>18,233</b>	<b>18,972</b>	<b>14,774</b>	<b>12,909</b>

- o Amortisation expense is included in the line item 'depreciation, amortisation and impairment' in the income statement.

## 9. Tax

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>9.1 INCOME TAX RECOGNISED IN INCOME STATEMENT</b>				
<b>COMPONENTS OF TAX EXPENSE</b>				
Current tax expense	99	1,523	-	-
Adjustments to current tax in prior years	(26)	-	-	-
Deferred tax expense	3,254	(2,765)	-	-
<b>Income tax expense</b>	<b>3,327</b>	<b>(1,242)</b>	<b>-</b>	<b>-</b>
<b>RELATIONSHIPS BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT</b>				
Surplus/(deficit) before tax	1,997	1,019	20,635	13,105
Tax at 30% (2008 - 33%)	599	306	6,190	3,932
Non-deductible expenditure	2,944	2,044	-	-
Non-taxable income	(2,967)	(3,625)	(6,190)	(3,932)
Deferred tax on building depreciation removal	2,817	-	-	-
Deferred tax on change in tax rate	(40)	33	-	-
<b>Tax expense</b>	<b>3,353</b>	<b>(1,242)</b>	<b>-</b>	<b>-</b>
(Over)/under provision of income tax in previous year	(26)	-	-	-
<b>Current tax expense</b>	<b>3,327</b>	<b>(1,242)</b>	<b>-</b>	<b>-</b>

- o Within the group tax losses to carry forward are \$882,365 (2009 \$1,091,070).
- o The tax rate used in the above reconciliation is the corporate tax rate of 30% (2009: 30%) payable by New Zealand corporate entities on taxable profits under New Zealand law..
- o As a result of the Government of New Zealand's Taxation (Budget Measures) Act 2010 the corporate tax rate will change from 30% to 28% effective from the 2011/2012 income year, the deferred taxation account was measured and recorded in the current year to account for estimated reversals of temporary differences accordingly.

**9.2 INCOME TAX RECOGNISED IN COMPREHENSIVE INCOME**

Deferred tax property revaluations	(105)	183	-	-
	<b>(105)</b>	<b>183</b>	-	-

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

**9.3 TAX ASSETS AND LIABILITIES**

**CURRENT TAX LIABILITY**

Tax refund receivable	1,239	74	-	-
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**DEFERRED TAX LIABILITY**

Temporary differences	6,804	3,655	-	-
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**9.4 DEFERRED TAX**

	Property plant & equipment (\$000's)	Financial instruments (\$000's)	Investment Property (\$000's)	Provisions (\$000's)	Total (\$000's)
<b>GROUP DEFERRED TAX ASSETS</b>					
<b>Balance at 1 July 2008</b>	-	(69)	-	796	727
Charged to surplus or deficit	-	638	-	155	793
<b>Balance at 1 July 2009</b>	-	<b>569</b>	-	<b>951</b>	<b>1,520</b>
Charged to surplus or deficit	-	(113)	-	(813)	(926)
Charged to other comprehensive income	-	-	-	-	-
<b>Balance at 1 July 2010</b>	-	<b>456</b>	-	<b>138</b>	<b>594</b>
<b>GROUP DEFERRED TAX LIABILITIES</b>					
<b>Balance at 1 July 2008</b>	5,149	-	1,815	-	6,964
Charged to surplus or deficit	(1,316)	-	(656)	-	(1,972)
Charged to other comprehensive income	183	-	-	-	183
<b>Balance at 1 July 2009</b>	<b>4,016</b>	-	<b>1,159</b>	-	<b>5,175</b>
Charged to surplus or deficit	840	-	1,488	-	2,328
Charged to other comprehensive income	(105)	-	-	-	(105)
<b>Balance at 1 July 2010</b>	<b>4,751</b>	-	<b>2,647</b>	-	<b>7,398</b>
<b>GROUP NET DEFERRED TAX LIABILITY</b>					
<b>Balance at start of year</b>	<b>4,016</b>	<b>(569)</b>	<b>1,159</b>	<b>(951)</b>	<b>3,655</b>
<b>Balance at end of year</b>	<b>4,751</b>	<b>(456)</b>	<b>2,647</b>	<b>(138)</b>	<b>6,804</b>

**10. Cash and Cash Equivalents**

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Cash at bank and on hand	3,547	9,372	2,527	7,052
Term deposits with maturities less than 3 months	-	161	-	161
<b>Total cash and cash equivalents</b>	<b>3,547</b>	<b>9,533</b>	<b>2,527</b>	<b>7,213</b>
Cash, cash equivalents and bank overdrafts include the following for the purpose of the Statement of Cashflows:				
Cash at bank and on hand	3,547	9,372	2,527	7,052
Term deposits with maturities less than 3 months	-	161	-	161
Bank overdrafts (note 22)	(1,915)	(1,963)	(1,915)	(1,963)
<b>Total as per statement of cashflows</b>	<b>1,632</b>	<b>7,570</b>	<b>612</b>	<b>5,250</b>

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

The total value of cash and cash equivalents that can only be used for a specified purpose is nil.

## 11. Debtors and Other Receivables

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Rates receivables	813	673	813	673
Other receivables				
Related party receivables	-	-	85	61
Goods and service tax (net)	700	1,124	385	1,124
Prepayments	147	250	147	250
Other receivables	6,371	7,453	4,759	5,853
<b>Gross debtors and other receivables</b>	<b>8,031</b>	<b>9,500</b>	<b>6,189</b>	<b>7,961</b>
Less provision for impairment	(68)	(57)	(34)	(22)
<b>Total debtors and other receivables</b>	<b>7,963</b>	<b>9,443</b>	<b>6,155</b>	<b>7,939</b>

- o The values of debtors 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 33.3, page 129).
- o Council has provided a sum of \$34,000 (2008 \$22,000) 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 \$607,949 (2008: \$479,700) of financial assets would have been past due or impaired but terms have been renegotiated.

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The ageing profile of receivables at year end is detailed below:

		Gross (\$000's)	Impairment (\$000's)	Net (\$000's)
<b>GROUP 2008-09</b>	Current month	6,956	-	6,956
	30-90 days	699	-	699
	91-150 days	1,845	57	1,788
	<b>Total previous year</b>	<b>9,500</b>	<b>57</b>	<b>9,443</b>
	<b>GROUP 2009-10</b>	Current month	5,481	-
30-90 days		1,364	-	1,364
91-150 days		1,097	-	1,097
>150 days		89	68	21
<b>Total current year</b>		<b>8,031</b>	<b>68</b>	<b>7,963</b>
<b>COUNCIL 2008-09</b>	Current month	5,791	-	5,791
	30-90 days	409	-	409
	91-150 days	1,761	22	1,739
	<b>Total previous year</b>	<b>7,961</b>	<b>22</b>	<b>7,939</b>
<b>COUNCIL 2009-10</b>	Current month	3,466	-	3,466
	30-90 days	1,638	-	1,638
	91-150 days	996	-	996
	>150 days	89	34	55
	<b>Total current year</b>	<b>6,189</b>	<b>34</b>	<b>6,155</b>



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

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Individual impairment	68	57	34	22
<b>Total provision for impairment</b>	<b>68</b>	<b>57</b>	<b>34</b>	<b>22</b>
>150 days	68	57	34	22
<b>Total individual impairment</b>	<b>68</b>	<b>57</b>	<b>34</b>	<b>22</b>
<b>Balance at start of year</b>	57	72	22	14
Provisions made during the year	68	57	34	22
Provisions reversed during the year	(57)	(72)	(22)	(14)
Receivables written-off during the period	-	-	-	-
<b>Balance at end of year</b>	<b>68</b>	<b>57</b>	<b>34</b>	<b>22</b>

MDC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

## 12. Derivative Financial Instruments

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>CURRENT LIABILITY PORTION</b>				
Interest rate swaps - fair value hedges	239	310	-	-
<b>NON-CURRENT LIABILITY PORTION</b>				
Interest rate swaps - fair value hedges	1,389	1,588	-	-
<b>Total derivative financial instrument liabilities</b>	<b>1,628</b>	<b>1,898</b>	<b>-</b>	<b>-</b>

## 13. Other Financial Assets

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>CURRENT PORTION</b>				
Term deposits and bonds with maturities of 4-12 months	756	2,133	756	2,133
Community loans	25	2	25	2
Loan to joint venture MRF	59	61	59	61
<b>Total current portion of other financial assets</b>	<b>840</b>	<b>2,196</b>	<b>840</b>	<b>2,196</b>
<b>NON-CURRENT PORTION</b>				
Term deposits and bonds with maturities 12 months plus	13,780	13,843	13,780	13,843
Community loans	52	4	52	4
Loan to joint venture MRF	105	156	105	156
Unlisted shares in subsidiaries	-	-	6,000	6,000
Shares: NZ Local Govt. Insurance Corp	74	74	74	74
Shares other	1	1	1	1
<b>Total non-current portion of other financial assets</b>	<b>14,012</b>	<b>14,078</b>	<b>20,012</b>	<b>20,078</b>
<b>Total other financial assets</b>	<b>14,852</b>	<b>16,274</b>	<b>20,852</b>	<b>22,274</b>

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

## 14. Inventories

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Quarry rock and gravel	258	246	258	246
Goods held for maintenance	311	306	4	7
<b>Total inventories</b>	<b>569</b>	<b>552</b>	<b>262</b>	<b>253</b>

**15. Non-current Assets Held for Sale**

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Non-current assets held for sale are:				
Buildings	1,586	129	1,586	129
Land	2,400	258	2,400	258
<b>Total non-current assets held for sale</b>	<b>3,986</b>	<b>387</b>	<b>3,986</b>	<b>387</b>

Included in these totals are:

- A property in Awatere which is now surplus to Council requirements.
- Buildings which are part of the Picton waterfront redevelopment (added in current year).
- Land in Wynen Street to be commercially developed, including creation of a Council carpark (added in current year).
- Residential sections subdivided from Council farmland (added in current year).

Council has approved the sale of these parcels which are being actively marketed and the intention is to sell them within the next 12 months.

The figures in the above table have been derived from either a registered valuation (by Alexander Hayward), a conditional sale and purchase agreement or from the selling price of adjacent lots.

The property in Seddon which was considered surplus to requirements is now being used by Council and has been transferred to property, plant and equipment.

16. Property, Plant and Equipment

2008-09 GROUP	COST/VALN \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 1/07/2008 \$000's	WIP & OTHER RECLASSIFICATIONS		CURRENT YEAR		DISPOSALS	CURRENT YEAR		TRNSFR ADJUST \$000's	REVALUATION		COST/ REVAL 30/06/2009 \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 30/06/2009 \$000's
				COST	ACCUM	ADDITIONS	DISPOSALS	DEPN	ADJUST	ADJUST		ADJUST				
				\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's		\$000's				
<b>16.1 Operational Assets</b>																
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	-	1,465	(1,226)	(1,119)	-	860	-	-	(13)	11,269	5,835	5,432
	<b>222,941</b>	<b>23,820</b>	<b>199,121</b>	<b>895</b>	<b>(1)</b>	<b>12,826</b>	<b>(8,485)</b>	<b>(6,781)</b>	<b>3,933</b>	<b>4,135</b>	<b>(1,394)</b>	<b>(3,872)</b>	<b>(1,014)</b>	<b>222,911</b>	<b>24,093</b>	<b>198,817</b>
<b>16.2 Infrastructural Assets</b>																
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>791,912</b>	<b>8,250</b>	<b>783,662</b>	<b>(884)</b>	<b>1</b>	<b>29,353</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>10,726</b>	<b>-</b>	<b>197,108</b>	<b>(15,212)</b>	<b>1,017,477</b>	<b>3,763</b>	<b>1,013,714</b>
<b>Total Operational and Infrastructural Assets</b>	<b>1,014,853</b>	<b>32,070</b>	<b>982,783</b>	<b>-</b>	<b>-</b>	<b>42,179</b>	<b>(8,487)</b>	<b>(6,781)</b>	<b>3,933</b>	<b>14,861</b>	<b>(1,394)</b>	<b>193,236</b>	<b>(16,226)</b>	<b>1,240,388</b>	<b>27,856</b>	<b>1,212,531</b>

2009-10 GROUP	COST/VALN \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 1/07/2009 \$000's	WIP & OTHER RECLASSIFICATIONS		CURRENT YEAR		DISPOSALS		CURRENT YEAR		REVALUATION		COST/ REVAL 30/06/2010 \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 30/06/2010 \$000's
				COST	ACCUM	ADDITIONS	DISPOSALS	DEPN ADJUST	IMPRMNT	DEPN	TRNSFR ADJUST	COST ADJUST	DEPN ADJUST			
<b>16.1 Operational Assets</b>																
Work in Progress	2,488	-	2,488	(828)	-	8,028	-	-	-	-	(2,396)	-	-	7,292	-	7,292
Buildings	72,250	4,396	67,854	162	-	2,910	(2,310)	-	428	2,036	-	(9,063)	(4,967)	63,949	1,891	62,059
Forest Crops	437	-	437	-	-	-	-	-	-	-	-	106	-	543	-	543
Land and improvements	114,665	4,669	109,996	625	-	1,044	(964)	(6)	868	466	-	(7,180)	(4,932)	108,190	1,065	107,125
Landfill	6,189	1,120	5,069	-	-	347	-	-	-	572	-	(745)	-	5,791	1,692	4,099
Library Books	4,241	2,951	1,290	-	-	226	-	-	-	178	-	-	-	4,467	3,129	1,338
Other Structures and Improvements	4,084	295	3,789	-	-	388	(25)	-	-	56	-	-	-	4,447	351	4,096
Office Equip, Furnishings & Fittings	6,587	4,404	2,183	59	-	232	(262)	(260)	-	578	-	-	-	6,616	4,722	1,894
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	649	423	226	-	-	-	-	-	-	27	-	-	-	649	450	199
Plant, Machinery & Equipment	11,269	5,837	5,432	4	-	576	(66)	(42)	-	959	-	(7)	(5)	11,776	6,750	5,025
	<b>222,911</b>	<b>24,094</b>	<b>198,817</b>	<b>22</b>	<b>-</b>	<b>13,751</b>	<b>(3,627)</b>	<b>(308)</b>	<b>1,296</b>	<b>4,872</b>	<b>(2,396)</b>	<b>(16,889)</b>	<b>(9,904)</b>	<b>213,771</b>	<b>20,050</b>	<b>193,722</b>
<b>16.2 Infrastructural Assets</b>																
Work in Progress	8,725	-	8,725	(5,512)	-	3,458	(1,475)	-	-	-	-	-	-	5,196	-	5,196
Bridges	34,453	-	34,453	100	-	643	-	-	-	778	-	398	(778)	35,594	-	35,594
Car parks	14,234	10	14,224	-	-	1,359	(2,216)	(7)	-	112	-	(325)	(104)	13,052	11	13,041
Public Conveniences	2,467	81	2,386	-	-	81	-	-	-	44	-	489	(81)	3,037	44	2,993
Reserves and Parks	44,244	896	43,348	1,538	-	5,142	(30)	-	-	206	-	(567)	(122)	50,327	980	49,347
River Works	128,024	118	127,906	151	-	792	-	-	-	115	-	(653)	-	128,314	233	128,081
Roads and Streets	520,722	-	520,722	(69)	-	6,260	-	-	-	5,755	-	9,038	(5,755)	535,951	-	535,951
Sewerage Schemes	111,718	1,756	109,962	2,123	-	6,372	-	-	-	1,890	-	(2,060)	(3,646)	118,153	-	118,153
Stormwater Drainage Schemes	60,518	877	59,641	-	-	515	-	-	-	891	-	(5,265)	(1,768)	55,768	-	55,768
War Memorials	451	25	426	-	-	7	-	-	-	5	-	(4)	(6)	454	24	430
Water Supply Schemes	91,921	-	91,921	1,647	-	10,442	-	-	-	2,096	-	982	(2,096)	104,992	-	104,992
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,017,477</b>	<b>3,763</b>	<b>1,013,714</b>	<b>(22)</b>	<b>-</b>	<b>35,071</b>	<b>(3,721)</b>	<b>(7)</b>	<b>-</b>	<b>11,892</b>	<b>-</b>	<b>2,033</b>	<b>(14,356)</b>	<b>1,050,838</b>	<b>1,292</b>	<b>1,049,546</b>
<b>Total Operational and Infrastructural Assets</b>	<b>1,240,388</b>	<b>27,857</b>	<b>1,212,531</b>	<b>-</b>	<b>-</b>	<b>48,822</b>	<b>(7,348)</b>	<b>(315)</b>	<b>1,296</b>	<b>16,764</b>	<b>(2,396)</b>	<b>(14,856)</b>	<b>(24,260)</b>	<b>1,264,609</b>	<b>21,342</b>	<b>1,243,268</b>

2008-09 COUNCIL	COST/MALN \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 1/07/2008 \$000's	WIP & OTHER RECLASSIFICATIONS		CURRENT YEAR		DISPOSALS		CURRENT YEAR		TRNSFR ADJUST \$000's	REVALUATION		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	ADDITIONS \$000's	DISPOSALS \$000's	DEPN ADJUST \$000's	IMPRMNT DEPN \$000's	COST ADJUST \$000's	DEPN ADJUST \$000's						
<b>16.1 Operational Assets</b>																	
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
	<b>147,761</b>	<b>18,205</b>	<b>129,556</b>	<b>895</b>	<b>1</b>	<b>10,202</b>	<b>(7,351)</b>	<b>(5,751)</b>	<b>-</b>	<b>2,069</b>	<b>-</b>	<b>(244)</b>	<b>-</b>	<b>151,262</b>	<b>14,524</b>	<b>136,739</b>	
<b>16.2 Infrastructural Assets</b>																	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>791,912</b>	<b>8,250</b>	<b>783,662</b>	<b>(895)</b>	<b>(1)</b>	<b>29,353</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>10,726</b>	<b>-</b>	<b>197,108</b>	<b>(15,212)</b>	<b>1,017,477</b>	<b>3,763</b>	<b>1,013,714</b>	
<b>Total Operational and Infrastructural Assets</b>	<b>939,673</b>	<b>26,455</b>	<b>913,218</b>	<b>-</b>	<b>-</b>	<b>39,555</b>	<b>(7,353)</b>	<b>(5,751)</b>	<b>-</b>	<b>12,795</b>	<b>-</b>	<b>196,864</b>	<b>(15,212)</b>	<b>1,168,739</b>	<b>18,287</b>	<b>1,150,453</b>	



2009-10 COUNCIL	COST/VALN \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 1/07/2009 \$000's	WIP & OTHER RECLASSIFICATIONS		CURRENT YEAR		DISPOSALS		CURRENT YEAR		REVALUATION		COST/ REVAL 30/06/2010 \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 30/06/2010 \$000's
				COST	ACCUM	ADDITIONS	DISPOSALS	DEPN ADJUST	IMPRMNT	DEPN	TRNSFR ADJUST	COST ADJUST	DEPN ADJUST			
<b>16.1 Operational Assets</b>																
Work in Progress	1,182	-	1,182	(63)	-	4,185	-	-	-	-	-	-	-	5,304	-	5,304
Buildings	33,278	1,688	31,590	-	-	2,831	(2,310)	-	-	706	-	(2,495)	(1,261)	31,304	1,134	30,170
Forest Crops	437	-	437	-	-	-	-	-	-	-	-	106	-	543	-	543
Land and improvements	88,074	631	87,443	26	-	1,044	(964)	(6)	-	199	-	(2,399)	-	85,781	824	84,957
Landfill	6,189	1,120	5,069	-	-	347	-	-	-	572	-	(745)	-	5,791	1,692	4,099
Library Books	4,241	2,951	1,290	-	-	226	-	-	-	178	-	-	-	4,467	3,129	1,338
Other Structures and Improvements	4,084	295	3,789	-	-	388	(25)	-	-	56	-	-	-	4,447	351	4,096
Office Equip, Furnishings & Fittings	6,508	4,341	2,167	59	-	232	(262)	(260)	-	575	-	-	-	6,537	4,656	1,881
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	649	423	226	-	-	-	-	-	-	27	-	-	-	649	450	199
Plant, Machinery & Equipment	6,568	3,075	3,493	-	-	349	(20)	(17)	-	443	-	-	-	6,897	3,502	3,395
	<b>151,262</b>	<b>14,524</b>	<b>136,739</b>	<b>22</b>	<b>-</b>	<b>9,602</b>	<b>3,581</b>	<b>(283)</b>	<b>-</b>	<b>2,756</b>	<b>-</b>	<b>5,533</b>	<b>(1,261)</b>	<b>151,771</b>	<b>15,738</b>	<b>136,034</b>
<b>16.2 Infrastructural Assets</b>																
Work in Progress	8,725	-	8,725	(5,512)	-	3,458	(1,475)	-	-	-	-	-	-	5,196	-	5,196
Bridges	34,453	-	34,453	100	-	643	-	-	-	778	-	398	(778)	35,594	-	35,594
Car parks	14,234	10	14,224	-	-	1,359	(2,216)	(7)	-	112	-	(325)	(104)	13,052	11	13,041
Public Conveniences	2,467	81	2,386	-	-	81	-	-	-	44	-	489	(81)	3,037	44	2,993
Reserves and Parks	44,244	896	43,348	1,538	-	5,142	(30)	-	-	206	-	(567)	(122)	50,327	980	49,347
River Works	128,024	118	127,906	151	-	792	-	-	-	115	-	(653)	-	128,314	233	128,081
Roads and Streets	520,722	-	520,722	(69)	-	6,260	-	-	-	5,755	-	9,038	(5,755)	535,951	-	535,951
Sewerage Schemes	111,718	1,756	109,962	2,123	-	6,372	-	-	-	1,890	-	(2,060)	(3,646)	118,153	-	118,153
Stormwater Drainage Schemes	60,518	877	59,641	-	-	515	-	-	-	891	-	(5,265)	(1,768)	55,768	-	55,768
War Memorials	451	25	426	-	-	7	-	-	-	5	-	(4)	(6)	454	24	430
Water Supply Schemes	91,921	-	91,921	1,647	-	10,442	-	-	-	2,096	-	982	(2,096)	104,992	-	104,992
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,017,477</b>	<b>3,763</b>	<b>1,013,714</b>	<b>(22)</b>	<b>-</b>	<b>35,071</b>	<b>(3,721)</b>	<b>(7)</b>	<b>-</b>	<b>11,892</b>	<b>-</b>	<b>2,033</b>	<b>(14,356)</b>	<b>1,050,838</b>	<b>1,292</b>	<b>1,049,546</b>
<b>Total Operational and Infrastructural Assets</b>	<b>1,168,739</b>	<b>18,287</b>	<b>1,150,453</b>	<b>-</b>	<b>-</b>	<b>44,673</b>	<b>(7,302)</b>	<b>(290)</b>	<b>-</b>	<b>14,648</b>	<b>-</b>	<b>(3,500)</b>	<b>(15,615)</b>	<b>1,202,609</b>	<b>17,030</b>	<b>1,185,580</b>

## **Property, Plant and Equipment (Ctd)**

### ***Land and Buildings***

Council land was valued by QV Valuations (Registered Valuers) as at 1 July 2009. The basis of valuation is fair value with reference to highest and best use, as at 1 July 2009.

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 1 July 2009. 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 2010.

Council's forest (soil erosion prevention) was valued at 30 June 2010 by Merrill & Ring New Zealand Limited.

### ***Improvements on Land***

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***

Roads, bridges, wharves, street lighting, street berms and street furniture assets were valued at depreciated replacement cost as at 30 June 2010 by John Vessey and Jaimie Cable of Opus International Consultants Limited.

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 2010 by Opus International Consultants Ltd.

Water, Sewer and Stormwater assets were valued at optimised depreciated replacement cost (ODRC) as at 30 June 2010. 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 1 July 2009.

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 1 July 2009.

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.

### ***Impairment***

An independent valuation of Port Marlborough's wharves and jetty facilities and land and buildings is usually performed on a 3-yearly basis. The latest review is at balance date 30 June 2010. The valuation was performed by Crighton Stone, registered independent valuers not related to Port Marlborough, to determine the fair value of the land, buildings and wharf infrastructure.

Under the boards' rotation policy for valuers, Crighton Stone replaced DTZ. Prior year figures recorded in the accounts are based on valuation undertaken by DTZ.

In respect of wharf infrastructure valuations have been based on depreciated replacement cost. Land and buildings were valued using an investment approach based on market indicated yields.

Under the New Zealand Property Institute Practice Standard 1, which came into force from 1 May, 2004, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date.

## 17. Intangible Assets

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>SOFTWARE COST</b>				
<b>Balance at start of year</b>	2,137	1,647	1,822	1,341
Additions	200	490	198	481
<b>Balance at end of year</b>	<b>2,337</b>	<b>2,137</b>	<b>2,020</b>	<b>1,822</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>				
<b>Balance at start of year</b>	1,534	1,356	1,273	1,159
Amortisation expense	173	178	126	114
<b>Balance at end of year</b>	<b>1,707</b>	<b>1,534</b>	<b>1,399</b>	<b>1,273</b>
<b>NET BOOK VALUE</b>				
<b>Balance at end of year</b>	<b>630</b>	<b>603</b>	<b>621</b>	<b>549</b>

There are no restrictions over the title of intangible assets and no intangible assets are pledged as security for liabilities.

## 18. Forestry Assets

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>Balance at start of year</b>	10,613	11,661	10,613	11,661
Increase due to purchases	387	342	387	342
Gains arising from changes in fair value less estimated point of sale costs attributable to physical changes (note 8)	812	396	812	396
Losses arising from changes in fair value less estimated point of sale costs attributable to price changes (note 8)	(215)	(327)	(215)	(327)
Decreases due to sales (harvest)	(1,597)	(1,459)	(1,597)	(1,459)
<b>Balance at end of year</b>	<b>10,000</b>	<b>10,613</b>	<b>10,000</b>	<b>10,613</b>

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 2913 stocked hectares as at 30 June 2010 (2009: 2835)

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 2010 of the MRF estate ranges from 1-14 years 51%; 15-28 years 39% and 29-37 years 10% (2008: 1-14 years 43%, 15-28 years 41% and 29-35 years 16%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2010. Buck Forestry Service Ltd has prepared the forestry crop valuations as at 30 June 2010 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. The sensitivity of crop value to discount rate is shown below:

Discount rate:	7%	8% (as used)	9%
Tree crop value (\$000's)	12,428	11,300	10,353
MDC's 88.5% share (\$000's)	10,999	10,000	9,162

### 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. Investment Property

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>Balance at start of year</b>	59,995	66,197	1,731	-
Additions from subsequent expenditure	112	1,855	26	1,389
Transfers from capital work in progress	2,396	1,368	-	-
Disposals	(10)	(67)	-	-
Net gain/(loss) from fair value adjustments (note 8)	(10,086)	(9,358)	(14)	342
<b>Balance at end of year</b>	<b>52,407</b>	<b>59,995</b>	<b>1,743</b>	<b>1,731</b>

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

## 20. 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.

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Current assets	1,732	1,679	1,732	1,679
Non-current assets	17,200	17,561	17,200	17,561
Current liabilities	900	886	900	886
Non-current liabilities	6,153	6,552	6,153	6,552
Income	7,491	6,578	7,491	6,578
Expense	5,873	6,705	5,873	6,705

## 21. Creditors and Other Payables

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Trade payables	4,740	6,767	3,224	5,102
Accruals	4,767	3,396	4,767	3,396
Income in advance	1,653	1,786	1,187	1,291
Deposits	1,138	1,505	1,138	1,505
Agency account	116	118	116	118
Trust funds	243	227	243	227
Amounts due to related parties (note 29)	-	-	1,127	3,329
<b>Total creditors and other payables</b>	<b>12,657</b>	<b>13,799</b>	<b>11,802</b>	<b>14,968</b>

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## 22. Borrowings

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>CURRENT PORTION</b>				
Bank overdraft	1,915	1,963	1,915	1,963
Loans from bank	23,605	-	-	-
<b>Total current portion of borrowings</b>	<b>25,520</b>	<b>1,963</b>	<b>1,915</b>	<b>1,963</b>
<b>NON-CURRENT PORTION</b>				
Loan	21,649	34,755	-	-
<b>Total non-current portion of borrowings</b>	<b>21,649</b>	<b>34,755</b>	<b>-</b>	<b>-</b>
<b>Total borrowings</b>	<b>47,169</b>	<b>36,718</b>	<b>1,915</b>	<b>1,963</b>

Although Council had no formal overdraft facility in place as at 30 June 2010, 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**

During the year interest rates ranged between 2.90% and 8.72% (2009: 2.98% and 8.72%).

Loan Maturities - Funds have been raised under a \$60 million multi-option facility agreement with the Bank of New Zealand (2009: \$60 million). The terms of that agreement includes two facilities of \$30 million each, one is due for renewal on 22 December 2010, the other 22 December 2011.

Security - 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 2.49% to 2.78% (2009: 2.25% to 5%).

**23. Employee Entitlements**

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>CURRENT PORTION</b>				
Accrued pay	92	44	92	44
Annual leave	1,502	1,398	995	956
Sick leave	45	40	45	40
<b>Total current portion employee entitlements</b>	<b>1,639</b>	<b>1,482</b>	<b>1,132</b>	<b>1,040</b>
<b>NON-CURRENT PORTION</b>				
Retirement and long service leave	915	940	915	940
<b>Total non-current portion employee entitlements</b>	<b>915</b>	<b>940</b>	<b>915</b>	<b>940</b>
<b>Total employee entitlements</b>	<b>2,554</b>	<b>2,422</b>	<b>2,047</b>	<b>1,980</b>

**24. Provisions**

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>CURRENT PORTION</b>				
Runway reseal provision	-	2,797	-	-
Weathertightness claims	295	-	295	-
<b>Total current portion provisions</b>	<b>295</b>	<b>2,797</b>	<b>295</b>	<b>-</b>
<b>NON-CURRENT PORTION</b>				
Landfill aftercare provision	558	468	558	468
Weathertightness claims	326	-	326	-
Runway reseal provision	43	-	-	-
<b>Total non-current portion provisions</b>	<b>927</b>	<b>468</b>	<b>884</b>	<b>468</b>
<b>Total provisions</b>	<b>1,222</b>	<b>3,265</b>	<b>1,179</b>	<b>468</b>

GROUP	Weather-tightness claims	Runway reseal	Landfill aftercare	Total
<b>Balance at 1 July 2008</b>	-	2,282	559	2,841
Additional provisions made		610	313	923
Amounts used		(95)	(404)	(499)
<b>Balance at 1 July 2009</b>	<b>-</b>	<b>2,797</b>	<b>468</b>	<b>3,265</b>
Additional provisions made	622	961	90	1,672
Amounts used	-	(3,715)	-	(3,715)
<b>Balance at 1 July 2010</b>	<b>622</b>	<b>43</b>	<b>558</b>	<b>1,222</b>

**Weathertightness Claims**

Two non finalised claims have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2010. These claims relate to weathertightness issues of homes in the Marlborough District Council area and name the Council as well as other parties. A provision for these claims has been established based on a Marlborough District Council assessment by Marlborough District Council's legal advisor.

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the Board may make a call on members for that fund year. The Council received a notice during 2009-2010 for a call for additional contributions in respect of the 2002-03 and 2003-04 fund years as those funds are exhibiting losses due to the "leaky building" issue. This

notice also stated that further calls of a similar value will be made in the future. Provision has been made for the future calls.

**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 to fifty nine 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 38 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. The runway provision has been spent and the funding for this was obtained through the parent company, MDC Holdings Limited.



25. Equity

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>ACCUMULATED FUNDS</b>				
<b>Balance at start of year</b>	553,976	551,457	508,980	495,613
Transfers (to)/from reserves	(4,109)	2,379	(4,108)	2,379
Transfers (to)/from restricted reserves	17,058	(2,150)	17,057	(2,146)
Transfers from asset revaluation reserve on disposal of property, plant & equipment	379	30	379	30
Surplus/(deficit) for the year	(1,330)	2,260	20,635	13,104
<b>Balance at end of year</b>	<b>565,974</b>	<b>553,976</b>	<b>542,943</b>	<b>508,980</b>
<b>ORDINARY AND COUNCIL CREATED RESERVES</b>				
<b>Balance at start of year</b>	27,774	30,153	25,159	27,537
Transfers (to)/from accumulated funds	4,109	(2,379)	4,108	(2,378)
<b>Balance at end of year</b>	<b>31,883</b>	<b>27,774</b>	<b>29,267</b>	<b>25,159</b>
<b>RESTRICTED RESERVES</b>				
<b>Balance at start of year</b>	19,482	17,335	19,481	17,335
Transfers (to)/from accumulated funds	(17,058)	2,147	(17,057)	2,146
<b>Balance at end of year</b>	<b>2,424</b>	<b>19,482</b>	<b>2,424</b>	<b>19,481</b>
<b>Restricted reserves consists of:</b>				
Sinking fund reserves	-	16,301	-	16,301
Land subdivision reserve	2,424	3,181	2,424	3,180
<b>ASSET REVALUATION RESERVE</b>				
<b>Balance at start of year</b>	657,016	447,767	628,413	416,367
Revaluation gains	9,404	209,462	12,115	212,076
Income tax recognised directly in other comprehensive income	105	(183)	-	-
Transfers from asset revaluation reserve on disposal of property, plant & equipment	(379)	(30)	(379)	(30)
<b>Balance at end of year</b>	<b>666,146</b>	<b>657,016</b>	<b>640,149</b>	<b>628,413</b>
<b>TOTAL OTHER RESERVES</b>	<b>700,453</b>	<b>704,272</b>	<b>671,840</b>	<b>673,053</b>
<b>TOTAL EQUITY</b>	<b>1,266,427</b>	<b>1,258,248</b>	<b>1,214,783</b>	<b>1,182,033</b>

## 26. Reconciliation of net profit/(loss) after tax to net cash flow from operating activities

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>Surplus/(deficit) after tax</b>	<b>(1,330)</b>	<b>2,260</b>	<b>20,635</b>	<b>13,104</b>
<b>Add/(less) non-cash items:</b>				
Depreciation and amortisation expense	18,233	18,972	14,774	12,909
Decrease in forestry value due to harvest	1,597	1,459	1,597	1,459
Vested assets	(1,647)	(573)	(1,647)	(573)
Movement in deferred tax	3,254	(2,765)	-	-
Runway seal provision	(2,737)	610	-	-
Landfill aftercare provision	711	(91)	711	(91)
(Gains)/losses in fair value of biological assets	(597)	(69)	(597)	(69)
(Gains)/losses in fair value of investment property	10,086	9,358	14	(342)
Impairment adjustment of non-current assets held for sale	928	-	928	-
Correction to treatment of Renwick Pavillion	1,475	-	1,475	-
(Gains)/losses on fair value of investments	(341)	(631)	(341)	(631)
(Gains)/losses on derivative financial instruments	(269)	2,127	-	-
	<b>30,693</b>	<b>28,397</b>	<b>16,914</b>	<b>12,662</b>
<b>Add/(less) items classified as investing or financing activities:</b>				
(Gains)/losses on disposal of property, plant and equipment	(366)	(2,693)	(371)	(2,794)
Other	52	387	-	-
Dividend income	(5)	(15)	(10,751)	(1,038)
Fixed assets obtained on credit	(107)	1,303	(107)	1,303
	<b>(426)</b>	<b>(1,018)</b>	<b>(11,229)</b>	<b>(2,529)</b>
<b>Add/(less) movements in working capital items:</b>				
Accounts receivable	3,583	(2,271)	1,784	(229)
Inventories	(17)	(139)	(9)	(5)
Income tax receivable	(1,283)	477	-	-
Accounts payable	(3,236)	4,399	(966)	2,020
Income tax payable	118	-	-	-
Employee benefits	67	(229)	67	(229)
	<b>(768)</b>	<b>2,237</b>	<b>876</b>	<b>1,557</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>28,169</b>	<b>31,876</b>	<b>27,196</b>	<b>24,794</b>

## 27. Capital Commitments and Operating Leases

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>CAPITAL COMMITMENTS</b>				
Property, plant and equipment	25,564	13,432	24,354	13,337
Investment property	-	-	-	-
<b>Total capital commitments</b>	<b>25,564</b>	<b>13,432</b>	<b>24,354</b>	<b>13,337</b>

Your attention is drawn to the Annual Plan for July 2010 to June 2011. This document is available from council offices and agencies and shows details of our intentions for the coming year.

### OPERATING LEASES AS LESSEE

Not later than one year	305	320	303	310
Later than one year and not later than five years	238	534	231	534
Later than five years	-	-	-	-
<b>Total non-cancellable operating leases</b>	<b>543</b>	<b>854</b>	<b>534</b>	<b>844</b>

MDC leases motor vehicles in the normal course of its business. All operating lease contracts contain market review clauses in the event that the option to renew is exercised. MDC does not have an option to purchase the leased asset at the expiry of the lease period.

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2009 \$nil).

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>OPERATING LEASES AS LESSOR</b>				
Not later than one year	6,771	6,964	3,679	3,012
Later than one year and not later than five years	22,690	20,410	13,310	11,716
Later than five years	59,461	59,216	50,605	50,969
<b>Total non-cancellable operating leases</b>	<b>88,922</b>	<b>86,590</b>	<b>67,594</b>	<b>65,697</b>

Marlborough District Council leases its investment property, some non current assets held for sale and some land and buildings held for service delivery purposes under operating leases. The majority of these leases have a non-cancellable term of more than five years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are detailed above.

## 28. Contingencies

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
Uncalled capital in MDC Holdings Ltd	65,000	65,000	65,000	65,000
Financial guarantees	1,850	1,845	1,850	1,845
Other legal proceedings	60	178	60	178
RiskPool	-	152	-	152
<b>Total contingent liabilities</b>	<b>66,910</b>	<b>67,175</b>	<b>66,910</b>	<b>67,175</b>

The Council is a participating employer in the Defined Benefit Plan Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. If the other participating employers cease to participate in the scheme, the Council could be responsible for any loss of the scheme. Similarly, if a number of employers cease to participate in the scheme, the Council could be responsible for an increased share of any loss. As at 31 March 2009, the scheme had a past service profit of \$15.321 million (exclusive of Employer Superannuation Contribution Tax). This profit was calculated using a discount rate equal to the expected return on net assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19. The actuary of the scheme has recommended that the employer contribution remain at 1.0 times contributor's contributions.

As disclosed in note 24 a provision of \$295,000 (2009 Nil) has been recognised for weathertightness claims where the Council has received notice of the claim. Council is also exposed to potential future claims which have not yet been advised until the statutory limitation period expires. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006 but other statutory limitation periods could also affect claims.

### Financial guarantees

The Council is listed as sole guarantor for a small number of community organisation bank loans. The Council is obligated under each guarantee to make loan payments in the event that the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. At balance date, Council expects it will not be called upon by banks for these financial guarantees.

## 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.

	<b>COUNCIL</b>	
	<b>2009-10</b> (\$000's)	<b>2008-09</b> (\$000's)
<b>MDC Holdings Limited</b>		
Services provided to MDC	35	-
Interest received from MDC	176	45
Dividend paid to MDC	10,745	1,028
Services provided by MDC	-	11
Loans receivable from MDC	1,041	3,279
Receivable from MDC	81	50
Payable to MDC	-	12
<b>Marlborough Airport Limited</b>		
Services provided to MDC	1	-
Rates paid to MDC	2	3
Services provided by MDC	50	31
Payable to MDC	21	-
<b>Port Marlborough (NZ) Limited</b>		
Services provided to MDC	43	43
Rates paid to MDC	355	314
Services provided by MDC	405	302
Receivable from MDC	5	4
Payable to MDC	64	49
<b>Marlborough Housing for the Elderly Trust</b>		
Grants provided by MDC	39	33
<b>Marlborough Regional Forestry</b>		
Distribution to MDC	1,708	708
Rates paid to MDC	9	9
Interest paid to MDC	94	108
Services provided by MDC	14	13
Loans from MDC	1,259	1,675
Trade Payable to MDC	15	-

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 Cliff Bowers, a Councillor, for plumbing work costing \$887 (2009: nil) and supplied on normal commercial terms. There was no balance (2009: nil) outstanding at year end.

During the year Council contracted with the domestic partner of a key management team member to the value of \$13,279 (2009: \$27,981), negotiated on normal commercial terms. There was no balance (2009: \$6,245) outstanding at year end.

### 30. Remuneration

	COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)
<b>30.1 Key management personnel compensation</b>		
Salaries and other short term employee benefits	1,777	1,669
Superannuation subsidy	-	-
Other long-term benefits	-	-
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<b>1,777</b>	<b>1,669</b>
Key management personnel includes the Mayor, Councillors, Chief Executive and other senior management personnel.		
<b>30.2 Chief Executive</b>		
Salary	269	264
Vehicle	16	17
Superannuation subsidy	5	9
<b>Total Chief Executive compensation</b>	<b>290</b>	<b>290</b>
<b>30.3 Elected representatives</b>		
<b>MAYOR</b>		
Alistair Sowman	108	105
<b>COUNCILLORS</b>		
Jenny Andrews	50	49
Andrew Barker	25	24
Graeme Barsanti	44	32
Cliff Bowers	63	57
Warwick Brice	25	24
Jill Bunting	38	37
Liz Davidson	54	52
Tom Harrison	36	36
Gerald Hope	38	36
Francis Maher	38	36
Pat O'Sullivan	-	18
Peter Jerram	26	-
Graeme Taylor	38	36
Nigel Weetman	25	24
<b>Total elected representative compensation</b>	<b>608</b>	<b>566</b>

Remuneration includes payment for attendance at resource consent hearings.

The Mayor and Councillor Hope were directors of MDC Holdings Limited during the reporting periods 2008-09 and 2009-10 and were paid Directors' fees by MDC Holdings Limited. A Sowman \$8,500 (2009 \$8,500), G Hope \$8,500 (2009 \$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 2010 Council did not make any payments that required disclosure under the Local Government Act 2002 (2009: 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

#### 33.1 Financial instrument categories

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

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>FINANCIAL ASSETS</b>				
<b>Fair value through surplus or deficit</b>				
Term deposits and bonds	14,535	15,976	14,535	15,976
<b>Loans and receivables</b>				
Cash and cash equivalents	3,547	9,533	2,527	7,213
Debtors and other receivables	7,330	8,377	5,802	6,837
Shares	75	75	75	75
Other financial assets				
Loans to related parties	164	218	164	218
Community loans	77	6	77	6
<b>Total loans and receivables</b>	<b>11,193</b>	<b>18,209</b>	<b>8,645</b>	<b>14,349</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Fair value through surplus or deficit - Held for trading</b>				
Derivative financial liability instruments	1,628	1,898	-	-
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	12,657	13,799	11,802	14,967
Borrowings:				
bank overdraft	1,915	1,963	1,915	1,963
secured loans	45,255	34,755	-	-
<b>Financial liabilities at amortised cost</b>	<b>59,827</b>	<b>50,517</b>	<b>13,717</b>	<b>16,930</b>

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

#### 33.2 Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Total (\$000's)	Valuation technique		Significant non-observable inputs (\$000's)
		Quoted market price (\$000's)	Observable inputs (\$000's)	
<b>GROUP 2008-09</b>				
<b>Financial assets</b>				
Term deposits and bonds	15,976	15,976	-	-
<b>Financial liabilities</b>				
Derivatives	1,898	-	1,898	-
<b>GROUP 2009-10</b>				
<b>Financial assets</b>				
Term deposits and bonds	14,535	14,535	-	-
<b>Financial liabilities</b>				
Derivatives	1,628	-	1,628	-
<b>COUNCIL 2008-09</b>				
<b>Financial assets</b>				
Term deposits and bonds	15,976	15,976	-	-
<b>COUNCIL 2009-10</b>				
<b>Financial assets</b>				
Term deposits and bonds	14,535	14,535	-	-



### 33.3 Financial instrument risks

(a) **Credit risk**

Credit risk is the risk that a third party will default on its obligation to MDC causing it to incur a loss. Financial Instruments which potentially subject Council to credit risk principally consist of bank accounts, Local Authority Stock and Accounts Receivable.

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 \$393,308 (2009: \$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. The Council's investment policy limits the amount of credit exposure to each authorised asset class and further to only approved types of investment instruments. Investments in other local authorities are secured by charges over rates. Other than other local authorities and New Zealand Government or New Zealand Government guaranteed asset classes Council invests funds only with entities that have a Standard and Poor's credit rating of at least A1 for short-term and A- for long-term investments.

Council holds a credit enhancement via the Crown Retail Deposit Guarantee Scheme (CRDGS) for funds held with banks that have opted into the scheme. There is a cap on the size of the deposit that is covered by the guarantee of \$1million per depositor per guaranteed institution. The total amount of funds covered by the CRDGS is \$4.0 million (2009 \$3.8 million).

The Council and group holds no other collateral or credit enhancements for financial instruments that give rise to credit risk.

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

	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>i) Maximum exposure to credit risk</b>				
Cash at bank and term deposits	18,083	26,185	17,063	23,865
Debtors and other receivables	7,330	7,700	5,803	6,161
Community and related party loans	240	224	240	224
Financial guarantees	1,850	1,845	1,850	1,845
<b>Total credit risk</b>	<b>27,503</b>	<b>35,954</b>	<b>24,956</b>	<b>32,095</b>
	GROUP		COUNCIL	
	2009-10 (\$000's)	2008-09 (\$000's)	2009-10 (\$000's)	2008-09 (\$000's)
<b>ii) Credit quality of financial assets</b>				
<b>Counterparties with credit ratings - cash at bank and term deposits</b>				
A1+	-	7,269	-	7,269
AA	9,248	7,755	8,228	5,435
AA-	2,088	2,044	2,088	2,044
A+	2,622	3,135	2,622	3,135
A	2,065	5,019	2,065	5,019
A-	1,048		1,048	
<b>Counterparties without credit ratings - cash at bank and term deposits</b>				
NR	1,012	963	1,012	963
<b>Total</b>	<b>18,083</b>	<b>26,185</b>	<b>17,063</b>	<b>23,863</b>
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS - Existing counterparty with no defaults in the past</b>				
Term deposits	1,012	962	1,012	962
Community and related party loans	240	224	240	224
<b>Total</b>	<b>1,252</b>	<b>1,186</b>	<b>1,252</b>	<b>1,186</b>

(b) **Liquidity risk**

(i) **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.

<b>(ii) Contractual maturity analysis of financial liabilities</b>	<b>Carrying Amount (\$000's)</b>	<b>Contractual Cashflow (\$000's)</b>	<b>Less than 1 year (\$000's)</b>	<b>1-2 years (\$000's)</b>	<b>2-5 years (\$000's)</b>
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.					
<b>GROUP 2008-09</b>					
Creditors and other payables	13,799	13,799	13,799		
Bank overdraft	1,963	1,963	1,963		
Secured loans	34,755	40,148	2,651	22,657	14,840
Interest rate swaps	1,898	1,898	184	614	1,100
<b>Total Financial Liabilities</b>	<b>52,415</b>	<b>57,808</b>	<b>18,597</b>	<b>23,271</b>	<b>15,940</b>
<b>GROUP 2009-10</b>					
Creditors and other payables	12,657	12,657	12,657		
Bank overdraft	1,915	1,915	1,915		
Secured loans	45,255	47,997	25,657	22,340	-
Interest rate swaps	1,628	1,628	(33,127)	20,605	14,150
<b>Total Financial Liabilities</b>	<b>61,455</b>	<b>64,197</b>	<b>7,102</b>	<b>42,945</b>	<b>14,150</b>
<b>COUNCIL 2008-09</b>					
Creditors and other payables	14,967	14,967	14,967		
Bank overdraft	1,963	1,963	1,963		
<b>Total Financial Liabilities</b>	<b>16,930</b>	<b>16,930</b>	<b>16,930</b>	-	-
<b>COUNCIL 2009-10</b>					
Creditors and other payables	11,802	11,802	11,802		
Bank overdraft	1,915	1,915	1,915		
<b>Total Financial Liabilities</b>	<b>13,717</b>	<b>13,717</b>	<b>13,717</b>	-	-

**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.

(iii) 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)
<b>GROUP 2008-09</b>					
Cash and cash equivalents	9,533	9,533	9,533		
Debtors and other receivables	8,376	8,376	8,376		
Other financial assets:					
Term deposits	15,976	15,976	2,133	516	13,327
Community and related party loans	224	224	64	160	
<b>Total Financial Assets</b>	<b>34,109</b>	<b>34,109</b>	<b>20,106</b>	<b>676</b>	<b>13,327</b>
<b>GROUP 2009-10</b>					
Cash and cash equivalents	3,548	3,548	3,548		
Debtors and other receivables	7,330	7,330	7,330		
Other financial assets:					
Term deposits	14,535	14,535	14,535		
Community and related party loans	240	240	240		
<b>Total Financial Assets</b>	<b>25,653</b>	<b>25,653</b>	<b>25,653</b>	<b>-</b>	<b>-</b>
<b>COUNCIL 2008-09</b>					
Cash and cash equivalents	7,213	7,213	7,213		
Debtors and other receivables	6,837	6,837	6,837		
Other financial assets:					
Term deposits	15,976	15,976	2,133	516	13,327
Community and related party loans	224	224	64	160	
<b>Total Financial Assets</b>	<b>30,250</b>	<b>30,250</b>	<b>16,247</b>	<b>676</b>	<b>13,327</b>
<b>COUNCIL 2009-10</b>					
Cash and cash equivalents	2,527	2,527	2,527		
Debtors and other receivables	5,804	5,804	5,804		
Other financial assets:					
Term deposits	14,535	14,535	758	4,707	9,070
Community and related party loans	240	240	83	157	
<b>Total Financial Assets</b>	<b>23,106</b>	<b>23,106</b>	<b>9,172</b>	<b>4,864</b>	<b>9,070</b>

(c) Sensitivity analysis

The table following illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) impact for reasonable possible market movements, with all other variables held constant, based on Marlborough District Council's financial instrument exposures at balance date.

	2009-10		2008-09	
	-50bps Surplus (\$000's)	+50bps Surplus (\$000's)	-50bps Surplus (\$000's)	+50bps Surplus (\$000's)
<b>GROUP INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Cash and cash equivalents - term	-	-	(1)	1
Other financial assets - term deposits	(78)	78	(96)	96
Derivatives - held for trading	(863)	307	(309)	262
<b>Total sensitivity financial assets</b>	<b>(941)</b>	<b>385</b>	<b>(406)</b>	<b>359</b>
<b>Financial liabilities</b>				
Borrowings - bank overdraft	48	(48)	10	(10)
<b>Total sensitivity to interest rate risk</b>	<b>(893)</b>	<b>337</b>	<b>(396)</b>	<b>349</b>
<b>COUNCIL INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Cash and cash equivalents - term	-	-	(1)	1
Other financial assets - term deposits	(73)	73	(80)	80
<b>Total sensitivity financial assets</b>	<b>(73)</b>	<b>73</b>	<b>(81)</b>	<b>81</b>
<b>Financial liabilities</b>				
Borrowings - bank overdraft	10	(10)	10	(10)
<b>Total sensitivity to interest rate risk</b>	<b>(63)</b>	<b>63</b>	<b>(71)</b>	<b>71</b>

**(d) Interest rate risk**

Interest rate risk is the risk that MDC may be affected by changes in the general level of interest rates. MDC is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swaps contracts.

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Under interest rate swap contracts MDCH Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

The following table detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Outstanding Fixed for Floating	Average Contract Fixed Interest rate		Notional Principal Amount		Fair Value	
	2010 %	2009 %	2010 \$ '000	2009 \$ '000	2010 \$ '000	2009 \$ '000
Less than 1 year	6.61%	8.29%	12,000	3,500	(239)	(184)
1 to 2 years	6.34%	6.61%	7,050	12,000	(292)	(615)
2 to 5 years	5.90%	7.07%	32,560	21,210	(1,097)	(1,099)
	<b>6.13%</b>	<b>7.04%</b>	<b>51,610</b>	<b>36,710</b>	<b>(1,628)</b>	<b>(1,898)</b>

**(e) Cash flow interest rate risk**

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

**(f) 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 accumulated funds 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:

- o reserves for different areas of benefit;
- o self-insurance reserves; and
- o 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 profit 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. Explanations of major variances against budget**

Explanations for major variations from the Council's budget figures in the 2009-19 Long Term Council Community Plan are as follows:

#### **35.1 Income Statement**

Finance income was greater than budgeted by \$1.2 M due to completion of Council's capital expenditure programme taking longer than budgeted. This has resulted in more cash being available to be invested and earn interest.

Other revenue was greater than budgeted by \$6.7 M due to:

- Safer Communities costs include an increased number of programmes fully funded from Government agencies including MOTH and Community Max programmes.
- A special dividend of \$10.8 M paid by Port Marlborough New Zealand Limited and earmarked for funding Picton Waterfront and Marlborough Aquatic Centre.

These were offset to some extent by revenue budgeted but not yet received with respect to:

- Some of Council's development projects completion of which has also been affected by the economic downturn.
- Revenue contingent upon Council agreeing to the Proposed Navigation Bylaw 2009 (Harbour Control).

Finance costs were less than budgeted by \$1.3 M due to timing of capital expenditure resulting in borrowing requirements and associated costs significantly less than those budgeted.

Other operating expenditure also contains reclassification of the Renwick Domain sports pavilion (\$2.2 M) from capital expenditure to an operating grant.

#### **35.2 Statement of Comprehensive Income**

Gain on property revaluations was less than budgeted by \$15.8 M due mainly to the impact of the economic downturn on cost factors.

#### **35.3 Statement of Financial Position**

Other financial assets, current and non-current combined, are greater than budgeted by \$10.3 M for the reason explained under finance income.

Non-current assets held for sale are greater than budgeted by \$3.6 M due to Council development projects being still in progress at balance date.

Property, plant and equipment is greater than budgeted by \$27.3 M due mainly to the impact of revaluations in previous years on the opening balance.

Total borrowings are less than budgeted by \$19.0 M for the reason explained in finance costs above.