



# MARLBOROUGH DISTRICT COUNCIL ANNUAL REPORT

2010-2011







## Mission Statement

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

*Picture: Kayaking in the Marlborough Sounds*

*Front Cover:*

- *Looking down McLauchlan Street, Blenheim*
- *New i-SITE building, Blenheim*
- *Sawcut Gorge, Marlborough*
- *New carparking building, Blenheim*
- *Marlborough District Council building, Blenheim*
- *Queen Charlotte Sound. Picton*

## Role of the Annual Report

This Annual Report has been prepared to enable readers to assess the performance of the Marlborough District Council for 2010-11 against the policies, activities, objectives, performance targets and financial details for the 2010-11 year contained in the Council's 2010-11 Annual Plan.

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

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

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*Picture: Grovetown Lagoon, Blenheim*

## **INTRODUCTION**

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MDC Directory

Mayor's Report

Achievements 2010-11

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)

### 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 2011**

Rateable Land Value..... \$8,880,698,250

Rateable Capital Value..... \$15,940,771,850

Number of Rate Assessments..... 25,565

### 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



## MAYOR'S REPORT

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The purpose our Annual Report is to inform the community about the Council's achievements, and financial and non-financial performance, over the year July 2010 - June 2011. The report is audited by Audit New Zealand on behalf of the Auditor-General.

The past year will be long remembered in New Zealand due to the tragedies that occurred in Canterbury and Greymouth. As fellow South Islanders, Marlburians are likely to have been touched by these events and have been strong in their support. Council too has provided help on the ground in Canterbury, and also to those displaced and seeking respite from the aftershocks that continue today.

This year saw the end of the three year term of the Council elected in 2007, and the start of a new three year term following the district elections in October. I would like to pay tribute to the previous councillors, who presided over the culmination of a period of sustained growth for the district and ensured that enough investment was made to keep pace with development.

The elections brought a number of new faces, with many talents, to the Council to work alongside the re-elected councillors. This mixture of experience and new ideas will be utilised to the full to deal with the challenges we face ahead.

A number of important community facility investments progressed this year. A \$14 million upgrade to the Regional Aquatic Centre in Blenheim was partially completed by June 2011. The new facility when complete will be a great place for our community to have fun and also a fantastic resource for performance athletes to develop their talents. The stadium complex as a whole is a place that all of Marlborough can be proud of.

Investment in Blenheim's CBD continued this year with the new carpark in Alfred Street, which will provide over 300 extra parks to service our retailers and the Convention Centre. A new i-SITE for Blenheim was completed in time for the Rugby World Cup and will provide our visitors and locals with an even better place to find out what to do in our beautiful province. In Picton, the community received a boost with the completion of the Picton foreshore redevelopment and London Quay development.

Much of the business of Council is to ensure that our statutory duties are met and our infrastructure networks are maintained and improved. Although there has been a marked downturn in the economy of late, Council is focused on providing efficient and effective services to ensure that investment can still take place wherever possible. Significant levels of funding have been provided to maintain our roads and water infrastructure and additional funding has had to be found to repair the damage caused by storms in December, May and June. Kerbside recycling services got underway in October and have proven very popular with over 80% take up by those receiving collections in Blenheim and Picton.

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



**Alistair Sowman**  
**MAYOR**



## ACHIEVEMENTS 2010-11

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

### Democratic Process

The triennial Council elections took place in October 2010. The 2010 election was successfully run with no recount nor petition for inquiry sought. The overall turnout was up compared to the previous general election held in 2007 with approximately 2,000 more votes cast. Elections were also held for positions on the Nelson Marlborough District Health Board.

2009-10	2010-11	Results
✓	✓	<b>Budget</b> On target.
✓	~	<b>Targets</b> <ul style="list-style-type: none"> <li>67% of targets (2 out of 3) were achieved (2009-10: 100%).</li> <li>The non achieved target missed by 0.1 through the resident satisfaction survey (6.5 targeted, 6.4 scored).</li> </ul>
<b>Activity:</b>		<i>Democratic Process.</i>



### People

Council continued to provide funding for Arts, Heritage and Community Support. All grants were allocated and a number of activities received support. Our Safer Communities Marlborough team managed a number of community safety projects that are aimed at our youth.

In the first year of its operation, 68 properties benefited from Heat Smart funding. This self funding scheme aims to improve energy efficiency and make homes warmer in winter. All payments made under this scheme are recouped via targeted rates on those properties over a number of years.

Libraries offered a number of programmes throughout the year for residents of all ages. Picton Library commenced its Library on Wheels project to help our more remote communities in the Sounds access library services.

2009-10	2010-11	Results
✓	✓	<b>Budget</b> On target.
~	✓	<b>Targets</b> <ul style="list-style-type: none"> <li>85% of targets achieved (2009-10: 73%).</li> </ul>
<b>Activities:</b>		<i>Culture and Heritage. Community Housing. Community Safety. Community Support. Library Services.</i>

Key:						
<b>Budget</b>	✓	Expenditure within 20% of budget	~	Expenditure within 40% of budget	✗	Expenditure more than +/- 40% of budget
<b>Target</b>	✓	Achieved at least 80% of target(s)	~	Achieved at least 60% of target(s)	✗	Achieved less than 60% of target(s)

## Land and Water Services

The redevelopment of the Regional Aquatic Centre in Blenheim commenced, and was partially completed by the end of June 2011.

Preparations were made for the Rugby World Cup 2011 including upgrading of the drainage at Lansdowne Park. Marlborough was selected to host the Russian rugby team during the tournament.

The redevelopment of the parking building in Alfred Street, Blenheim was commenced and largely completed by June 2010. The purchase of the Wynen Street car park was completed to increase short term parking and to secure the long term future an important development site in the CBD.

Significant investment in upgrading the water treatment plants at Bomford Street, Blenheim and Essons Valley in Picton was made to ensure drinking water quality complies with New Zealand standards. Awatere water users opted to support improvements to their drinking water supply. Reservoir improvements were made in Blenheim, Picton and Havelock. Sewerage upgrades were made in Blenheim and Picton.

The kerbside recycling service began in Blenheim and Picton in October 2010 with over 80% of residents participating.

Large storm events occurred in December 2010. River protection works functioned as intended. Damage to the roading network occurred mainly in areas not covered by Council's flood protection schemes. Significant unbudgeted expenditure was incurred restoring road access to the affected communities.



2009-10	2010-11	Results
✓	✗	<p><b>Budget</b></p> <p>The main reasons for the cost variances are:</p> <ul style="list-style-type: none"> <li>• Costs for completion of Alfred Street car park originally budgeted in 2009-10.</li> <li>• Write-off of demolished facilities at the Marlborough Aquatic Centre.</li> <li>• Costs of reinstatements after the December 2010 flood damage.</li> </ul>
~	~	<p><b>Targets</b></p> <ul style="list-style-type: none"> <li>• 67% of targets achieved (2009-10: 64%).</li> <li>• Of the 26 targets not achieved, 10 were new.</li> <li>• As the combined resident satisfaction scores are higher than 2009-10 and a number of the targets were only missed by small amounts, variations in levels of service were not significant.</li> </ul>
<b>Activities:</b>		<p><i>Land Transport.</i></p> <p><i>Community Facilities.</i></p> <p><i>Rivers and Land Drainage, Sewerage, Stormwater.</i></p> <p><i>Water Supply.</i></p> <p><i>Solid Waste Management.</i></p>





### Environmental Policy

The 'Growing Marlborough' growth strategy hearings and decisions for Southern Marlborough, and public submissions for Northern Marlborough took place during the year.

Progress on the second generation Resource Management Plans continued throughout the year. Public notification of the plans is expected to take place in 2012.

Marlborough hosted 250 delegates for the Biosecurity Institute conference in August 2010.

The biennial Environment Awards were held in November 2010.



2009-10	2010-11	Results
✓	✓	<b>Budget</b> On target.
~	✓	<b>Targets</b> <ul style="list-style-type: none"> <li>81% of targets achieved (2009: 76%).</li> </ul>
<b>Activities:</b>		<i>Environmental Policy.</i> <i>Environmental Science and Monitoring.</i> <i>Animal and Plant Pests.</i>

### Regulatory

95% of all resource consent applications were processed within the required timeframe, comparing well with other regions across New Zealand.

Eleven building control officers provided over 700 hours support to Canterbury region following the earthquakes in September and February. The main task was building evaluation.

2009-10	2010-11	Results
~	✓	<b>Budget</b> On target.
~	~	<b>Targets</b> <ul style="list-style-type: none"> <li>75% of targets achieved (2009: 60%).</li> <li>Of the 11 targets not achieved 3 were very closed to target.</li> <li>As the combined resident satisfaction scores are slightly higher than 2009-10 and a number of targets only missed by small amounts, variations in levels of service were not significant.</li> </ul>
<b>Activities:</b>		<i>Resource Consents.</i> <i>Building Control.</i> <i>Compliance.</i> <i>Animal Control.</i> <i>Harbours.</i>



**Regional Development**

The redevelopment of Blenheim i-site commenced with completion due in time for the start of Rugby World Cup.



Redevelopment of the commercial land at London Quay, Picton was completed which resulted in a significant upgrade of facilities of this prominent site.

Successful New Years celebration in Picton and Blenheim with over 5,000 attendees.

2009-10	2010-11	Results
✓	✓	<b>Budget</b> On target.
~	✓	<b>Targets</b> <ul style="list-style-type: none"> <li>83% of targets achieved (2009: 69%).</li> </ul>
<b>Activities:</b>		<i>Regional Development.</i> <i>Marketing and Tourism.</i> <i>Events Management.</i> <i>Research Centre.</i>

**Emergency Management**

Our Emergency Management team responded to the Canterbury earthquakes in September 2010 and February 2011 by providing assistance where needed on the ground in Christchurch and those surrounding areas affected.



2009-10	2010-11	Results
~	✓	<b>Budget</b> On target.
✓	~	<b>Targets</b> <ul style="list-style-type: none"> <li>62% of targets were achieved in comparison to 82% in prior year. However, the resident satisfaction scores is higher than 2009-10.</li> <li>Of the five targets not achieved 3 were completed shortly after target date.</li> </ul>
<b>Activities:</b>		<i>Emergency Management.</i>

## **CHIEF EXECUTIVE'S REPORT**

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Thank you for taking the time to read this Annual Report, which looks back over the period from July 2010 until June 2011.

The economic landscape in Marlborough has changed significantly in the past two or three years. The long period of growth has slowed sharply, and Council now faces different pressures as it seeks to provide good services whilst keeping our costs down. Staffing levels were reduced this year as falling demand for some of our services continued and it was no longer possible to carry these costs. There has also been an increased focus on Council processes, particularly the tendering of our contracts. The Sheard report confirmed that Council's tendering processes are robust, and provided recommendations to make tendering policies more accessible and to release more information following tender closing. These recommendations have been implemented. The allegations of corruption and impropriety made to Mr Sheard proved to be completely unfounded.



Council's financial position remains very strong, with assets of \$1,302.2 M and liabilities of only \$38.1 M. Council's debt to external parties net of investments is only \$3.9 M.

However, financially this year has been challenging with the fall in some revenue items as a result of the economic slowdown. Additional costs have also been incurred as a result of: flood damage, write off of the old Aquatic Centre buildings, the establishment of a provision to recognise the ongoing costs of managing Council's eight closed landfill sites and increased legal and Commissioner costs as a result of the "Sheard Report" and the greater use of Commissioners following the elections and increasingly contentious hearings. In part, these negative effects have been offset by additional subsidies from the NZTA (road related flood damage) and distributions from Marlborough Regional Forestry.

Our staff have worked hard to maintain levels of service for the community, and particular effort has been made to improve the measurement of our performance to ensure we are demonstrating the value of our services to the public. Our performance improvement is evident in this report as an increasing number of our targets are being met.

The annual resident satisfaction survey showed once again that our residents are very satisfied with the services we provide. All of the services we surveyed scored positively, and there was a slight overall increase in satisfaction compared to 2010.

An important part of Council's work programme is planning for the future. Work on Council's second generation resource management plans continued in partnership with key interest groups. When complete, these plans will guide how the development of the region can occur whilst protecting our environment. We also continued to develop our growth strategies, which have had significant public input, and also our asset management plans and the Long Term Plan which is due for consultation in 2012.

The elections held in October were run very efficiently, and led to a number of new councillors being elected. Staff have been working hard to bring the new councillors up to speed on how the Council operates, and to prepare them well for the many important decisions they will be making during the current term, particularly in relation to our future planning.

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

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





*Picture: Marlborough District Council building, Blenheim*

## **YOUR COUNCIL**

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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

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Mayor  
Alistair Sowman



Jenny Andrews  
(Deputy Mayor)  
Blenheim Ward



Jamie Arbuckle  
Blenheim Ward



Jessica Bagge  
Blenheim Ward



David Dew  
Blenheim Ward



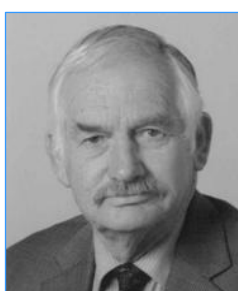
John Leggett  
Blenheim Ward



Terry Sloan  
Blenheim Ward



Graeme Taylor  
Blenheim Ward



Geoff Evans  
Wairau/Awatere  
Ward



Peter Jerram  
Wairau/Awatere  
Ward



Francis Maher  
Wairau/Awatere  
Ward



Graeme Barsanti  
Marlborough  
Sounds Ward



Trevor Hook  
Marlborough  
Sounds Ward



David Oddie  
Marlborough  
Sounds Ward

## COUNCIL COMMITTEES AND MEMBERS

(AS AT 30 JUNE 2011)

The Marlborough District Council has four standing committees, a joint committee with Kaikoura District Council, two statutory committees and eight sub-committees. The present committees and their membership are as follows:

### ***ASSETS & SERVICES COMMITTEE***

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

Clr Graeme Taylor – Chairperson  
 Clr Terry Sloan – Deputy  
 Clr Jenny Andrews  
 Clr Jessica Bagge  
 Clr John Leggett  
 Mayor – ex officio  
 Iwi Representative – Richard Hunter co-opted member

### **Civil Defence Emergency Management Group (Statutory Committee)**

The delegation to act as this Group (formed in accordance with the Civil Defence and Emergency Management Act 2002) is given to the Assets and Services Committee. The Assets and Services Committee (acting as 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 Civil Defence and Emergency Management Act 2002.

Clr Graeme Taylor – Chairperson  
 Clr Terry Sloan – Deputy  
 Clr Jenny Andrews  
 Clr Jessica Bagge  
 Clr John Leggett  
 Mayor – ex officio  
 Iwi Representative – Richard Hunter co-opted member

### **Regional Transport Committee (Statutory 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. Membership of the Committee (refer section 105 of the Land Transport Management Act 2003) is limited to five persons to represent the unitary authority; and one person to represent the Agency; and one person to represent the objective of economic development; and one person to represent the objective of safety and personal security; and one person to represent the objective of public health; and one person to represent the objective of access and mobility; and one person to represent the objective of environmental sustainability; and one person to represent cultural interests.

Clr Graeme Barsanti – Chairperson  
 Clr Jessica Bagge  
 Clr John Leggett  
 Clr Terry Sloan  
 Clr Graeme Taylor

The Agency – representative from NZTA  
 Safety and Personal Security – representative from New Zealand Police  
 Economic Development – representative from Chamber of Commerce  
 Public Health – representative from Nelson Marlborough District Health Board  
 Access and Mobility – representative from Access and Mobility Forum  
 Environmental Sustainability – representative from Environment Centre  
 Cultural Interest - Iwi representative on the Assets and Services Committee  
 New Zealand Automobile Association and New Zealand Road Transport Association – to be invited and given speaking rights at meetings.

### ***COMMUNITY AND FINANCIAL PLANNING COMMITTEE***

This committee is responsible for the Long Term 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; and democratic process. Individual Committee members have been allocated a particular involvement with individual functions of the Committee's work.

Clr Francis Maher – Chairperson  
 Clr John Leggett – Deputy  
 Clr Jenny Andrews  
 Clr Jessica Bagge  
 Clr David Dew  
 Clr Trevor Hook  
 Clr Terry Sloan  
 Clr Graeme Taylor  
 Mayor – ex officio  
 Iwi Representative – Vennessa Ede co-opted member

### **Grants Sub-Committee**

This Sub-Committee carries out Council's partnership with Creative New Zealand and SPARC (Sport and Recreation New Zealand) to ensure local arts funding and rural travel funding are available to the Marlborough area. The Sub-Committee has delegated authority for the allocation of funds under both schemes. In addition the Sub-Committee has delegated authority for consideration of Marlborough District Council Community Grants and Council's Arts and Heritage Grants, with recommendations being made to Council for consideration.

Clr Jenny Andrews – Chairperson  
 Clr Jessica Bagge  
 Sports Trust appointee – Karen Hartshorne  
 Arts Sector appointee – Kate Parker  
 Community members – Graeme Duncan, Lisa Ivamy, Patricia Clay, Toni Gillan, Lapu Oliver  
 Two iwi representatives – Vacant



## **Housing for the Elderly Sub-Committee**

The focuses of this Sub-Committee are issues related to the Older Persons in the community and Council's Housing for the Elderly portfolio.

Clr Jenny Andrews – Chairperson  
Clr Terry Sloan  
Clr Graeme Taylor

## **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  
Clr David Oddie  
Mayor – ex officio

Community representatives – Jennie Hopkins, Chris Bamber, Phylis Bradshaw, Liz Cromarty

## **Youth Sub-Committee**

The focus of this Sub-Committee is issues related to youth in the community.

Mayor Alistair Sowman – Chairperson  
Clr Jenny Andrews  
Clr Jessica Bagge

## **Youth Funding Sub-Committee**

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

Mayor Alistair Sowman – Chairperson  
Chair, Community & Financial Planning (Clr Francis Maher)  
Three youth representatives (one from each College)

## ***ENVIRONMENT COMMITTEE***

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This Committee is responsible for the Regional Policy Statement and Resource Management Plan development; 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; and historic places.

Clr Peter Jerram – Chairperson  
Clr Trevor Hook – Deputy  
Clr Jamie Arbuckle  
Clr Graeme Barsanti  
Clr David Dew  
Clr Geoff Evans  
Clr David Oddie  
Iwi representative – Tracey Williams co-opted member  
Rural representative – Ross Beech co-opted member

## **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 Peter Jerram – Chairperson

Clr Jamie Arbuckle  
Clr Graeme Barsanti  
Clr Geoff Evans

## **Liquor Licensing Sub-Committee**

This Sub-Committee carries out Council's powers to hold a hearing, as the Marlborough District Licensing Agency, on an application for a licence for which there has been an objection under the Sale of Liquor Act 1989, and for the setting of policy under the Sale of Liquor Act 1989. This Sub-Committee is also responsible for Council's Gambling Venue Policy pursuant to the Gambling Act 2003.

Clr John Leggett – Chairperson  
Clr Graeme Barsanti  
Clr Graeme Taylor

## **Resource Management Plan Review Sub-Committee**

This Committee is responsible for the detailed review of Council's Resource Management Plans.

Clr David Dew – Chairperson  
Clr Peter Jerram  
Clr Francis Maher  
Clr Graeme Taylor

## ***HEARING COMMITTEE***

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This committee makes decisions on applications for resource consents (each consent is heard by a committee made up of a chairperson and two members).

Clr David Dew – Chairperson  
Clr Graeme Barsanti – Deputy  
Clr Geoff Evans  
Clr David Oddie  
Clr Jamie Arbuckle

## ***APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES***

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### **MDC Holdings Limited and Marlborough Airport Limited**

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

### **Port Marlborough NZ Limited**

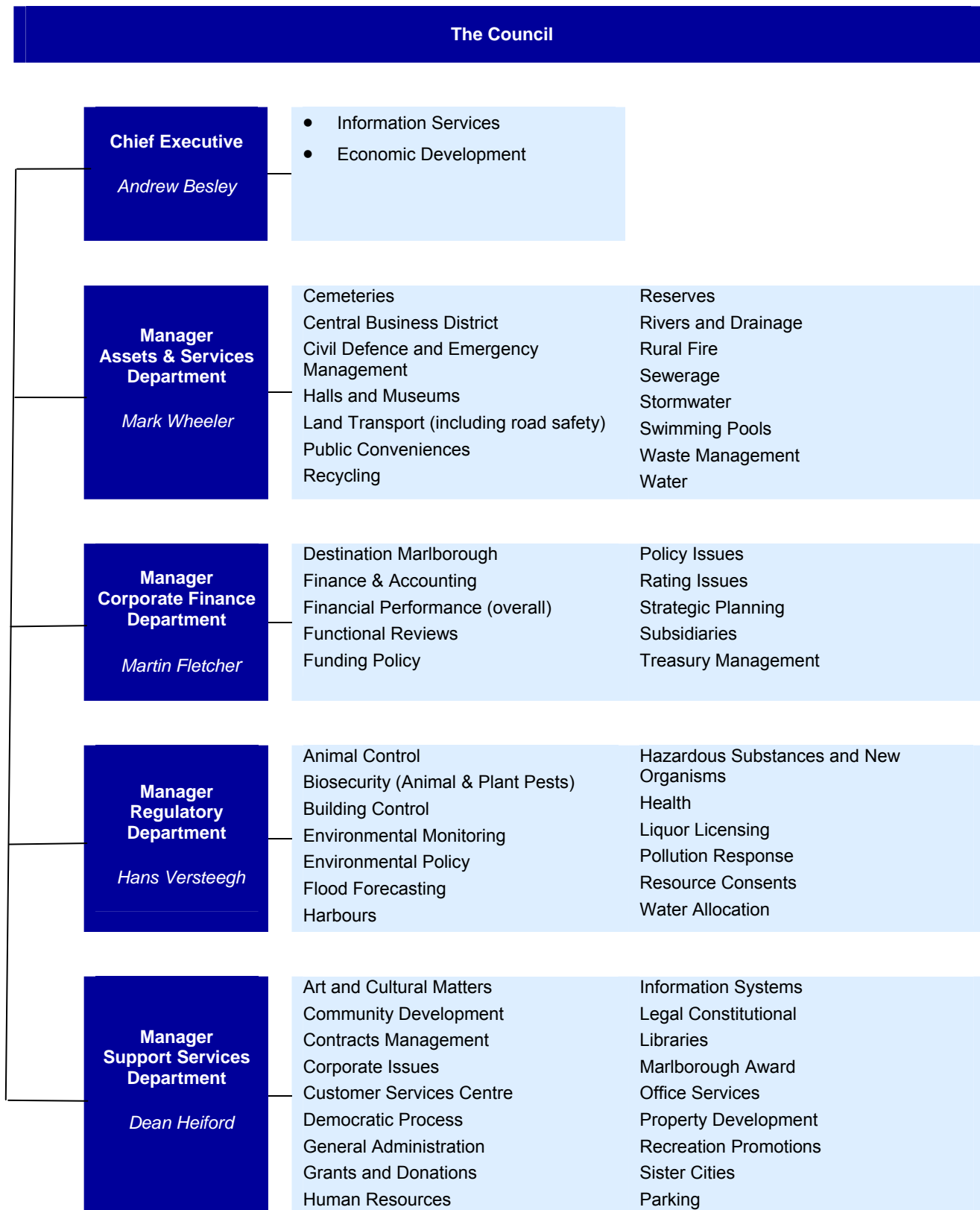
Manager, Corporate Finance - Martin Fletcher (Director)

### **Marlborough Regional Forestry**

Council owns 88.5% of the forestry estate and KDC owns the remaining 11.5%. The primary aim of production forest management is to create a resource that will maximise utilisation and provide the best financial return from the predominantly radiata pine forests.

Clr Francis Maher (Chairperson)  
Mayor Alistair Sowman  
Kaikoura District Council representative  
Forestry representative – Leo Jelinek co-opted member

# COUNCIL STAFF STRUCTURE



## **COUNCIL OPPORTUNITIES POLICY**

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### **Equal Employment 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.

### **Maori 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 with the progress made on concluding the settlements. Iwi maintained involvement with committee matters, seminars, relevant Council operations and with external partnership activities. In addition, iwi have had involvement in the redevelopment of Council's Regional Policy Statement and Regional Plan through focus and consultation groups. As settlements are concluded, the Council will develop its processes and working relationship with local iwi on matters of mutual interest.



## STAFF EMPLOYED

		30.06.11		30.06.10	
		Male	Female	Male	Female
<b>General Management</b>	Management and Support	3	3	3	1.9
<b>Assets and Services</b>	Development and Project Management	6.7	1.7	6.7	1.7
	Engineering	13	5	12.6	4.6
	Operations	11.7		10	
	Reserves and Amenities	10.4	3.9	11.1	3.9
	Rivers and Land Drainage	7		6.8	
	Management and Support	3	0.8	3	1
	Civil Defence/Emergency Management	2		2	
<b>Corporate Finance</b>	Management and Support	2	1.9	2	1
	Treasury	3	6.6	3	6.6
<b>Regulatory</b>	Animal and Plant Pests	5		5	-
	Building Control	13	4.8	18	5.6
	Environmental Health and Liquor	-	2.4	-	1.4
	Environmental Unit	8	5	8	5
	Environmental Policy	2	3	3	2
	Harbour Functions	3.5		3	
	Resource Management Control	7	6	9.5	13
	Compliance	3	3.4	4	3.4
	Management and Support	2	1	3	1
<b>Support Services</b>	Support Services Management	1	1	1	1
	Community Development Management	-	1		1
	Democratic Services Management	1	1.6	1	1.6
	Office Services	-	11.5		11.9
	Risk and Contracts Management	1		1	
	Human Resources	-	1		0.9
	Information Services	7	14.1	8	14.2
	Customer Service Centres	1	11.8	1	11.8
	Libraries	5	14.1	4.6	14.2
<b>Totals</b>		<b>121.3</b>	<b>104.6</b>	<b>130.3</b>	<b>108.7</b>

### Notes:

- Employee numbers are stated in Full Time Equivalentents (FTEs).
- The comparative FTEs for 30 June 2010 have been restated to align with the current organisation structure and now include all salary and wages employees. Previously Reserves Wages employees had been excluded.
- In addition to the above employee numbers, for 30 June 2011 there were seven people employed (2010: 10) in the Safer Community Area on Fixed Term Contracts whose employment is contingent upon continued Government funding.

# INFRASTRUCTURAL ASSETS

## Roading Assets

		30/06/2011	30/06/2010
		<b>Length (km)</b>	
<b>Urban Roads</b>	Sealed	181.9	182.0
	Metalled	0.7	0.6
<b>Rural Roads</b>	Sealed	694.1	691.6
	Metalled	643.5	646.2
<b>Totals</b>		<b>1,520.2</b>	<b>1,520.4</b>
		<b>Number / Length (m)</b>	
<b>Bridges</b>	One Lane Bridges	283/5,015	280/5,063
	Two Lane Bridges	59/822	66/772
	Footbridges	7/214	7/224
<b>Totals</b>		<b>349/6,051</b>	<b>353/6,059</b>
		<b>Number</b>	
<b>Street Lighting</b>	Lights	4,535	3,940
<b>Totals</b>		<b>4,535</b>	<b>3,940</b>

## Other Assets

	30/06/2011	30/06/2010
<b>Wharves</b>	13	12
<b>Water Supply Schemes</b>	7 schemes, 441 kms of reticulation	7 schemes, 439.1 kms of reticulation
<b>Sewerage Schemes</b>	4 schemes, 304.7 kms of reticulation	5 schemes, 292.9 kms of reticulation
<b>Stormwater System</b>	11 schemes, 161.3 kms of reticulation	156.6 kms of reticulation
<b>Irrigation Schemes</b>	2 schemes, 64.7 kms of reticulation	2 schemes, 64.7 kms of reticulation

## **STATEMENT OF COMPLIANCE**

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### **Compliance**

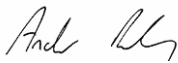
The Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

### **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 2011 fairly reflect the financial position and operations of the Marlborough District Council.



**ANDREW BESLEY**  
**CHIEF EXECUTIVE**  
27 October 2011



**ALISTAIR SOWMAN**  
**MAYOR**  
27 October 2011



# AUDIT REPORT

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AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Marlborough District Council and group's Annual Report for the year ended 30 June 2011

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 of the financial statements, service provision information and compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 23 to 144, that comprise the statement of financial position as at 30 June 2011, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the service provision information of the District Council and group on pages 23 to 94; and
- the District Council's compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report (other schedule 10 information).

### Opinion on the financial statements, service provision information and other schedule 10 information

In our opinion:

- The financial statements of the District Council and group on pages 23 to 144:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2011; and
    - the financial performance and cash flows for the year ended on that date.
- The service performance information of the District Council and group on pages 23 to 94:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council and group's levels of service for the year ended 30 June 2011, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 27 October 2011. This 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 our responsibilities, and explain our independence.

### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, service provision information and other schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, service provision information and other schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, service provision information and other schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, service provision information and other schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, service provision information and other schedule 10 information that fairly reflect the matters to which they relate. We consider

internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and service provision information;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, service provision information and other schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, service provision information and other schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and service provision information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to its forecast; and
- other information required by schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, service provision information and other schedule 10 information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, service provision information and compliance with the other schedule 10 information and reporting that opinion to you based on our audit. Our 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.

Other than the audit, we have no relationship with or interests in the District Council or any of its subsidiaries.



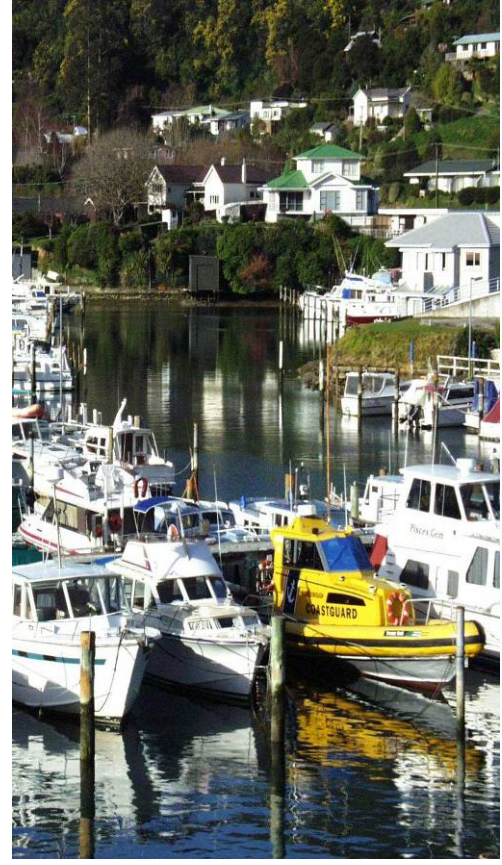
Bede Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
27 October 2011

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

This audit report relates to the financial statements, performance information and the other requirements of Marlborough District Council and group for the year ended 30 June 2011 included on the Marlborough District Council's website. The Council is responsible for the maintenance and integrity of the Marlborough District Council's website. We have not been engaged to report on the integrity of the Marlborough District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 27 October 2011 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this website.

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



*Picture: Picton Marina, Picton, Rural Fire Force, Blenheim, Awatere Valley.*

# **COUNCIL ACTIVITY GROUPS**

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



## ACTIVITY GROUPS

### 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.

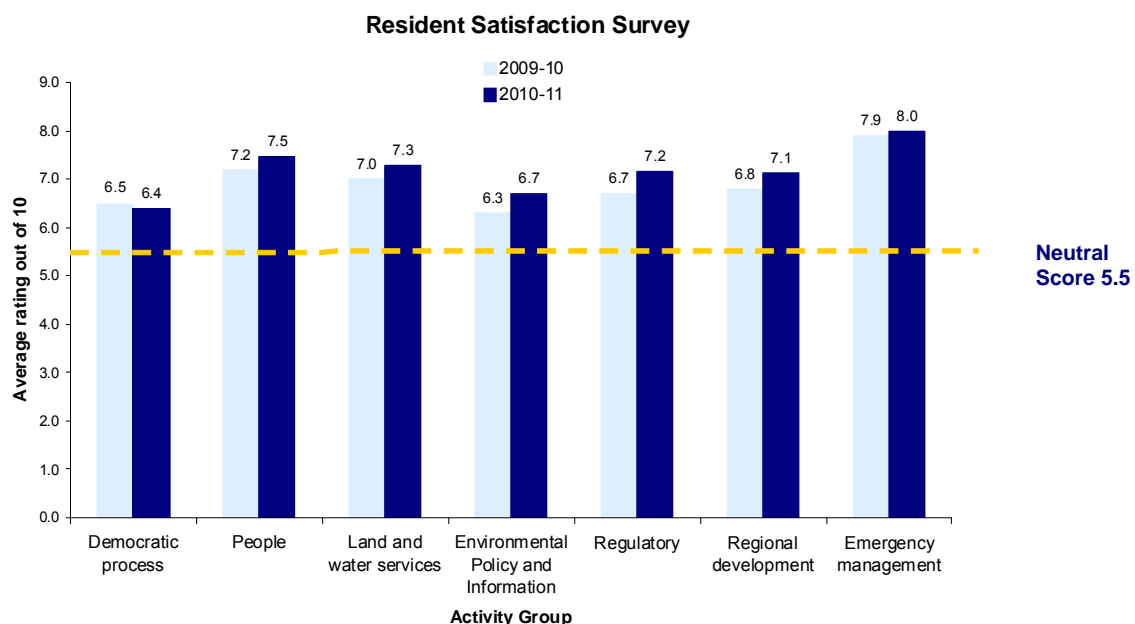
Many of the goods and services Council delivers contribute to more than one outcome and an awareness of the overlaps means that the community benefit obtained from each is maximised.

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.

### 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 602 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 July 2011. 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, e.g. 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 services were the Library Services, Sewerage, Emergency Management and drinking water supply which all scored eight or above whilst the most lowly rated services were Democratic Process, Regional Development and Rivers and Drainage. No activity received an overall dissatisfied rating. The Council's performance increased by 0.1 to 6.9 compared to 2010.



## 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

At the 2010 election there was evident interest and awareness of the election process as there was a marked increase in the number of votes cast.

## ACTIVITY: DEMOCRATIC PROCESS

Operating costs of this activity represent 3.1% 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 Council supports the Sounds Advisory Group and the Picton Regional Forum.

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.

### Elections

The triennial Council elections took place in October 2010. Marlborough District once again used the Single Transferable Vote system for all its issues. The new 'Marlborough Sounds Ward' (an amalgamation of the former Pelorus/Northern Marlborough Sounds and Picton Wards pursuant to the determination of the Local Government Commission) was contested for the first time.

The 2010 election was successfully run with no recount nor petition for inquiry sought. The overall, turnout was up compared to the previous general election held in 2007 with approximately 2,000 more votes cast.

Elections were also held for positions on the Nelson Marlborough District Health Board.

The mayoralty was contested by two candidates and a total of 18,297 votes were cast across the district. In 2007, three candidates contested the mayoralty, and 16,258 votes were cast by the electorate at large. A total of 10,451 votes were cast in Blenheim ward where 18 candidates contested the seven available positions (9,935 votes and 20 candidates in 2007). In Wairau/Awatere ward, 5 candidates contested three available positions. 4,351 votes were cast, compared to 3,985 in 2007. In the new Marlborough Sounds ward, 8 candidates contested 3 available positions (in 2007, 2 seats were allocated to Picton ward and one to the Pelorus/Northern Marlborough Sounds ward) and 3,305 votes cast. As the Picton ward was uncontested in 2007, no comparison is meaningful.

## Citizenship Ceremonies

During the 2010-11 there were four citizenship ceremonies at the Council with 68 people gaining citizenship.

### Levels of Service: Democratic Process

Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-11 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".	6.4	6.5	6.4	Not achieved.  The publicity regarding "corruption claims" occurred just prior to the survey being undertaken. The results of the report were only released during the survey period. The negative impacts of the claims would have had a bearing on the actual score received.
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.
	Percentage of Council meetings advertised in the local media no less than five working days prior to meeting date.	100%	100%	100%	Achieved.

Activity: Democratic Process	2010-11 Actual	2010-11 Budget	2009-10 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs	2,483	2,423	2,513
<b>Operating surplus - transferred to reserves</b>	-	-	<b>93</b>
	<b>2,483</b>	<b>2,423</b>	<b>2,606</b>
<b>Funded by</b>			
Rates	2,193	2,158	2,336
General revenues applied	243	243	270
Other revenue	1	22	-
<b>Total revenue</b>	<b>2,437</b>	<b>2,423</b>	<b>2,606</b>
<b>Operating deficit - funded from reserves</b>	46	-	-
	<b>2,483</b>	<b>2,423</b>	<b>2,606</b>
<b>Capital expenditure</b>	<b>40</b>	<b>40</b>	-
<b>Funded by</b>			
Depreciation reserve transfer	25	20	-
Other reserve transfers	-	20	-
Asset disposals	15	-	-
	<b>40</b>	<b>40</b>	-

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



## **ACTIVITY GROUP: PEOPLE**

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### **Activities in this Group**

The activities in this group include:

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

### **Rationale for the delivery of this Group of Activities**

This activity group encompasses a number of services that help make Marlborough a great place for people to live. The group is made up of services that Council provides directly - Community Housing, Community Safety and Libraries, and services that Council helps others to deliver - Community Support and Arts, Culture and Heritage. Some support is focused on the positive contribution they make to the lives of young people, older people and those in need, and covers a range from basic services such as food, shelter, security and health to employment and learning opportunities. Arts, culture and knowledge are also supported as they play an important role in the enjoyment of our community and are an important part of what makes Marlborough distinctive.

### **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.

<b>Outcome</b>	<b>Related Community Outcome</b>
<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". 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.

## Council Activity: 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 that was held in 2009).
- 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.

Levels of Service: Culture and Heritage					
Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	6.9	Not achieved.  The 2011 Resident Satisfaction score is higher than the previous year and 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: <ul style="list-style-type: none"> <li>• Identify programmes and proposals to increase the provision and preservation of art and culture.</li> <li>• Review existing programmes to ensure still addressing art and cultural issues</li> </ul>	Percentage of proposed programmes approved by Council and external funding providers.	100%	100%	100%	Achieved.  The Creative Communities Arts Funds were fully allocated and reported within set criteria and timeframes. The total grant allocation for the year was \$30,735.
	Percentage of programmes reviewed, with results presented to, and recommendations endorsed by Council.	100%	100%	100%	Achieved.  Programmes are delivered by contract and thus reviewed under the reporting requirements of the contract.
	Percentage of grants allocated and reports provided to the relevant committee of Council.	100%	100%	100%	Achieved.  Arts and Heritage grants allocation process completed. 19 grants were allocated. The total grant allocation for the year was \$44,712.
	Percentage acceptance by Council of the achievements reported annually.	90%	90%	100%	Achieved.  Council received accountability reports from all grant recipients.

<b>Activity: Culture and Heritage</b>	<b>2010-11 Actual</b>	<b>2010-11 Budget</b>	<b>2009-10 Actual</b>
<b>Cost of Services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Arts	195	235	170
Heritage	316	404	386
Memorials	78	77	83
<b>Total operating costs</b>	<b>589</b>	<b>716</b>	<b>639</b>
<b>Operating surplus - transferred to reserves</b>	135	-	-
	<b>724</b>	<b>716</b>	<b>639</b>
<b>Funded by</b>			
Rates	647	639	511
General Revenues Applied	77	77	63
<b>Total revenue</b>	<b>724</b>	<b>716</b>	<b>574</b>
<b>Operating deficit - funded from reserves</b>	-	-	<b>65</b>
	<b>724</b>	<b>716</b>	<b>639</b>
<b>Capital expenditure</b>			
Memorials	-	8	7
<b>Funded by</b>			
<b>Depreciation reserve transfer</b>	-	8	7

Note 1: Explanation of cost of service variance –Budgets are underspent due to timing of grants allocated that have not yet been uplifted and projects that are now to occur in 2011-12. Carry overs have been approved to cover the expenditure in 2011-12.

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

## ACTIVITY: COMMUNITY HOUSING

Operating costs of this activity represents 1.3% of total activity expenditure.

<b>Outcome</b>	<b>Related Community Outcome</b>
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. The Housing portfolio is currently self-funding.

Previous loans have been paid in full, giving Council the opportunity to raise further loans to invest in improvements to existing units or building of new units.

### Improvements

- Upgrading of units is on-going where ever possible within budget. Re-development for two complexes.
- Increasing carparks numbers where possible and keeping a register of tenants for allotted carparks. Update landscaping to provide an environmentally safe and recreational areas.
- To provide the required power points, cabling etc into the complexes to handle increased technology advancements.

Maintenance is kept up-to-date between notification from tenants and annual inspections.



## Response to Canterbury Earthquakes

There has been a substantial increase in demand for Community Housing. This is attributed in part to the earthquakes in Christchurch as well as the downturn in the economic climate putting pressure on the affordability of housing on the general rental market, as well as existing tenants not moving around as frequently.

This in turn has put pressure on to provide more units with bedsits not being a first option for new and existing tenants even though they are desperate to obtain housing.

### Levels of Service: Community Housing

Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	7.3	Achieved.  Survey respondents considered the units to be well maintained with good availability.
Provide a community housing service that is sustainable.	Percentage of planned maintenance for the housing for elderly portfolio completed.	80%	90%	72%	Not achieved.  Some scheduled maintenance were put on hold pending the result of the Housing Review. The remaining deferred maintenance will take place in 2011-12.

<b>Activity: Community Housing</b>	<b>2010-11 Actual</b>	<b>2010-11 Budget</b>	<b>2009-10 Actual</b>
<b>Cost of Services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Operating costs	1,032	1,071	961
<b>Operating surplus - transferred to reserves</b>	<b>-</b>	<b>-</b>	<b>230</b>
	<b>1,032</b>	<b>1,071</b>	<b>1,191</b>
<b>Funded by</b>			
Subsidies and grants	-	-	184
Other revenue	1,032	1,035	1,007
<b>Total revenue</b>	<b>1,032</b>	<b>1,035</b>	<b>1,191</b>
<b>Operating deficit - funded from reserves</b>	<b>-</b>	<b>36</b>	<b>-</b>
	<b>1,032</b>	<b>1,071</b>	<b>1,191</b>
Capital expenditure	82	-	222
Debt repayment	-	-	1,500
	<b>82</b>	<b>-</b>	<b>1,722</b>
<b>Funded by</b>			
Depreciation reserve transfer	82	-	378
Other reserve transfers	-	-	1,344
	<b>82</b>	<b>-</b>	<b>1,722</b>

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

Note 2: Significant Capital Expenditure and variance – Relates to the commencement of the heat pump installation project to qualify for EECA funding, to be completed in 2011-12.

Note 3: All debt and associated repayments relate to internal borrowings.

**ACTIVITY: COMMUNITY SAFETY**

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

Outcome	Related Community Outcome
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 2010-11 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 and the Ministry of Social Development, the project provided MOTh courses for young offenders, supported the prompt removal of graffiti vandalism and provided free graffiti removal packs for the public. This project concluded on 30 June 2011.

***Community Max***

Operated in partnership with the Ministry of Social Development (Work and Income), Community Max provided a six-month wage subsidy for young people undertaking community projects. This project concluded in November 2010.

***Neighbourhood Support Marlborough***

Operated in partnership with the Ministry of Justice, police and civil defence/emergency management. The service establishes and maintains neighbourhood support groups throughout Marlborough and provides civil defence/emergency management access to the neighbourhood support Marlborough data base

***Crime Prevention Through Environmental Design (CPTED) Assessments***

Operated in partnership with Ministry of Justice, the individual CPTED assessments of key Council owned public areas were completed in August 2010.

***Crime Prevention Through Environmental Design (CPTED) – Street Intensive Projects***

Operated in partnership with Ministry of Justice. No street intensive projects were undertaken during the 2010-2011 year. Planning is well underway for three projects in the next financial year.

## Levels of Service: Community Safety

### Performance Targets (for the financial year)

Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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".	6.4	6.4	7.3	Achieved.
	Percentage of residents that perceive of safety after dark in their neighbourhood and town as measured by survey.	Neighbourhood: 85%	85%	See comments.	Not surveyed in 2010-11.
		Town: 57%	59%		
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.
Review existing programmes to ensure still addressing safety issues.	Percentage of programmes reviewed, with results presented to, and recommendations endorsed by Council.	100%	100%	100%	Achieved.
Programmes delivered within agreed timeframes and budgets.	Percentage of grants allocated and reports provided to the relevant committee of Council.	100%	100%	80%	Not achieved. Due to changes in management delivery the timeframes were adjusted with agreement of funders.
	Percentage acceptance by Council of the achievements reported annually.	90%	90%	100%	Achieved.

Activity: Community Safety	2010-11 Actual	2010-11 Budget	2009-10 Actual
Cost of Services	\$000's	\$000's	\$000's
<b>Operating costs</b>			
Safer Communities	377	213	890
Security	35	63	49
<b>Total operating costs</b>	<b>412</b>	<b>276</b>	<b>939</b>
<b>Operating surplus - transferred to reserves</b>	<b>18</b>	<b>-</b>	<b>11</b>
	<b>430</b>	<b>276</b>	<b>950</b>
<b>Funded by</b>			
Rates	82	81	78
General Revenues Applied	10	10	10
Subsidies and grants	220	185	856
Other revenue	118	-	6
<b>Total revenue</b>	<b>430</b>	<b>276</b>	<b>950</b>
<b>Capital expenditure</b>			
Security	-	50	-
<b>Funded by</b>			
Depreciation reserve transfer	-	50	-

Note 1: Explanation of cost of service variance – Additional Safer Communities spending relates to the renewal of two contracts that attracted further Government funding.

Note 2: Significant Capital Expenditure and variance – Expenditure budgeted for the year was for upgrading the CBD security camera system. This work will be undertaken once sufficient funds are on hand for an effective upgrade.

**ACTIVITY: COMMUNITY SUPPORT**

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

Outcomes	Related Community Outcome
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; Energy Efficiency and Health Choices.

**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 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, including 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.

**Heat Smart Programme**

The Heat Smart programme commenced in 2010. This activity also facilitates Central Government objectives of promoting energy efficiency, energy conservation and the use of renewable energy sources. Council’s role extends to providing homeowner services for energy promotions within available resources, and recovering the cost of those services together with interest and an appropriate administration charge over a number of years through a targeted rate on those properties that obtain a service.

During the year, applications were received and accepted for 68 properties. Council made payments to service providers relating to these applications, which are shown as energy efficiency operating costs in the table below. Successful applicants will repay the funds via targeted rates from the year 2011-12.



<b>Levels of Service: Community Support</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>LTCCP Baseline</b>	<b>Target</b>	<b>2010-2011 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	7.2	Achieved.  Many positive comments were made reflecting an increase from the 2010 score, however some residents expressed a desire for youth 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 with in set timeframes.
	Outputs and outcomes of programmes reported to Council annually.	100%.	100%	100%	Achieved.  Accountability reports are provided at completion of the funded projects.
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.
	Frequency of Seniors Expo.	New measure.	Senior Expo held	1	Achieved.  The Seniors Expo was held on 23 March with 72 stall holders and over 1,500 people attending. Positive Ageing Information booklet was launched at the Expo with 3,000 copies distributed.
Review and implement Youth Initiative Plan annually.	Number of Youth Forums held annually with minimum 90% attendance.	10	10	10	Achieved.  Monthly Youth Council meetings were held to progress issues and activities identified by youth to action.
	Percentage of Actions in Youth Initiatives Plan completed each year.	90%	90%	93%	Achieved.  29 of the 31 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	4	Achieved.  A Partnership Agreement has been established with Volunteer Marlborough to undertake this work to build capacity of the sector. A report is provided annually.

<b>Activity: Community Support</b>	<b>2010-11 Actual</b>	<b>2010-11 Budget</b>	<b>2009-10 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	386	499	445
Energy Efficiency	175	-	-
Recreation	72	73	76
<b>Total operating costs</b>	<b>633</b>	<b>572</b>	<b>521</b>
<b>Operating surplus - transferred to reserves</b>	<b>-</b>	<b>-</b>	<b>62</b>
	<b>633</b>	<b>572</b>	<b>583</b>
<b>Funded by</b>			
Rates	492	486	521
General Revenues Applied	56	56	60
Subsidies and grants	2	-	1
Other revenue	-	-	1
<b>Total revenue</b>	<b>550</b>	<b>542</b>	<b>583</b>
<b>Operating deficit - funded from reserves</b>	<b>83</b>	<b>30</b>	<b>-</b>
	<b>633</b>	<b>572</b>	<b>583</b>

Note 1: Explanation of cost of service variance:

- o Budgets are underspent due to some grants not being uplifted for timing reasons and the need for organisations to meet the conditions attached to some grants. These projects will now occur in 2011-12 with carryovers approved to cover this expenditure in 2011-12.
- o Energy efficiency includes energy efficiency services provided and funded from reserves. These services will be recovered by the new targeted energy efficiency rate over nine years, commencing in 2011-12, and transferred to reserves.

## ACTIVITY: LIBRARY SERVICES

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 (combined Library and 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 127,600 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 is provided through the Aotearoa People's Network Kaharoa.

The Marlborough District Libraries' catalogue is available on-line, providing 24/7 access to the libraries holdings and subscribed databases. Music is available to be borrowed on CD, along with sheet music, videos, DVDs, talking books, magazines and jigsaw puzzles.

<b>Levels of Service: Library Services</b>					
Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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".	8.4	≥8.4	8.6	Achieved.
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	8.54 years	Achieved.  Average age of Library resources is 8.54 years.
	Frequency of books being taken out. (Turnover Rate)	4.5 times per year	4 times per year	4.47 times per year	Achieved.
	Percentage of books requested, not currently available, provided within five days.	New measure.	95%	98%	Achieved.  98% of all newly acquired items were made available 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 from prior year (86,425 in 2009-10)	105,645  (36,015 searches  69,630 page views).	Achieved.  36,015 database searches were undertaken in 2010-11 (37,128 in 2009-10).  69,630 page views on the library website were recorded in 2010-11 (49,297 in 2009-10).

<b>Activity: Library Services</b>	<b>2010-11 Actual</b>	<b>2010-11 Budget</b>	<b>2009-10 Actual</b>
<b>Cost of Services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Operating costs	1,449	1,388	1,357
<b>Operating surplus - transferred to reserves</b>	<b>-</b>	<b>-</b>	<b>90</b>
	<b>1,449</b>	<b>1,388</b>	<b>1,447</b>
<b>Funded by</b>			
Rates	1,138	1,120	1,126
General Revenues Applied	126	126	130
Subsidies and grants	7	-	37
Other revenue	156	142	154
<b>Total revenue</b>	<b>1,427</b>	<b>1,388</b>	<b>1,447</b>
<b>Operating deficit - funded from reserves</b>	<b>22</b>	<b>-</b>	<b>-</b>
	<b>1,449</b>	<b>1,388</b>	<b>1,447</b>
<b>Capital expenditure</b>	<b>196</b>	<b>270</b>	<b>262</b>
<b>Funded by</b>			
Depreciation reserve transfer	196	270	172
Other reserve transfers	-	-	90
	<b>196</b>	<b>270</b>	<b>262</b>

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

Note 2: Significant Capital Expenditure – Almost all Capital Expenditure was for library books.

Note 3: Significant Capital Expenditure variances – Some budgeted Capital Expenditure relating to upgrading the Library Management System and aligning it with the National Library Management System has been deferred until 2011-12.

## **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:

- 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 hazards and risks to be managed by the Group are prioritised according to risk. The eight most major risks include are identified below:
  - Earthquake
  - Human Disease Epidemic
  - Biological pests and new organisms
  - Flooding
  - Wildfire/Rural Fire
  - Dam Failure
  - Drought
  - Electricity Failure

Marlborough may need to deal with a number of other hazards not mentioned here.

The vision and goals of the Marlborough Civil Defence Emergency Management Group Plan are:

### **Vision**

Improve the resilience of the region to all foreseeable emergency events through active engagement of communities and the effective integration of support agencies.

### **Goals**

- Goal 1. To coordinate efforts to reduce the risk posed by hazards that threaten the life, wellbeing, infrastructure, economic fabric and ecological systems that support the lifestyle of the area.
- Goal 2. To improve an awareness of the remaining risks faced by residence and visitors to the region in order to be better prepared for the risks of known hazards.



- Goal 3. To enhance the efficiency and effectiveness of all agencies and the community in their response to an emergency through integrated and coordinated effort.
- Goal 4. Improve the process of recovery after an event in order to return to normal life as quickly as possible with a minimum of loss and disruption.

### **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, Kaikoura District Council, and the Forest Industry, on a proposal for an enlarged Rural Fire District incorporating the currently separate Marlborough North Rural Fire District the Marlborough South area and the Kaikoura District Council area.

### **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. 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. Our current contact list has been reviewed by the Emergency management Office.
- 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. We have been visiting many groups and organisations talking about the risk to Marlborough and how to prepare for large events.
- The Emergency Management Office received numerous weather warnings throughout the year 24/7 and staff responded to these appropriately.

### **Response to Canterbury Earthquakes**

The Emergency Management group responded to assist with 4 September 2010 and 28 February 2011 earthquakes which devastated Christchurch and surrounding areas.

- During the September 2010 event the Emergency Services Manager worked in the operations team in Christchurch for six days. Building inspectors from MDC were deployed to Kaiapoi and Christchurch.
- During the February 2011 event we assisted St Johns Ambulance by transporting supplies to Christchurch within a few hours following the quake. Building inspectors were deployed to Christchurch to assist with inspections.
- During the February 2011 event the Emergency Management office established a group of people from welfare type agencies to assist with welfare. This group will remain in place and will form part of the Welfare group for Marlborough.
- 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.
- The Emergency Services Manager assisted with logistics activities for Christchurch. The Waikawa Marae was opened up as a welfare centre to provide temporary food and shelter for residents leaving Christchurch. The group and support agencies arranged billets locally for evacuees leaving Christchurch.
- A programme is underway to train Council staff to work in an incident control structure and to increase training for welfare and sector groups.
- Coordinated Incident Management courses are run for various organisations in preparation for an event.
- Buildings below the Earthquake standard have been identified and building owners have been advised.
- A new building evaluation plan has been formulated incorporating the lessons learnt from the Christchurch event.
- The council is well prepared for an emergency however many of our communities still believe it will not happen here. Our group supports the national awareness campaign and the group spends a large amount time effort and money each year encouraging residents to prepare for disaster.

**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 less than 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	LTCCP Baseline	Target	2010-2011 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".	7.4	7.4	8.0	Achieved.
Provide a planned, tested capability to respond to major Civil Defence and Emergency Events.	Timeliness of completing the review of the CDEM Group Plan.	-	February 2011	See comments	Not achieved.  The stakeholders' planning meetings were completed. The plan was released for public comment on June 2011 and submissions were closed on 4 August 2011. The plan was forwarded to Marlborough Civil Defence Emergency Management (MCDEM) for approval with hearing date proposed for August 2011 when a number of comments will be addressed by our Emergency Management group.
	Timeliness of the completion of the annual update to Plan, including contact details.	October 2010	October 2010	See comments	Not achieved.  The operational plan was updated twice during 2010-11 year, in November 2010 and March 2011 respectively.
	Level of compliance with the 10 year exercise programme for testing the CDEM Plan.	100%	100%	100%	Achieved.  The group took part in National Exercise Tangaroa, a Tsunami exercise in October 2010.
	% compliance with testing programme for radios, sector kits and emergency generator.	100%	100%	100%	Achieved.  Radio tests are carried out weekly on Thursday mornings by volunteers. Sector kits

**Council Activity: Emergency Management**

					were all checked and recorded during 2010-11.  Emergency generator was checked and test runs were carried out during the period.
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 2010	October 2010	September 2010	Achieved.  The operation was completed on 25 September 2010.
	Number of registered Rural Fire force members.	40	43	51	Achieved.  During the period we had 51 Rural Fire Force members registered.
	% of registered Rural Fire force members who have completed their Fire Fighter Unit Standards.	70%	70%	70%	Achieved.  70% of the registered Fire Force members achieved the fire ground unit standard 3285.
	% of Rural Fire Force members who have attended at least 50% training events.	50%	60%	45%	Not achieved.  All Fire Force members are volunteers whose family and work commitments must take precedence. This issue has increased with the downturn in the economy with volunteers finding it harder to get away from work and family commitments.
	% of 3 monthly checks on water way equipment and vehicles completed.	70%	75%	50%	Not achieved.  All Fire Force members are volunteers whose family and work commitments must take precedence.
	% of two yearly pressure tests carried out on pumps, hose and water way equipment.	100%	100%	100%	Achieved.
	Timeliness for completion of the annual vehicle maintenance.	November 2010	November 2010	December 2010	Not achieved.  Two appliances were serviced in December instead of November. This was as a result of the replacement of the Ward water tanker.
	% of changes in Fire Season status advertised.	100%	100%	100%	Achieved.

**Council Activity: Emergency Management**

	2010-11	2010-11	2009-10
<b>Activity: Emergency Management</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>
Operating costs	671	639	791
<b>Operating surplus - transferred to reserves</b>	<b>60</b>	<b>40</b>	<b>-</b>
	<b>731</b>	<b>679</b>	<b>791</b>
<b>Funded by</b>			
Rates	568	561	596
General Revenues Applied	69	69	76
Subsidies and grants	33	19	32
Other revenue	61	30	27
<b>Total revenue</b>	<b>731</b>	<b>679</b>	<b>731</b>
<b>Operating deficit - funded from reserves</b>	<b>-</b>	<b>-</b>	<b>60</b>
	<b>731</b>	<b>679</b>	<b>791</b>
Capital expenditure	<b>9</b>	<b>31</b>	<b>23</b>
<b>Funded by</b>			
Depreciation reserve transfer	<b>9</b>	<b>31</b>	<b>23</b>

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

Note 2: Capital Expenditure – There has been no significant Capital Expenditure or Capital Expenditure variances.



## 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 services. The activities all involve major capital assets, which require ongoing funding to operate, maintain and upgrade 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 9.3% of total activity expenditure.

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

### 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. The community expects reserves to be well maintained with new and replacement facilities provided 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, football 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 plans for, provides and maintains accessible and safe public toilets at appropriate locations throughout the District. The current quantity of public conveniences provided 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 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 are discussed with the Council to assist short and long term decision making.

**Regional Aquatic Centre Redevelopment**

Council has commenced the redevelopment of the regional aquatic centre in Blenheim, which is due to be completed at the end of 2011. By July 2011 the following progress has been made:

Stage 1: The project was handed over to the Stadium Trust on 20 June 2011. This stage of the development includes the new leisure pool, new toddler pool and the new 10 lane 25 metre competition pool. Complementing the three new pools are the new changing room facilities which have also been completed and received by the Trust.

Stage 2: Refurbishment is now under way to the existing 25 metre pool and existing learn to swim pools. These areas are supported by a new sauna, steam room and spa pool.

Linking the existing Stadium to the aquatic facility has commenced and the construction of the outdoor pool construction is well underway. Site works will commence in October 2011.

The total expenditure as at June 2011 was \$12.0 M. The total budget is \$14.9 M, with the final handover to the Stadium Trust scheduled for December 2011.

**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	LTCCP Baseline	Target	2010-2011 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	7.8	Achieved.
Provide up to date relevant information to residents.	Number of newspaper articles.	8	>12	21	Achieved.
	% of changes to sport park availability advertised by 11.00 am each day.	90%	95%	40%, being 26 entries before 11.00 am. 39 entries after 11.00 am	Not achieved. An early wet winter meant that closures and cancellations started early in the sports season frustrating users. Following discussions with sports associations, decisions

## Council Activity: Community Facilities

					on closing the fields to play or practice was left as long as possible into the day so important games or practices could be transferred to less affected fields. This process takes time and planning, thus delaying the notification of closures and cancellations.
	% of public maps and brochures are updated within one month of significant change in facilities.	New measure	90%	See comments	Not achieved.  The Council produces 10 brochures updated on regular basis. The maps and brochures are updated twice a year as a result of exhausted supplies or reviews. The date that initiates the update for significant changes in facilities 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	10	Achieved.
Provide a selection of cemetery services that meet the commemorative needs of the community.	Number of plots available annually for burials.	214	Up to 300	2217	Achieved.  Additional plots and the extension of Picton Cemetery was undertaken during the year.
	% compliance with maintenance contract specifications.	95%	95%	95%	Achieved.
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%	79%	Not achieved.  11 out of 14 Blenheim toilets are compliant. Target to include satellite toilets during 2011-12.
Maintenance of the District's reserves, gardens and amenities	% compliance with the maintenance contract specifications.	90%	95%	100%	Achieved.
Provide reserves and amenities which are perceived as "Safe"	% of graffiti at reserves and amenities removed within 24 hours of identification.	50%	95%	89%	Not achieved.  190 out of a total of 214 were removed within 24 hours. The Community Max programme ceased operation therefore graffiti removal is not resourced

## Council Activity: Community Facilities

					to the same level.
	% of new reserves, public conveniences and reported problem areas that receive a Crime Prevention through Environmental Design (CPTED) Audit.	70%	100%	See comments	Not applicable. No new schemes requiring CPTED Audit.
	Number of material (ie; moderate probability of injury) deficiencies identified by Playground Safety audits.	5	<5	1	Achieved.
	% of significant Playground Safety audit recommendations actioned within one month.	90%	90%	100%	Achieved.
Provide strategic planning for reserves and amenities within the district.	% of reserves with Management Plans as required under the Reserves Act.	0%	40%	51%	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%	77%	Not achieved. Majority were from community groups not commissioning work, and others were due to non-favourable weather conditions or limited funds.
	% of improvement works included in the Annual Plan achieved.	New measure	80%	38%	Not achieved. Most improvements works not achieved were due to the relocation of budgets through the land subdivision reviews.



<b>Activity: Community Facilities</b>	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</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>			
Cemeteries	430	464	432
Halls	200	211	261
Public Conveniences	612	647	654
Reserves	4,065	3,558	5,772
Swimming Pools	2,274	771	488
<b>Total operating costs</b>	<b>7,581</b>	<b>5,651</b>	<b>7,607</b>
<b>Funded by</b>			
Rates	4,708	4,639	4,466
General Revenues Applied	534	535	531
Subsidies and grants	15	10	11
Other revenue	221	175	213
<b>Total revenue</b>	<b>5,478</b>	<b>5,359</b>	<b>5,221</b>
<b>Operating deficit - funded from reserves</b>	<b>2,103</b>	<b>292</b>	<b>2,386</b>
	<b>7,581</b>	<b>5,651</b>	<b>7,607</b>
<b>Capital expenditure</b>			
Cemeteries	192	103	93
Halls	-	10	7
Public Conveniences	225	155	204
Reserves	2,002	1,427	5,457
Swimming Pools	7,075	4,020	3,844
<b>Total capital expenditure</b>	<b>9,494</b>	<b>5,715</b>	<b>9,605</b>
Debt repayment	109	123	560
	<b>9,603</b>	<b>5,838</b>	<b>10,165</b>
<b>Funded by</b>			
Depreciation reserve transfer	113	435	71
Other reserve transfers	9,216	5,170	9,504
New loans	274	233	590
	<b>9,603</b>	<b>5,838</b>	<b>10,165</b>

Note 1: Explanation of cost of service variance:

- o Reserves operating variance due to installation of water backflow prevention devices in high risk reserves; slip remediation at Queen Charlotte Drive lookout and Endeavour Park sports design.
- o Swimming pools operating variance due to write off of demolished facilities at Marlborough Aquatic Centre (integral to redevelopment project).

Note 2: Significant Capital Expenditure:

- o Reserves – Capital Expenditure on Picton waterfront redevelopment (\$967,000).
- o Swimming pools – Capital Expenditure on Marlborough Aquatic Centre upgrade (\$7.064 M).

Note 3: Significant Capital Expenditure variances:

- o Swimming pool capital variance due to ongoing construction of the Marlborough Aquatic Centre upgrade funded from reserve transfers. \$5.176 M was carried over from 2009-10 and the remaining budget has now been carried to 2011-12, completion is expected in late 2011.
- o Reserves variance due to Picton waterfront development carried forward from previous year.

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

## ACTIVITY: LAND TRANSPORT

Operating costs of this activity represents 28.2% 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. Council operates a bus service around Blenheim.

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 2006 – 2010 report for the five year period was released in August 2011 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 both Maintenance Contracts. Within the Contract, the System provides a methodology to enhance safety on the network.

Crashes are showing a reducing trend from 2007 to 2010 in both rural and urban areas; however the ratio of fatal and serious crashes has increased.

Council reports on the number of vehicle crashes per year involving injury where contributing factor is "road condition". All data from crashes attended by Police is held on the NZTA Crash Analysis System (CAS). As there is sometimes delays in the information being forwarded from Police and loaded on the system, there can be up to a three month delay in this information being available.

A CAS search undertaken on 12 August 2011 showed that there had been two crashes where road condition was determined as a causative factor. One was caused by loose gravel on the road and the other by vegetation causing visibility problems.

Each year, Council receives funding assistance from NZTA to undertake physical safety improvements to the value of 8% of the basic programme, around \$730,000 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 it is able to influence, within the budget available. A significant focus is in place to ensure safety is maintained through good quality pavements that are required to be free of large 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.

The current AMP Plan was produced in 2009 and is under review with due date for completion being 30 September 2011.

### **Safety Audits**

NZTA undertook a RISA audit in 2010. This audit identifies improvements which can be made across our network and will assist in developing programmes to ensure a consistency across our network and to provide levels of service comparable to elsewhere in NZ. The Marlborough Roads safety engineer undertook a post-construction audit of the Aotea Saddle seal extension. Regular audits are undertaken of traffic services by area maintenance contractors and consultants and include adequacy of road marking, delineation and signage. Marlborough Roads also undertakes audits of all fatal crashes and some serious crashes.

## 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 414,000 m<sup>2</sup> and delivered 373,024m<sup>2</sup> in 2010-2011 offset by an increased need for thin asphaltic surfacings (TAS);
- (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 40,756m<sup>2</sup> - offset by increased need for metalling of unsealed roads and TAS. Also some thicker pavements were required thus reducing the area that was able to be sealed.
- (c) Metalling of unsealed roads (planned 17,000 m<sup>3</sup> and delivered 19,190 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 manage 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, e.g.: grading.

The Rooding Asset Management Plan comments on the Quality and Level of Service to be provided.

“A quality rooding network providing easy and pleasant travel for all classes of road users should be provided. Assets will be of an acceptable condition and will comply with relevant standards prescribed for assets and the network”.

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

## Smooth Travel Exposure (STE) for Sealed Roads

Smooth Travel Exposure is the percentage of vehicle kilometres travelled on roads meeting a certain roughness standard. This indicator shows the extent to which Council has maintained the road asset. It records travel on the rooding network which meets the roughness benchmarks therefore providing a measure of delivery of a safe and comfortable ride. Well maintained roads contribute to lower operating costs for road users.

The Marlborough values compare favourably with peer agencies.

## Road Projects

- During the year a Road Infrastructure Safety Assessment (RISA) was carried out by NZ Transport Agency. One of the main recommendations was that Council should invest in improving delineation on higher volume rural roads. That is more and better road marking such as centre lines and edge lines and improved signage and edge marker posts.
- Three bridge replacement projects were completed during the year. These bridge replacements were Birdlip, Heringa and Silverstream.
- The Kenepuru Seal Extension was not completed as the contractor went into receivership during the project. Preliminary works (drainage, geometrics, sub-base preparation) were completed under the contract.

Of necessity, a decision to defer retender of the work was made following the appointment of receivers. Marlborough Roads proposes to go to tender in October 2011. Tendered contract rates are expected to be higher than previously received which along with re-work will increase costs beyond the original budget. This is requiring a review of the work scope and/or budget.

- During December 2010 Marlborough suffered a huge storm followed by two smaller events in May and June. These events caused in excess of \$5m of damage to district roads. This work was 90% completed during the 2010-11 financial year.

## Levels of Service: Land Transport

Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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".	6.0	6.1	6.7	Achieved.  Resident satisfaction sub-scores: <ul style="list-style-type: none"> <li>Sealed roads 6.8</li> <li>Unsealed roads 6.0</li> <li>Footpaths 6.8</li> <li>Street lighting 7.4</li> <li>Car parking 6.7</li> </ul>
Provide a safe transport infrastructure.	Number of vehicle crashes per year involving injury where contributing factor is 'Road Conditions'.	3	<4	2	Achieved.  Analysis of crashes in the 2010-11 financial year on the national crash database identifies:  Two injury crashes on the local road network where attributing factor were road conditions. One was loose material on the road, and one visibility obscured by vegetation.
Provide a quality transport infrastructure.	Average road roughness standards for:				
	<ul style="list-style-type: none"> <li>Urban sealed roads.</li> </ul>	97	<100	109	Not achieved.
	<ul style="list-style-type: none"> <li>Rural Sealed roads.</li> </ul> <p>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).</p>	86	<90	96	The process of how roughness is measured is changing to align with the revised performance indicators in the Roothing Asset Management Plan.  Busier roads (>500vpd <sup>1</sup> ) achieved the targets. However, the score reflects the average roughness of all urban and rural roads. The comparative scores for 2010 were 110 and 96 respectively.
	Smooth Travel Exposure				
	<ul style="list-style-type: none"> <li>Urban Sealed roads</li> </ul>	79%	79%	95%	Achieved.
	<ul style="list-style-type: none"> <li>Rural Sealed roads</li> </ul> <p>NB: this measure takes roughness and adjusts it for traffic volumes.</p>	94%	94%	96%	Council uses National Association of Australian State Road Authorities (NAASRA) Standards based on a roughness count <150.
	District Surface Condition Index.	18	<18	22.5	Not achieved.  The Roothing Asset Management

<sup>1</sup> VPD = Vehicles per day.

	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.				Plan is trying to achieve maximum life from surfacing treatments. This causes the Surface Condition Index to rise above the targeted value of 18.  A more appropriate measure would be a Condition Index <5 which looks at pavement defects, eg: potholes, flushing, rutting etc but does not get affected by over-age surface treatments.  The 2010-11 Surface Condition Index for all roads is five.
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 for:				
	1. Kerbside	59%	<70%	65%	Achieved.
	2. Off Street	79%	<85%	70%	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 90%.</li> <li>Clubs of Marlborough Car Park has an average measured occupancy of 55%.</li> </ul> Combined with all other off-street parks, there is currently sufficient parking for the majority of the time.
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.
	% of renewal and improvement works included in the Land Transport Asset Management Plan achieved.	95%	95%	95%	Achieved. <sup>2</sup>

<sup>2</sup> The renewal programmes needed to be adjusted to meet network demands. The area of chip seal reseals was reduced as there was a demand for an increased level of Thin Asphaltic Surfacing (TAS).

The area of AWPT was reduced as there was a need for metalling of unsealed roads, TAS and also when design work was being done for AWPT it became evident increased pavement depths were required thus reducing the area of AWPT that could be achieved.

The proposed seal extension on the Kenepuru Road was not completed as the contractor went into receivership during the contract.



<b>Activity: Land Transport</b>	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</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>			
Parking	1,710	1,737	1,321
Roading	21,230	16,137	16,152
<b>Total operating costs</b>	<b>22,940</b>	<b>17,874</b>	<b>17,473</b>
<b>Operating surplus - transferred to reserves</b>	<b>-</b>	<b>994</b>	<b>1,794</b>
	<b>22,940</b>	<b>18,868</b>	<b>19,267</b>
<b>Funded by</b>			
Rates	9,027	8,936	8,770
General Revenues Applied	1,129	1,132	1,149
Subsidies and grants	8,908	5,295	5,661
Other revenue	2,457	3,505	3,687
<b>Total revenue</b>	<b>21,521</b>	<b>18,868</b>	<b>19,267</b>
<b>Operating deficit - funded from reserves</b>	<b>1,419</b>	<b>-</b>	<b>-</b>
	<b>22,940</b>	<b>18,868</b>	<b>19,267</b>
<b>Capital expenditure</b>			
Parking	8,329	4,225	1,875
Roading	6,402	7,727	6,497
<b>Total capital expenditure</b>	<b>14,731</b>	<b>11,952</b>	<b>8,372</b>
Debt repayment	416	470	2,838
	<b>15,147</b>	<b>12,422</b>	<b>11,210</b>
<b>Funded by</b>			
Depreciation reserve transfer	3,152	7,618	2,619
Other reserve transfers	5,716	1,060	7,591
Asset disposals	-	551	600
New loans	6,279	3,193	400
	<b>15,147</b>	<b>12,422</b>	<b>11,210</b>

Note 1: Explanation of cost of service variance – Roothing operating costs include additional emergency reinstatement works (\$4.68 M) which has attracted additional subsidy revenue of \$3.05 M. Other revenue variation due to vested assets (\$436,000) and miscellaneous contributions (\$613,000) which is offset by a reduction in capital expenditure on Kaiuma Bay Road (\$666,000).

Note 2: Significant Capital Expenditure:

- o Parking includes construction of Alfred Street carpark building (\$6.2 M) and the transfer of Wynen Street properties previously identified as intended for sale (\$2.05 M).
- o Roothing includes renewals as per Asset Management Plan (\$5.21 M); seal extensions (\$286,000); Kaiuma Bay Road upgrade (\$152,000 cost share with developer) and vested assets (\$188,000).

Note 3: Significant Capital Expenditure variances:

- o Parking variances relate to proposed development in Wynen Street not proceeding and construction costs for Alfred Street carpark building (funded by 2009-10 budget carry over).
- o Roothing variations are due to deferrals of Northbank Road major rehabilitation (\$250,000); Jacksons/Old Renwick Road intersection improvements (\$640,000) and Kaiuma Bay Road upgrade (\$666,000 – works being undertaken by developer under a cost share arrangement with Council).

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

## ACTIVITY: RIVERS AND LAND DRAINAGE

Operating costs of this activity represents 5.1% 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 areas 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 the 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.

**Actual Floods and Protection Plan**

The region experienced two significant flood events in 2010-11. They were the events of 28 December 2010 and 26 May 2011. The events caused high river flows in the Wairau and north bank tributaries, and in the Pelorus catchment and tributaries. In the December flood event 13 houses were flooded at Canvastown and two houses in the Onamalutu Valley. Both flood events were comprehensively reported to the Assets & Services Committee of Council.

In both events the comprehensive flood protection and drainage systems on the Wairau floodplain comfortably coped with the flows and flooding was kept within design corridors. The Pelorus and Wakamarina (Canvastown) catchments experienced extensive flooding. No comprehensive flood scheme exists for these catchments, however Council has agreed to explore some simple flood reduction measures that Canvastown residents can take to reduce future flood risks to their homes.

Extensive channel clearing work was completed in the Onamalutu, Waikakaho and other north bank streams following the December flood event to remove forestry debris and similar blockages. A small section of stopbank was also constructed adjacent to the Onamalutu to protect the two houses where water entered in December. The 26 May event caused few problems in these streams.

Council has committed significant capital funding to progress improvements to the Waitohi culvert inlet in Picton, to undertake improvements to flood capacity in the lower Wairau River and in the Riverlands floodway and to commence upgrading of the key storm water pump stations serving Blenheim.

**Levels of Service: Rivers and Land Drainage**

Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	5.8	Not achieved.  The theme of the negative comments received were in respect of maintenance where a higher number (53) felt there was a lack of/poor maintenance. In contrast there were almost 200 positive comments about the service.
Provide a sustainable flood protection service.	% of programmed maintenance and renewal works in the Rivers Asset Management Plan achieved.	New measure	90%	98%	Achieved.  Maintenance programme materially completed, including flood damage repairs.
	% of improvement works included in the Rivers Asset Management Plan achieved.	New measure	80%	31%	Not achieved.  Capital improvement works were delayed due to detailed design and land access agreements taking longer than anticipated.
To monitor, maintain and upgrade flood-	% of the floodway network inspected within 2 weeks of	100%	100%	See comments	Not achieved.  Council only inspects the

## Council Activity: Rivers and Land Drainage

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.	a flood event.					floodway network if the flood event is significant (ie: one in every five years). Full inspections of the floodway network were completed after both 28 December 2010 and 26 May 2011 flood events. Council did not have systems in place to record the timeliness of inspections in the 2010-11 year, however inspections were done within six weeks and reported to Assets and Services Committee.
	% of the floodway network inspected by way of routine inspection annually.	New measure	90%	See comment		Not achieved.  Inspection of floodway network completed by way of flood inspection and routine condition check. Council is in the process of developing a system to record the percentage of the floodway network inspected.
	% of remedial works post a flood event completed within 6 months of the event.	New measure	95%	95%		Achieved.  Remedial works materially completed following both December 2010 and May 2011 flood events. Final repairs to Spring Creek floodgates and Grovetown pump station will be completed by December 2011.
	% of serious deficiencies identified as part of a routine inspection addressed within 1 month of identification.	New measure	95%	100%		Achieved.  Marris Creek outlet unblocked and temporary floodgate repairs completed.  Grovetown pump #2 floodgate repaired within 48 hours.
Effective Drains and Pumping stations are maintained.	% of drains and pumping stations inspected at least annually.	100%	100%	100%		Achieved.  Drain annual inspections completed, routine pump station inspections completed by contractor. Annual electrical and mechanical inspections also completed.
	% of deficiencies, particularly the clearance of weed, actioned within 6 months of identification.	90%	90%	99%		Achieved.  Drainage network maintained to a high standard. However there is a 500m section on the Pukaka Drain where maintenance is affected by property access issues.
River channels for tributaries of the Wairau floodplain will be kept as clear of trees and debris as economically	% of public concerns investigated and receiving an initial response within 48 hours.	New measure	95%	See comment		Not achieved.  The majority of initial responses were made within 48 hours, including after each of the December 2010 and May 2011 flood events.

## Council Activity: Rivers and Land Drainage

practical.	% of courses of action agreed post investigation implemented in the timeframe agreed.	New measure	90%	100%	Achieved. All agreed work were completed.
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. No complaints received by Council or identified by staff reached the threshold of "liability consequences" in year ending June 2011.

<b>Activity: Rivers and Land Drainage</b>	2010-11 Actual	2010-11 Budget	2009-10 Actual
<b>Cost of Services</b>	\$000's	\$000's	\$000's
<b>Operating costs</b>			
River Leases	212	196	281
Rivers Outside Wairau Floodplain	230	250	139
Wairau Floodplain Drainage	716	703	713
Wairau Floodplain Rivers	2,984	3,030	2,914
<b>Total operating costs</b>	<b>4,142</b>	<b>4,179</b>	<b>4,047</b>
<b>Operating surplus - transferred to reserves</b>	<b>3,061</b>	<b>3,014</b>	<b>3,127</b>
	<b>7,203</b>	<b>7,193</b>	<b>7,174</b>
<b>Funded by</b>			
Rates	3,532	3,448	3,331
General Revenues Applied	33	33	22
Other revenue	3,638	3,712	3,821
<b>Total revenue</b>	<b>7,203</b>	<b>7,193</b>	<b>7,174</b>
<b>Capital expenditure</b>			
Rivers Outside Wairau Floodplain	389	820	249
Wairau Floodplain Drainage	184	450	100
Wairau Floodplain Rivers	407	520	712
<b>Total capital expenditure</b>	<b>980</b>	<b>1,790</b>	<b>1,061</b>
Debt repayment	6	32	-
	<b>986</b>	<b>1,822</b>	<b>1,061</b>
<b>Funded by</b>			
Depreciation reserve transfer	35	77	-
Other reserve transfers	533	545	1,001
New loans	418	1,200	60
	<b>986</b>	<b>1,822</b>	<b>1,061</b>

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

Note 2: Significant Capital Expenditure and variances:

- Rivers outside Wairau floodplain – Waitohi culvert entry improvements delayed following consultation with KiwiRail regarding site access.
- Wairau floodplain drainage – town branch drain upgrade delayed while landowner negotiations continue and design is finalised.

Note 3: All debt and associated repayments relate to internal borrowings.



## ACTIVITY: WASTEWATER - (SEWERAGE)

Operating costs of this activity represents 9.3% of total activity expenditure.

Outcome	Related Community Outcomes
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, Renwick and Spring Creek 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 STP was fully completed in time for the peak of trade waste disposal during the 2010 grape harvest. Resource consent and designation has been granted for the disposal of a portion of the final effluent to land, the construction of a wetland and a new outfall for the Blenheim plant. The tertiary treatment will improve final effluent quality and in particular problems of a high Biochemical Oxygen Demand (BoD) and suspended solids carried in the final effluent to the receiving waters. Design works are progressing well. Construction is expected to commence during 2012 and works continue over the next two years.

Resource consent has also been granted for a new outfall for Picton STP which is due for completion in 2012-13. Detailed mathematical models are being developed for the Picton STP reticulation to facilitate upgraded designs to increase capacity and decrease the current risk of overflow.

Effluent from Spring Creek STP has been piped to the inlet of Blenheim STP and the outfall decommissioned.

There are continuing efforts to identify and remedy inflow and infiltration to the network to avoid peak surges and potential overflows of ingress of groundwater. Intermittent surge in loads to Havelock STP has caused operational problems. Staff have investigated the problem and are working with local businesses to manage these.

## Levels of Service: Wastewater - (Sewerage)

Performance Targets (for the financial year)

Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	8.2	Achieved.
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.	99.5%	100%	95.8% <sup>3</sup>	Not achieved.  (See notes above on Blenheim STP upgrade).  Picton STP continues to perform to a high standard.
Provide a reliable wastewater service with adequate system capacity and	Number of overflows in the entire system resulting from a 1 in 2 year storm.	0	0	15	Not achieved.  (See note above on Picton STP).

<sup>3</sup> Blenheim and Picton STP only. The resource consents for Blenheim domestic, Blenheim industrial and Picton STP have defined and measurable limits to the following effluent parameters – suspended solids, pH, Biochemical Oxygen Demand (five days), faecal coliform and enterococci. The performance indicator is a flow proportion measure of these parameters only. All STPs (Blenheim, Picton, Seddon and Havelock) have resource consents with comprehensive conditions controlling the environmental impacts of the plants. This parameters are monitored and reported to the Regulatory Department in an annual report. The report includes the conditions without numeric limits that have not been included in calculating the performance measures. The report for each resource consent is being prepared by Council's consultant as at 30 June 2011.

**Council Activity: Wastewater (Sewerage)**

performance.	Number of identified blockages occurring per 100 km of sewer main per year (main pipeline blockages only).	34	<35	7.2	Achieved.
Provide a service that is timely and responsive to customer needs.	% of unplanned service interruptions or blockages responded to within two hours.	95%	98%	Not available	Not achieved. July 2010 to February 2011.
				100%	Achieved. <sup>4</sup> February to June 2011.
	% of toilet facilities restored to all customers affected by unplanned interruptions within 6 hours of notification or alternative facilities provided.	100%	100%	100%	Achieved. <sup>5</sup>
Provide a sustainable wastewater service.	% of programmed maintenance and renewal works in the Wastewater Asset Management Plan achieved.	New measure	90%	92.2%	Achieved.
	% of improvement works included in the Wastewater Asset Management Plan achieved.	New measure	80%	50%	Not achieved. Eight major capital works were planned for 2010-11. Six of these were commenced with four completed and two ongoing. Two have been deferred due to the slow down in subdivision growth.

<sup>4</sup> A database information system was introduced in February 2011. In order to improve records of customer calls (customer details, time of receipt, severity, time of response). All calls entered into the new system (10 work requests) met the response target. Prior to the introduction of the new system there were 11 work requests logged. Operational practices have not changed through the year.

<sup>5</sup> 23 incidents in total. One incident took 7 hours 30 minutes to resolve. Partial service was restored within the target time and MDC staff were on-site throughout the incident and were able to offer an alternate service. Services in Havelock were disrupted due to power failure during the storm of 28 December 2010 and no road access for emergency response.

## Council Activity: Wastewater (Sewerage)

Activity: Wastewater (Sewerage)	2010-11	2010-11	2009-10
	Actual	Budget	Actual
Cost of Services	\$000's	\$000's	\$000's
<b>Operating costs</b>			
Combined	6,660	7,766	5,558
Riverlands	930	-	1,085
<b>Total operating costs</b>	<b>7,590</b>	<b>7,766</b>	<b>6,643</b>
<b>Operating surplus - transferred to reserves</b>	<b>476</b>	<b>656</b>	<b>2,194</b>
	<b>8,066</b>	<b>8,422</b>	<b>8,837</b>
<b>Funded by</b>			
Rates	6,616	6,449	6,288
Other revenue	1,450	1,973	2,549
<b>Total revenue</b>	<b>8,066</b>	<b>8,422</b>	<b>8,837</b>
<b>Capital expenditure</b>			
Combined	2,327	2,967	6,315
Riverlands	231	-	585
<b>Total capital expenditure</b>	<b>2,558</b>	<b>2,967</b>	<b>6,900</b>
Debt repayment	858	985	4,558
	<b>3,416</b>	<b>3,952</b>	<b>11,458</b>
<b>Funded by</b>			
Depreciation reserve transfer	2,092	1,615	3,032
Other reserve transfers	1,093	1,337	7,273
New loans	231	1,000	1,153
	<b>3,416</b>	<b>3,952</b>	<b>11,458</b>

Note 1: Explanation of cost of service variance – Operating cost variations are due to the Riverlands Industrial sewer scheme being accounted separately, whereas budgets were included under combined schemes.

Note 2: Significant Capital Expenditure – Blenheim sewer treatment plant domestic upgrade (\$452,000); Sheffield Street sewer pump station (\$382,000); Picton trunk sewer upgrades (\$367,000); Picton sewer pipeline renewals (\$570,000); and Riverlands industrial treatment plant upgrade (\$231,000).

Note 3: Significant Capital Expenditure variances are due to delays in design and consenting of the Picton sewer outfall renewal and Blenheim sewer treatment pond upgrade. Riverlands Capital Expenditure was budgeted under combined schemes.

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

## ACTIVITY: STORMWATER

Operating costs of this activity represents 1.8% of total activity expenditure.

Outcome	Related Community Outcomes
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.

Stormwater systems must provide effective drainage of urban and residential areas, but must not convey pollutants from the drainage area to the natural environment.

The Blenheim Stormwater Strategy is a major new initiative expected to be published in 2011-12 to provide a structure for improvement to the management of the quantity and quality of stormwater for the future. New resource consents will be put in place which will monitor urban stormwater discharges to the environment and provide a framework for control. Similar strategies are likely to be developed for other drainage systems in the future.

## Response to stormwater drainage problems

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 (e.g. clearing any drain blockages) and/or protecting the property (e.g. sandbagging). Lower priority calls are responded to as soon as possible and appropriate action is taken. Some public roads and open spaces are designed to be secondary flow paths or detention areas to accommodate overflow waters from the reticulation during extreme events. These are drained as soon as possible as it may cause inconvenience and generate calls from our customers.

Calls about stormwater drainage are received through the year, and are risk assessed, prioritised and responded to according to severity and potential for damage. A new information system was introduced in February 2011 to more accurately report and monitor customer calls and subsequent response times. Prior to February the initiation time of a customer call was not reliably or consistently recorded.

A number of short duration, high intensity storms were experienced in 2010-11. A storm in the early hours of 28 December 2010 was much more severe than forecast in the north of Marlborough. Road, telephone and power links to Havelock and other settlements were severed during the storm. Lack of communication hampered the affected population in requesting assistance and made it difficult for crews, dispatched from Blenheim, to get access as SH 6 was blocked with a landslip and debris for several hours. Repair crews were mobilised and worked hard for long hours to reinstate services and provide emergency relief. The MDC Customer Call Centre was overwhelmed by the rapid and unpredicted onset of the storm and records of the event are incomplete. Subsequent performance measures are accurate as they can be under these circumstances.

Other significant storms were experienced on 21 December 2010 and 11 May 2011. There were lesser events in September and October in 2010.

<b>Levels of Service: Stormwater</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>LTCCP Baseline</b>	<b>Target</b>	<b>2010-2011 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	6.6	6.9	Achieved.
Minimise the environmental risks of stormwater discharge.	Number of reported events that do not comply with their relevant stormwater discharge resource consent.	30	<30	Two proven.  One probable.  Four unknown.	Achieved.  Two contaminated water complaints were traced to pollutants entering the stormwater system. The source of five other intermittent incidents could not be adequately traced.
Provide a reliable stormwater service.	% of properties that meet the following stormwater system capacity targets: <sup>6</sup>				
	• No surface flooding with a five year return period causing nuisance to property, roads and public open space.	95%	96%	99% <sup>7</sup>	Achieved.
	• No surface flooding	95%	96%	98% <sup>8</sup>	Achieved.

<sup>6</sup> Excepting flooding that results from poor management of the overflow path on private property.

<sup>7</sup> Refers to storm of 21 December for Picton, Blenheim and Spring Creek.

<sup>8</sup> Refers to storm of 28 December in Havelock.

	with a 10 year return period causing nuisance to important recreational fields and roads without alternative access.				
	<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%	See comment	Achieved. No storm of this magnitude in reticulated stormwater areas.
	<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%	See comment	Achieved. No storms of this magnitude in reticulated stormwater areas.
	<ul style="list-style-type: none"> <li>No more than one blockage per 15 km of stormwater main per year.</li> </ul>	1	1	0.65	Achieved.
Provide a service that is timely and responsive to customer needs	% of complaints responded to within: <ul style="list-style-type: none"> <li>One hour if floodwater is a threat to the dwelling</li> <li>48 hours for other complaints.</li> </ul>	95%	95%	Not available (for complaints on the flood events)	Not achieved. July 2010 to June 2011. <sup>9</sup>
				100% (for non urgent complaints)	Achieved. February to June 2011. <sup>10</sup>
Provide a sustainable stormwater service.	% of programmed maintenance and renewal works in the Water Supply Asset Management Plan achieved.	New measure	90%	64.3%	Not achieved.  The delay in projects was due to resource consent landowner issues.
	% of improvement works included in the Water Supply Asset Management Plan achieved.	New measure	80%	50%	Not achieved.  The largest project budgeted for 2010-11 was Renwick mains installation (85%). This was not commenced due to the insufficient resources. Two of the other three projects were completed.

<sup>9</sup> Recording systems have been improved during the year to better capture the response time information. In a flood event the Incident Management Centre activates an emergency customer call registration system. In some instances feedback from site was not available or not accurately recorded. Processes are being improved to ensure accurate response/reconciliation information is returned from the field during difficult circumstances of a flood event. There were 34 complaints received on the flood events in the 2010-11 year.

<sup>10</sup> A customer call registration system was introduced in February 2011 for non-emergency stormwater incidents and has provided useful data for the second half of the year. Prior to this the system did not capture the time of the customer complaint and it has not been possible to report the response time accurately.



Activity: Stormwater	2010-11 Actual	2010-11 Budget	2009-10 Actual
Cost of Services	\$000's	\$000's	\$000's
<b>Operating costs</b>			
Blenheim	993	1,045	1,008
Picton	328	321	321
Other Schemes	169	199	156
<b>Total operating costs</b>	<b>1,490</b>	<b>1,565</b>	<b>1,485</b>
<b>Operating surplus - transferred to reserves</b>	<b>193</b>	<b>343</b>	<b>468</b>
	<b>1,683</b>	<b>1,908</b>	<b>1,953</b>
<b>Funded by</b>			
Rates	1,401	1,387	1,291
General Revenues Applied	178	178	172
Other revenue	104	343	490
<b>Total revenue</b>	<b>1,683</b>	<b>1,908</b>	<b>1,953</b>
<b>Capital expenditure</b>			
Blenheim	73	415	293
Picton	54	34	-
Other Schemes	35	301	220
<b>Total capital expenditure</b>	<b>162</b>	<b>750</b>	<b>513</b>
Debt repayment	225	232	1,729
	<b>387</b>	<b>982</b>	<b>2,242</b>
<b>Funded by</b>			
Depreciation reserve transfer	287	349	308
Other reserve transfers	100	343	1,934
New loans	-	290	-
	<b>387</b>	<b>982</b>	<b>2,242</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 in Blenheim are due to vested assets (\$248,000) and pipeline renewals (\$50,000). Other stormwater upgrades in Renwick have been delayed while concerns over discharge into Gibsons Creek are addressed (\$280,000).

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

## ACTIVITY: WATER SUPPLY

Operating costs of this activity represents 10.2% of total activity expenditure.

Outcome	Related Community Outcomes
Residents have access to a safe and reliable water supply.	Environmental sustainability and 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 2011-12. No water restriction during the 2010-11 year.
Havelock	No	Yes.
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.

In Blenheim, a new \$4M disinfection plant and water storage facility was commissioned at Middle Renwick Road. Construction started at the Central Water Treatment Plant which will be commissioned in the spring of 2011. Treatment upgrades for the Picton supply at Essons Valley have commenced and will be commissioned in September 2011 to meet drinking water standards.

The Awatere supply water supply area has opted for a MIOX water disinfection system that will improve water quality as an interim measure to meet the Drinking Water Standards. Plans are progressing through public consultation to meet the standards in this and other settlements, although the costs burden of the capital works is a significant barrier to public consensus in small local communities.

## Capacity

Council is continuing public consultation in Picton community to consider the options of water use management or significant investment in a new source to meet rising demand.

In the lights of general increasing demand for water supplies, new sources and engineering solutions are being sought. However, the costs of these schemes may be too high for the communities and therefore water management alternatives (e.g. water metering, leakage control, rainwater harvesting, 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. Initial investigation of bores in Grahams Valley were unproductive. Further investigation and tests may be undertaken as the next most likely water source for Picton is the Wairau aquifer near to Spring Creek, although the costs of piping water from this source are likely to be prohibitive. The construction of a new storage facility at Havelock has been completed and provides additional security of supply.

## Levels of Service: Water Supply

### Performance Targets (for the financial year)

Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	6.6	8.0	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 determinant of Drinking Water Standards NZ (DWSNZ) as measured by number of samples required by the DWSNZ.	98%	98%	99.85%	Achieved. <sup>11</sup>
Provide a reliable water supply service.	% compliance with the following water system capacity and peak demand targets: <ul style="list-style-type: none"> <li>• 4 m<sup>3</sup>/day per property.</li> <li>• 4 m<sup>3</sup>/day per 800 m<sup>2</sup> for commercial and industrial zones where the section size is greater than 800 m<sup>2</sup> target.</li> <li>• An additional 50 l/ha/day for rural schemes for stock.</li> </ul> Minimum water pressure of 300 kPa. for new subdivisions.	95%	97%	99.7% <sup>12</sup>	Achieved.  Models shows that approximately only 35 properties in Picton may fall below minimum pressure during peak hour demand.

<sup>11</sup> During the year a total of 2,045 water quality samples were taken in accordance with the programme agreed with the Medical Officer of Health. E-Coli was detected in three samples but the immediate follow-up sampling could not find any further evidence of contamination. The failed samples were probably due to sampler error. Samples could not be analysed on 27 and 28 December as the road was closed to Nelson laboratories. Samples from Awatere Valley, Seddon and Dashwood are excluded from the calculation. Water boil notice was given for the three regions.

	<p>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:</p> <ul style="list-style-type: none"> <li>• Residential Zone: 25 l/s.</li> <li>• Commercial Zone: 50 l/s.</li> <li>• Industrial Zone: 100 l/s.</li> </ul> <p>General fire conditions as per the New Zealand Fire Service Code of Practice (NZPAS 4509:2008).</p>	95%	97%	See comment	<p>Not achieved.</p> <p>Blenheim – all residential and commercial zones meet fire fighting flows. All industrial zones except one on the eastern edge of Blenheim meet industrial flow requirements.</p> <p>Picton – mathematical models show that approximately 80% of all hydrants meet the Code of Practice (CoP) standards. Some industrial and residential areas at high elevation do not deliver sufficient flow for the 2008 CoP.</p>
Provide a service that is timely and responsive to customer needs.	<p>% of service interruptions responded to within:</p> <p>30 minutes for major loss of supply creating a situation causing or likely to cause damage to persons or property.</p> <p>60 minutes for substantial leaks not falling into the first priority.</p>	98%	98%	98.2%	<p>Achieved.</p> <p>76 incidents were recorded as either critical (30 minutes response) or Important (one hour response.)</p> <p>One 'Important' incidence failed to record the response time.</p>
	<p>% of supplies restored to customers affected by an interruption within 8 hours of notification.</p>	100%	100%	100%	Achieved. <sup>13</sup>
Provide a sustainable water supply.	<p>% of programmed maintenance and renewal works in the Water Supply Asset Management Plan achieved.</p>	New measure	90%	92%	Achieved.
	<p>% of improvement works included in the Water Supply Asset Management Plan achieved.</p>	New measure	80%	58%	Not achieved. <sup>14</sup>

<sup>12</sup> Blenheim and Picton only. Advanced mathematical models exist for these two systems. 99.7% relates to the last measure. The first three measures reflect design features which Council does not have systems to report against.

<sup>13</sup> Major problems were experienced at Havelock on 28 December 2010. The severe storm brought down power lines and blocked roads, resulting in power outage and isolation. However there was sufficient stored water available from the reservoir to maintain supplies whilst engineers worked to restore the pumps.

<sup>14</sup> Twelve projects were budgeted for 2010-11. The largest two being upgrades for Blenheim's Central Water Treatment Plant and Picton's Essons Valley Treatment Plant. The construction of both is well underway with completion due by the end of 2011. Four projects including the reservoirs at Havelock, Picton, Blenheim and the upgrade of the Hardings Road pump station are completed. Of the remaining six projects, one is the Speeds Road Water Treatment Plant upgrade, with investigation well advanced but construction has been deferred. The remaining five projects are ongoing investigations and designs required prior to construction.

<b>Activity: Water Supply</b>	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</b>
<b>Cost of Services</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>Operating costs</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Awatere	544	577	559
Blenheim	4,035	4,246	3,265
Havelock	284	217	213
Picton	1,369	1,539	1,232
Renwick	374	340	282
Riverlands	259	311	239
Southern Valleys	1,380	1,396	1,473
Wairau Valley	36	37	26
<b>Total operating costs</b>	<b>8,281</b>	<b>8,663</b>	<b>7,289</b>
<b>Operating surplus - transferred to reserves</b>	<b>814</b>	<b>747</b>	<b>1,652</b>
	<b>9,095</b>	<b>9,410</b>	<b>8,941</b>
<b>Funded by</b>			
Rates	8,694	8,566	8,394
Other revenue	401	844	547
<b>Total revenue</b>	<b>9,095</b>	<b>9,410</b>	<b>8,941</b>
<b>Capital expenditure</b>			
Awatere	136	75	256
Blenheim	6,220	9,818	9,406
Havelock	414	186	59
Picton	1,208	968	2,836
Renwick	2	146	131
Riverlands	204	110	17
Southern Valleys	-	12	-
Wairau Valley	-	-	6
<b>Total capital expenditure</b>	<b>8,184</b>	<b>11,315</b>	<b>12,711</b>
Debt repayment	1,118	1,268	5,143
	<b>9,302</b>	<b>12,583</b>	<b>17,854</b>
<b>Funded by</b>			
Depreciation reserve transfer	1,798	1,859	1,689
Other reserve transfers	1,676	1,359	8,095
New loans	5,828	9,365	8,070
	<b>9,302</b>	<b>12,583</b>	<b>17,854</b>

Note 1: Explanation of cost of service variance – Revenue variance due to reduced network upgrade contributions due to declining subdivision development (\$368,000) and vested assets (\$113,000); Blenheim and Picton operating costs variances due to reduced interest and depreciation costs.

Note 2: Significant Capital Expenditure – Blenheim Central water treatment upgrade (\$5.543 M); Havelock water reservoir (\$412,000) and Essons Valley water treatment plant upgrade (\$846,000).

Note 3: Significant Capital Expenditure variances – Blenheim water reservoirs (\$1.872 M), Bomford Street and Wither low reservoirs major construction costs incurred in 2009-10.

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

## ACTIVITY: SOLID WASTE MANAGEMENT

Operating costs of this activity represents 8.6% 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.

Monitoring is undertaken at the frequencies as set down in the resource consent conditions.

While there are some trigger levels that have been exceeded these have not been on going, showing no trend toward long term impacts to the environment. There have been four occasions when trigger levels were exceeded during or immediately after extreme rainfall events (August 2008, June 2010, and twice in December 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 systems have been installed which will capture and store leachate during rainfall events to prevent this occurring in future. However a leak from the pond has allowed leachate to seep from the pond to surrounding stormwater drainage channels. The pond will be sealed during October 2011 to prevent a reoccurrence.

In summary, whilst resource consent conditions were exceeded on occasions, the cause of the breach has been identified with measures adopted to ensure it does not occur again.

## Recycling

The reduction of landfilled waste volumes in Marlborough, continues to be reduced with the community participating in the reuse of materials, and/or recycling. The Reuse Shop and Resource Recovery Centre have become the hub of recycling in Marlborough. The Reuse Shop in particular, is heavily patronised seven days per week and has a high turn over of donated goods.

The introduction of kerbside collection of recyclables in Picton and Blenheim in October 2010 has proven to be very successful with in excess of 80% of households participating weekly. Also commencing in October 2010 was the diversion of glass to Auckland for reprocessing. Currently, each month approximately 120 tonnes are processed and shipped.

80% of households in Blenheim and Picton are participating in kerbside recycling weekly. The Reuse shop has a high turnover of goods and a high number of customers daily.

## Levels of Service: Solid Waste Management

Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	7.9	Achieved.
Reduce environmental and public health risks of waste.	% of organic wastes in landfill.	20%	15%	24%	Not Achieved.  Almost 70% of the organic waste being landfilled is made up of food scraps which cannot currently be diverted because local composting facilities do not have the capacity to process them. A review of organics diversion options will commence during 2011-12.
	% of plastics in landfill. <sup>15</sup>	10%	5%	8%	Not achieved.  Just under half of the

<sup>15</sup> Target assumes the adoption of kerbside recycling.



## Council Activity: Solid Waste Management

					plastics being landfilled are non-recyclable. Council continually assess options and industry trends to improve diversion rates. A new plastics processing operation has been set up locally, and will soon enable recycling of many of these plastics in the near future.
	Number of transfer stations not having hazardous waste collection facilities transfer stations.	1	1	1	Achieved.  As of 1 July 2011 all transfer stations have hazard waste collection facilities.
	% compliance with resource consent conditions for landfill sites.	98%	99%	See comment	Not achieved.  Leaking of leachate from the upper leachate pond to the sewer ponds causes exceedances of resource consent trigger levels. The pond will be sealed to prevent further occurrences. The work is to be completed by December 2011.
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.	90%	90%	100%	Achieved.  Kerbside recyclables collection for Blenheim and Picton commenced on 4 October 2010. All Solid Waste Contracts were retendered and new contracts commenced in July 2011.
	% of improvement works included in the Marlborough Waste Strategy and Plans and Asset Management Plan achieved.	90%	95%	See comments	Achieved.  No major capital work was done in the 2010-11 year.
	Timeliness of review of Waste Strategy and Plan.	N/A	Reviewed Waste Strategy and plan ready for implementation	See comments	Work has been done towards the completion of a waste strategy and management plan. These must be revised under the Waste Minimisation Act by 1 July 2012.

<b>Activity: Solid Waste Management</b>	<b>2010-11 Actual</b>	<b>2010-11 Budget</b>	<b>2009-10 Actual</b>
<b>Cost of Services</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Operating costs</b>			
Landfills	3,758	2,417	2,701
Transfer Stations	330	290	329
Refuse Collections	1,393	1,444	1,110
Waste Minimisation	1,491	1,422	1,303
<b>Total operating costs</b>	<b>6,972</b>	<b>5,573</b>	<b>5,443</b>
<b>Operating surplus - transferred to reserves</b>	<b>-</b>	<b>270</b>	<b>-</b>
	<b>6,972</b>	<b>5,843</b>	<b>5,443</b>
<b>Funded by</b>			
Rates	2,500	2,455	1,994
General Revenues Applied	131	131	119
Subsidies and grants	134	170	143
Other revenue	2,915	3,087	2,922
<b>Total revenue</b>	<b>5,680</b>	<b>5,843</b>	<b>5,178</b>
<b>Operating deficit - funded from reserves</b>	<b>1,292</b>	<b>-</b>	<b>265</b>
	<b>6,972</b>	<b>5,843</b>	<b>5,443</b>
<b>Capital expenditure</b>			
Landfills	333	171	347
Refuse Collections	180	200	-
Transfer Stations	57	-	-
Waste Minimisation	-	-	219
<b>Total capital expenditure</b>	<b>570</b>	<b>371</b>	<b>566</b>
Debt repayment	425	433	2,888
	<b>995</b>	<b>804</b>	<b>3,454</b>
<b>Funded by</b>			
Depreciation reserve transfer	438	436	756
Other reserve transfers	166	18	2,498
New loans	391	350	200
	<b>995</b>	<b>804</b>	<b>3,454</b>

Note 1: Explanation of cost of service variance – Landfill operating costs include accumulated after care adjustment for closed landfills (\$1.213 M).

Note 2: Significant Capital Expenditure – Weighbridge at regional landfill (\$302,000) and kerbside recycling bins (\$180,000).

Note 3: Significant Capital Expenditure variances – Due to Council decision to automate the new weighbridge facility at the regional landfill.

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

## ACTIVITY GROUP: ENVIRONMENTAL POLICY AND INFORMATION

### Activities in this Group

This activity group comprises environmental policy, environmental science and biosecurity 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 2.1% of total activity expenditure.

Outcome	Related Community Outcomes
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.

## Levels of Service: Environmental Policy

Performance Targets (for the financial year)

Level of Service	Indicator	LTCCP Baseline	Target	2010-11 Actual	Comments
A reviewed resource management policy	Timeliness of review and adoption of key strategy	New measure	Notification of a new Marlborough Regional Policy Statement by 31 August 2010.	See comment.	Not achieved. <sup>16</sup>

<sup>16</sup> On 23 August 2010, the Environmental Policy Committee decided to align the notification of the RPS with the notification of the reviewed resource management plan. The review of the latter commenced in February 2011 and is ongoing. Following local body elections in 2010, the Environmental Policy Committee was disbanded and a new Plan Review Sub-committee of the Environment Committee was established. The sub-committee decided to review all draft RPS policy prior to notification. The sub-committee has been meeting once a month to review these provisions and is expected to complete this process by the end of 2011.

framework. A resource management framework that reflects current and emerging issues.	documents.		The completion of a growth strategy for the Marlborough townships and small settlements by June 2011.	See comment.	Not achieved. <sup>17</sup>
			A water re-allocation conceptual framework completed by December 2010.	See comment.	Not achieved. <sup>18</sup>
The sustainable management of natural and physical resources.	Average groundwater Nitrate levels.	New measure	Positive long- term (5yr+) trend in ground water quality as measured against baseline.	In general there is a slight improvement in groundwater quality with time.	Achieved.  The monitoring programme measures nitrate-nitrogen levels against the New Zealand Drinking Water Standard (DWSNZ – 2005), and Ecological Habitat Guideline (ECAN – 2009) <sup>19</sup> .
			For 12 aquifers the nitrate-nitrogen levels will not be > 11.3 ppm as a baseline measure in order to protect human health (DWSNZ – 2005)	None of the 12 sites had median concentrations of nitrate above the maximum allowable value for human health.	Achieved.
			No more than six out of 12 aquifers shall exceed nitrate-nitrogen levels > 1.7 ppm as a baseline measure in order to protect ecological habitat (ECAN – 2009).	Five of the 12 monitoring sites exceeded the ecological threshold level in 2011 compared to six sites in 2010.	Achieved.

<sup>17</sup> A proposal for southern Marlborough (the Southern Marlborough Urban Growth Plan) was notified under the LGA 2002 in May 2010 and submissions were heard in September 2010. Interim decisions were made in April/May 2011. A proposal for northern Marlborough (the Northern Marlborough Urban Growth Plan) was notified under the LGA 2002 in December 2010 and submissions are to be heard in September 2011. The availability of Councillors for hearing and decision making processes has caused significant delays in this process.

<sup>18</sup> A report on adapting the Business Council for Sustainable Development's water allocation model for Marlborough was completed in June 2010. To develop the model further, the Council applied for Central Government funding (the Community Irrigation Fund) in December 2010 which was granted in April 2011. The funding covers a programme of investigation and development for the 2011-12 financial year.

<sup>19</sup> Marlborough District Council monitors the quality of groundwater to make sure it is safe to drink, to identify the impacts of land use or pollution threats, and improve understanding of aquifer processes. The concentrations of a number of parameters, are measured at a standardised network of up to 33 wells spread across the region's 12 main aquifers each season. Nitrate-nitrogen is a key focus of the monitoring programme because it is an index of human impacts on groundwater.

In terms of monitoring during 2010-11, 23 sites (wells) were tested to measure nitrate-nitrogen concentrations. The number of sites measured has been determined as a representative and cost effective suite of sites, chosen due to their vulnerability to pollution and the risk from overlying land use. The other 10 sites (wells) where not measured for nitrate-nitrogen concentrations as they didn't represent vulnerability to pollution or risk from overlying land use.

The monitoring network is designed to be representative of all the main water supply or ecologically important aquifers in Marlborough. Marlborough aquifers systems tend to be small by national standards, sites have been selected so that samples provide a representative snapshot of the regions groundwater quality.

	Average monthly winter concentration of PM10 at:				Achieved.
	Redwoodtown	New Measure	<37 µg/m <sup>3</sup>	23.44 µg/m <sup>3</sup>	Air quality monitoring of the Blenheim air shed during 2010 resulted in average winter concentrations recorded at the Redwoodtown monitoring site of 23.44 µg/m <sup>3</sup> and Middle Renwick Road 15.35 µg/m <sup>3</sup> .  Despite a reduction in winter average PM <sub>10</sub> concentrations the Blenheim airshed was non-compliant with the National Environment Standards with two exceedances of the standards recorded at Redwoodtown.
	Middle Renwick Road	New Measure	<27 µg/m <sup>3</sup>	15.35 µg/m <sup>3</sup>	

Cost of services – refer page 76.

<b>ACTIVITY: ENVIRONMENTAL SCIENCE AND MONITORING</b>	
Operating costs of this activity represents 2.9% 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 polices 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.



Levels of Service: Environmental Science and Monitoring

Performance Targets (for the financial year)

Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 Actual	Comments																												
Effective Environmental Monitoring Network is operated.	Percentage availability of the Environmental Monitoring network.	New measure	99%	99.3%	<p>Achieved.</p> <p>Council's Environmental Monitoring Network performance target for 2010-11 was to make available at least 99% of the 5.7 M data points that were scheduled to collect.</p> <p>The graph below shows percentage availability of the environmental monitoring network for the individual months for the year. The total for the year was 99.3% ranging from a low of 98.02% in September to a high of 99.86% in February.</p> <table border="1"> <caption>2010/11 Data Capture Rate</caption> <thead> <tr> <th>Month</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Jul</td><td>99.00%</td></tr> <tr><td>Aug</td><td>98.50%</td></tr> <tr><td>Sep</td><td>98.02%</td></tr> <tr><td>Oct</td><td>98.50%</td></tr> <tr><td>Nov</td><td>98.50%</td></tr> <tr><td>Dec</td><td>98.50%</td></tr> <tr><td>Jan</td><td>98.50%</td></tr> <tr><td>Feb</td><td>99.86%</td></tr> <tr><td>Mar</td><td>99.00%</td></tr> <tr><td>Apr</td><td>99.00%</td></tr> <tr><td>May</td><td>99.00%</td></tr> <tr><td>Jun</td><td>99.00%</td></tr> <tr><td>Total YTD</td><td>99.3%</td></tr> </tbody> </table>	Month	Percentage	Jul	99.00%	Aug	98.50%	Sep	98.02%	Oct	98.50%	Nov	98.50%	Dec	98.50%	Jan	98.50%	Feb	99.86%	Mar	99.00%	Apr	99.00%	May	99.00%	Jun	99.00%	Total YTD	99.3%
Month	Percentage																																
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Jun	99.00%																																
Total YTD	99.3%																																
<p>Monitor, undertake investigations, gather and analyse information, and report on the state of Marlborough's natural resources including:</p> <ul style="list-style-type: none"> <li>• Soil quality.</li> <li>• Contaminated sites.</li> <li>• Water quality.</li> <li>• Water quantity.</li> <li>• Air quality.</li> </ul>	Timeliness of completion data integrity audit.	New measure	June 2011	June 2011	<p>Achieved.</p> <p>A data audit of all rainfall, water level, river flow and groundwater level data collected during the 2010-11 year has been completed.</p> <p>An audit of the SOE water quality data for the period 2007 to 2010 has been completed including the assignment of appropriate quality codes.</p>																												
	Number of technical monitoring report cards completed.	New measure	5	5	<p>Achieved.</p> <p>Five State of the Environment annual report cards have been completed during 2010-11 and include reports on; Ground Water Quantity, Surface Water Quality, Recreation Water Quality, Air and Soil Quality.</p>																												
	Timeliness completion of resource investigations and reporting to the Environment Committee.	New measure	June 2011	June 2011	<p>Achieved.</p> <p>A total of 13 resource investigation technical reports had been completed and reported to the Council by 30 June 2011.</p> <p>The reports include a range of investigations, for example reports include information on investigations on soil trace elements, compaction of soils to a sustainability assessment of coastal aquifers and a technical monitoring report on methyl bromide.</p>																												
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, web site) are completed annually.	New measure	90%	100%	<p>Achieved.</p> <p>A number of resource publications were prepared during the year including the publication of the 'Groundwaters of Marlborough' and a Marlborough North planting and restoration guide. Furthermore a range of fact sheets relating to soil trace elements, compaction and contaminated land cleanfills and risks associated with sheep dips were prepared.</p>																												

**Council Activity: Environmental Science and Monitoring**

					<p>A total of 34 primary school classes participated in the “Wai Korero” waterways education programme.</p> <p>A total of 11 primary school classes participated in the “Tiro oneone” living landscapes biodiversity awareness programme.</p> <p>Two schools joined the “fish on drains” stormwater project.</p>
	Date the Marlborough Environment Awards made.	Biannual	Awards made	100%	<p>Achieved.</p> <p>The 2010-11 Environment Awards were successfully implemented and completed over the 12 month period to June 2011. A record number of 32 entries were received over the seven categories. Judging was carried out over the summer months and winners were announced at a presentation held on the 6 May 2011.</p>
Restoration and protection of indigenous biodiversity on private land.	Long-term (5yr +) trends in number of protected (Significant Natural Areas) biodiversity sites.	41 (2008)	55	67	<p>Achieved.</p> <p>In the one year period to June 2011 a total of seven new protection projects on private land have been funded through the significant nature area programme with three of these in south Marlborough and four in north Marlborough. Two of the projects had additional funding from the central government Biodiversity Fund. In total, the projects included approximately 50 hectares of land. Six of the projects include fencing of sites with two of these including additional weed control. A seventh project involved wilding tree control in conjunction with the QEII National Trust.</p> <p>In addition the Council supported a number of other ongoing projects, including seven projects which are being staged over more than one year, and four additional contributions to ongoing minor protection work (such as weed control or planting), on sites previously protected.</p>

Cost of services – refer page 76.

<b>ACTIVITY: ANIMAL AND PLANT PESTS - (BIOSECURITY)</b>		
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.

**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.

<b>Levels Of Service: Animal And Plant Pests - (Biosecurity)</b>					
Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	6.4	6.6	Achieved.
Prepare and publish a Regional Pest Management Strategy Operational Plan annual report	Timeliness completion of annual report to Environment Committee.	New measure	October 2011	July 2011	Achieved.  The Operational Plan Report for 2010-11 was presented to the Environment Committee for ratification on 28 July 2011.
Control the spread and impacts of animal and plant pests.	% of active Total Control pest sites controlled annually before they set seed (includes all species).	New measure	100%	99.3%	Not achieved.  This year all sites were controlled with the exception of two private sites in the Marlborough Sounds where access to control Climbing Spindleberry and Evergreen Buckthorn was declined. A remedial plan to gain access during 2011-12 is underway.
	Number of hours spent looking for plant	500	500	919 hours	Achieved.

**Council Activity: Animal and Plant Pests (Biosecurity)**

pest spread outside of known sites.	hours	hours		<p>The following surveillance hours were spent searching for these pest species:</p> <p><b>Containment Pests:</b> Nassella Tussock 320, Chilean Needlegrass 241, Kangaroo Grass 39, White-Edged Nightshade 4,</p> <p><b>Surveillance Pests:</b> Woolly Nightshade 34, Cotton Thistle 31.5, Purple Loosestrife 8.5.</p> <p><b>Control Pests;</b> Total plants 241 hours.</p>
Number of properties where the maximum allowable rabbit population levels as measured by RPMS Modified Mclean Scale indices are exceeded for:				
<ul style="list-style-type: none"> <li>Upper Awatere/Clarence level 4.</li> </ul>	6	<10	2	<p>Achieved.</p> <p>Properties within the Upper Awatere/Clarence area have shown a concerted effort to maintain substantial levels of control over the past 3-4 years. The exception being one property that has rabbit infestations above the maximum allowable levels. Two concurrent Control Programmes have been issued for two separate areas. A substantial amount of control is being carried out in Winter 2011. At the end of June, only one known property is carrying rabbits over the allowable level. This property is planning for further control work in 2012.</p>
<ul style="list-style-type: none"> <li>Remainder of District level 3.</li> </ul>	4	<15	13	<p>Achieved.</p> <p>Thirteen properties showed rabbit populations above the maximum allowable levels as of late 2010. A large portion of those were able to (with the assistance of favourable climate and RHD conditions) bring numbers down below the allowable levels. At the end of June, six known properties are carrying rabbit populations above the allowable levels. These properties are by-in-large using ground-based control methods to bring numbers down gradually.</p>
Number of Total Control pests as measured by plant numbers destroyed. (excluding boneseed, spartina and eelgrass)	6,000	<5,000	8791	<p>Not achieved.</p> <p>Although the total number of pest plants destroyed was well above the target (175%), it is a reflection of increased surveillance effort and the excellent public response to Moth Plant publicity. Additionally a forest</p>

**Council Activity: Animal and Plant Pests (Biosecurity)**

					<p>harvest operation opened up a seed bed for Giant needle grass germination and on another property a wet spring “explosion” of saffron thistle seed occurred which exacerbated the number of plants destroyed.</p> <p>Generally as shown by the graph below, over the last 10 years there is a continuing decline in over all pest plant abundance as measured by plant numbers controlled.</p> <table border="1"> <caption>Regional Pest Management Strategy - Total Control Plant Pests Performance Indicators (excluding Eel Grass)</caption> <thead> <tr> <th>Year</th> <th>Exclude Boneseed</th> <th>Boneseed</th> </tr> </thead> <tbody> <tr><td>1999/00</td><td>24000</td><td>24000</td></tr> <tr><td>2000/01</td><td>18000</td><td>18000</td></tr> <tr><td>2001/02</td><td>7000</td><td>16000</td></tr> <tr><td>2002/03</td><td>1000</td><td>18000</td></tr> <tr><td>2003/04</td><td>2000</td><td>20000</td></tr> <tr><td>2004/05</td><td>1000</td><td>22000</td></tr> <tr><td>2005/06</td><td>1000</td><td>18000</td></tr> <tr><td>2006/07</td><td>3000</td><td>11000</td></tr> <tr><td>2007/08</td><td>4000</td><td>6000</td></tr> <tr><td>2008/09</td><td>6000</td><td>7000</td></tr> <tr><td>2009/10</td><td>6000</td><td>7000</td></tr> <tr><td>2010/11</td><td>6000</td><td>7000</td></tr> </tbody> </table>	Year	Exclude Boneseed	Boneseed	1999/00	24000	24000	2000/01	18000	18000	2001/02	7000	16000	2002/03	1000	18000	2003/04	2000	20000	2004/05	1000	22000	2005/06	1000	18000	2006/07	3000	11000	2007/08	4000	6000	2008/09	6000	7000	2009/10	6000	7000	2010/11	6000	7000
Year	Exclude Boneseed	Boneseed																																										
1999/00	24000	24000																																										
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2007/08	4000	6000																																										
2008/09	6000	7000																																										
2009/10	6000	7000																																										
2010/11	6000	7000																																										
	% 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%	89%	<p>Achieved.</p> <p>486 pest control programmes were issued. 424 (87%), were physically inspected and 13 (2.7%) programmes were considered to be compliant by virtue of a Compliance Return and a desk top audit. The desk top audit also involves an assessment of historical compliance.</p>																																							
	Level of land occupier compliance with Regional Pest Management Strategy rules as measured by the number of directions issued.	30	<50	24	<p>Achieved.</p> <p>Twenty four Notices of Direction were issued. Nineteen occupiers complied with the Notice of Direction. Five occupiers failed to comply and were issued with a Notice of Intention to do Work on Default. Two occupiers complied with Work on Default notices, three failed to do so and work on default was carried out by Council.</p>																																							
Provide community and industry awareness of pest management responsibility through communication, education and advocacy.	% of planned educational programmes (including public campaigns, fact sheets, web site) are completed annually.	New measure	90%	100%	<p>Achieved.</p> <p>Twenty four additional pest plant brochures were produced bringing the total to 38. Council assisted by DoC attended the Garden Marlborough Fête where the emphasis was on planting alternatives to “weedy species”. Council also organised a weed specie display at the Flaxborne A&amp;P Show at Ward. The Council website, Biosecurity page, continues to be updated with a restructured more easily accessible feral animal page including data on feral rabbits along with a new periodic newsletter.</p>																																							



<b>Activity: Environmental Policy and Information</b>	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</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	1,675	1,644	2,247
Environmental Science and Monitoring	2,360	2,354	2,301
Biosecurity (Pest Management)	1,400	1,215	1,275
<b>Total operating costs</b>	<b>5,435</b>	<b>5,213</b>	<b>5,823</b>
<b>Operating surplus - transferred to reserves</b>	139	-	-
	<b>5,574</b>	<b>5,213</b>	<b>5,823</b>
<b>Funded by</b>			
Rates	4,548	4,500	4,305
General Revenues Applied	566	566	560
Subsidies and grants	91	10	93
Other revenue	369	37	220
<b>Total revenue</b>	<b>5,574</b>	<b>5,113</b>	<b>5,178</b>
<b>Operating deficit - funded from reserves</b>	-	<b>100</b>	<b>645</b>
	<b>5,574</b>	<b>5,213</b>	<b>5,823</b>
<b>Capital expenditure</b>			
Environmental Policy	1	-	-
Environmental Science and Monitoring	59	49	48
Biosecurity (Pest Management)	-	-	4
<b>Total capital expenditure</b>	<b>60</b>	<b>49</b>	<b>52</b>
<b>Funded by</b>			
Depreciation reserve transfer	47	49	49
Other reserve transfers	13	-	3
	<b>60</b>	<b>49</b>	<b>52</b>

Note 1: Explanation of cost of service variance – Biosecurity (Pest Management) costs include a Biosecurity New Zealand contract for marine biosecurity (\$99,000 plus \$118,000 carried forward to 2011-12): flupropanate registration delayed by ERMA (\$107,000): Marine Biosecurity Partnership funding (\$11,600).

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

## **ACTIVITY GROUP: REGULATORY**

### **Activities in this Group**

The activities for this group include:

- Resource Consents.
- Building Control.
- Compliance.
  - Environmental Health.
  - Environmental Protection.
- 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 3.8% 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 Consents.
- Water Permits.
- Discharge Permits.
- Subdivision Consents.
- Coastal Permits.

The Activity provides information to potential applicants, interest groups and the general public on all resource management matters.

The Activity maintains and manages a consents database that is responsive to the needs and requirements of central government, applicants, submitters and the general public.

The Activity also manages objections and appeals to the Environment Court on resource consent decisions and conditions.

### Activity Levels

The activity level of the group varies from year to year. There has been a general decline in numbers since the peak times. Within each year there are also daily, weekly and monthly fluctuations in the number and types of application received. As a result of the reduction in resource management applications shown in the table below, a number of employees have been made redundant in the resource consent area during the financial year 2010-11.

	2008	2009	2010	2011
Number of Consents	1,662	1,294	1,049	949

### Levels of Service: Resource Consents

Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	6.0	Achieved.
Provide a consent processing service that is timely and responsive to customer needs.	% of resource consent applications processed within statutory timeframes.	54.8%	65%	97%	Achieved.
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%	None	Achieved.
	% of resource conditions upheld following appeal.	75%	>75%	86%	Achieved.
Education applicants on the RMA and the resource consent application and approval process.	% of incomplete applications rejected.	21.5%	18%	7.6%	Achieved.

<b>Activity: Resource Consents</b>	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</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>	<b>3,085</b>	<b>3,197</b>	<b>3,365</b>
<b>Funded by</b>			
Rates	1,093	1,081	1,173
General Revenues Applied	136	136	153
Other revenue	1,399	1,980	1,519
<b>Total revenue</b>	<b>2,628</b>	<b>3,197</b>	<b>2,845</b>
<b>Operating deficit - funded from reserves</b>	<b>457</b>	<b>-</b>	<b>520</b>
	<b>3,085</b>	<b>3,197</b>	<b>3,365</b>
<b>Capital expenditure</b>	<b>1</b>	<b>4</b>	<b>-</b>
<b>Funded by</b>			
Depreciation reserve transfer	1	1	-
Other reserve transfers	-	3	-
	<b>1</b>	<b>4</b>	<b>-</b>

Note 1: Explanation of cost of service variance – Lower user charges have been recovered as a result of decreased numbers of resource consent applications (78% of previous year) and hearings (42% of previous year).

## ACTIVITY: BUILDING CONTROL

Operating costs of this activity represents 2.9% 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 meeting Councils obligations under 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 insanitary buildings.
- Providing guidance and information to customers.
- 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.
- Providing technical support and regulatory functions in the event of civil emergency or disaster.
- Provision of public information and guidance documents.
- Education role for the Building Industry and public at large.
- Undertakes building evaluation in the event of emergencies.

**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 compliance schedules.

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

**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.
- Checking assembly of Amusement Devices.

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 in most cases it is compliance with the New Zealand Building Code.

### Activity Levels

The activity level of the Group varies from year to year. The following table lists the numbers of Building Consents handled during the past few years.

	2008	2009	2010	2011
Total Building Consents	2,167	1,810	1,761	1310
Total New Dwellings	410	260	254	159
Value of all Building work	\$205,300,000	\$184,166,000	\$171,100,000	\$108,766,815

### Response to Canterbury Earthquakes

The Canterbury earthquakes were a massive disaster which created the call for assistance from outside of the province. The Marlborough District Council Building Control team responded above the call of duty by attending the two major events very soon after they occurred. It then provided ongoing building evaluation support after both disasters for the Christchurch City Council and the Civil defence response group. Overall close on 700 man hours were committed to the Christchurch response.

The response began in September 2010 and continued almost without break until near the end of April 2011. Individuals in the team made huge personal sacrifices to help and those team members who were left to manage in Marlborough also faced increased work pressures due to staffing numbers being down during the times of response. A total of 11 team members attended one or both of the events.

### Levels of Service: Building Control

Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 Actual	Comments
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%	95.87%	Achieved.
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%	89.74%	Achieved.
Provide a service that minimises risks to public safety.	% of swimming pools inspected annually.	15%	>15%	20.08%	Achieved.
	% of building warrants of fitness audited annually.	20%	20%	15.8%	Not achieved. New Officer did not record some inspections undertaken in our database when he first began. Now doing so. The officer was also asked to focus on updating Compliance Schedule as a first priority rather than inspections.
	% of building under construction inspected to ensure that Code Compliance is achieved.	100%	100%	100%	Achieved. All 4,849 requested inspections undertaken.



<b>Activity: Building Control</b>	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</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>	<b>2,380</b>	<b>2,520</b>	<b>2,590</b>
<b>Funded by</b>			
Rates	354	351	406
General Revenues Applied	45	45	54
Other revenue	1,494	2,124	1,500
<b>Total revenue</b>	<b>1,893</b>	<b>2,520</b>	<b>1,960</b>
<b>Operating deficit - funded from reserves</b>	<b>487</b>	<b>-</b>	<b>630</b>
	<b>2,380</b>	<b>2,520</b>	<b>2,590</b>

Note 1: Explanation of cost of service variance – Lower user charges have been recovered as a result of lower numbers of building consent applications (76% of previous year) and inspections (72% of previous year).

<b>ACTIVITY: ENVIRONMENTAL HEALTH</b>	
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:

- Processes and the application of standards are agreed internally and issues arising are discussed.
- Meetings with other top-of-the-south local authority EHOs.
- No officer has a particular area (ie; the inspector is not always the same for the same premises).
- Continuous personal skill development – all of Council’s EHOs are fully Qualified Food Control Planned Auditors under the Food Act 1981.

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

<b>Levels of Service: Environmental Health</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>LTCCP Baseline</b>	<b>Target</b>	<b>2010-2011 Actual</b>	<b>Comments</b>
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.
	% of other registered premises inspected at least once per annum.	100%	100%	100%	Achieved.
	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.  No complaints of a critical nature were received.
	Number of food complaints relating to Council inspected premises.	≤38	≤32	16	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%	100%	Achieved.
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%	98.4%	Not achieved.  129 complaints were received. Two were outside the time frame established.

Cost of services – refer to page 85.

<b>ACTIVITY: ENVIRONMENTAL PROTECTION</b>	
Operating costs of this activity represents 1% 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.

<b>Levels of Service: Environmental Protection</b>					
Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	6.7	Achieved.
Monitor resource consents to ensure the consent holder is in compliance.	% of resource consents monitored for compliance within two years of issue.	New measure	55%	24%	Not achieved.  The lapse period on consents has gone from two to five years due to legislation changes. As a result it was decided to adopt a more risk focus approach. Between the 2009-11 years Council has monitored 2,080 consents, 504 of these were within the two year period. The monitoring undertaken was in the following areas :
	% of resource consent non-compliance has follow up action taken.	100%.	100%	99.8%	Not achieved.  504 monitored, one no action recorded.

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%	95%	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.

Cost of services – refer to page 85.

### ACTIVITY: LAND MEMORANDA

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 Land Information Memorandum involves the timely, accurate and complete supply of information Council either holds, or has been statutorily advised of, by means of a LIM. Council is required to hold Land Information Memoranda pursuant to Section 44A of the Local Government Information and Meetings Act 1987. This activity used to also include Project Information Memoranda (PIM).

#### ***Reason for Changes***

The Act is now more flexible, accounting for different types of scale of building projects, particularly where PIM information will not add much value to the process. It also provides owners with the ability to decide whether they believed they would benefit from a PIM or not. As a result, only a minority of PIM applications were made separately before a building consent application.

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

### Levels of Service: Land Memoranda

Performance Targets (for the financial year)

Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 Actual	Comments
Provision of Land Information Memoranda	Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	6.9	6.9	See comment	The small scale of this activity has lessened the need to separately measure resident satisfaction. This service was not included in the survey.
	Percentage of Land Information Memoranda requests processed within statutory timeframes.	100%	100%	100%	Achieved.  As identified by a LIMS property report all LIMS completed within 10 days.
	Number of liability claims made because of incomplete or inaccurate information supplied.	1	<3	0	Achieved.  No liability claims have been made for the 2010-11 year.

<b>Activity: Compliance</b>	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</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>			
Environmental Health	336	359	318
Environmental Protection	835	721	861
Project and Land Memoranda	162	124	537
<b>Total operating costs</b>	<b>1,333</b>	<b>1,204</b>	<b>1,716</b>
<b>Funded by</b>			
Rates	770	761	879
General Revenues Applied	95	96	114
Other revenue	405	347	584
<b>Total revenue</b>	<b>1,270</b>	<b>1,204</b>	<b>1,577</b>
<b>Operating deficit - funded from reserves</b>	<b>63</b>	<b>-</b>	<b>139</b>
	<b>1,333</b>	<b>1,204</b>	<b>1,716</b>
<b>Capital expenditure</b>			
Environmental Protection	-	4	-
Environmental Health	-	-	1
<b>Total capital expenditure</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>Funded by</b>			
Depreciation reserve transfer	-	4	-
Other reserve transfers	-	-	1
	<b>-</b>	<b>4</b>	<b>1</b>

Note 1: Explanation of cost of service variance – Additional expenditure in Environmental Protection is due to frost fan tower relocation and retro fitting three fans as part of a pilot project (\$39,000) plus increases in personnel numbers.

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

## ACTIVITY: ANIMAL CONTROL

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

<b>Outcome</b>	<b>Related Community Outcomes</b>
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 provided under contract by Maataa Waka.

## Levels of Service: Animal Control

Performance Targets (for the financial year)

<b>Level of Service</b>	<b>Indicator</b>	<b>LTCCP Baseline</b>	<b>Target</b>	<b>2010-2011 Actual</b>	<b>Comments</b>
Provide an overall level of service that meets or exceeds resident's expectations.	Resident's satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.5	7.5	7.2	Not achieved.  There has been a small improvement over the previous year (2010: 7.0). Overall positive comments significantly outweighed the negative, including in the area where most negative responses were recorded ie: dog control.



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%	99.7%	Not achieved. 1219 complaints received. Three were outside timeframes.
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	31	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%	100%	Achieved.

<b>Activity: Animal Control</b>	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</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>			
Dog Control	563	593	570
Other Animal Control	54	54	56
<b>Total operating costs</b>	<b>617</b>	<b>647</b>	<b>626</b>
<b>Funded by</b>			
Rates	42	41	49
General Revenues Applied	5	5	7
Other revenue	570	578	536
<b>Total revenue</b>	<b>616</b>	<b>624</b>	<b>592</b>
<b>Operating deficit - funded from reserves</b>	<b>-</b>	<b>23</b>	<b>34</b>
	<b>616</b>	<b>647</b>	<b>626</b>

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

<b>ACTIVITY: HARBOURS</b>	
Operating costs of this activity represents 1.1% 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 extensive marine waterways. The Marlborough Sounds comprises approximately 1,500 kilometres of coastline (which is 18% of New Zealand's entire coastline) and 4,136 square kilometres of water area. The Sounds is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries.

The purpose of the Harbours Department is to ensure that the Council's statutory functions, duties and powers as a Harbour Authority are discharged in an accountable way and, where appropriate, educate the users of the Sounds

waterways so that non-compliance with statutes and bylaws and, potentially, enforcement action through legal processes are minimised.

The Group also performs pollution response functions and duties as set out in the Maritime Transport Act 1994 and associated maritime rules.

More generally, the purpose of the Harbours Department is:

- To provide a 24/7 service with after-hours cover being provided on a rostered system.
- To provide the infrastructure and systems that allows all users to travel safely within the region. This includes the provision of all regional Aids to Navigation, maritime information and Vessel Traffic Services.
- To monitor and manage compliance using statutes, bylaws and regulations that directly affects the Marlborough Sounds.
- To manage emergencies and risks that threaten people, the environment, property or economic benefits from the coastal regions of Marlborough.
- To protect Marlborough's coastal environment for this and future generations from pollution through the ability to respond to and deal with oil spills or other environmental risks.
- To educate maritime users in particular, and the whole community in general, on the safe and sustained use of Marlborough's marine environment.
- To provide support to Council on decision and policy provisions related to the region's marine environment.
- To assist Central Government agencies and other Council departments in meeting their responsibilities within Marlborough's marine area.
- To promote the public image of the Council in the management of its marine responsibilities.

## Activity Level

The following provides a brief statistical overview of some of the typical Harbours Department matters:

### ***Recreational Vessels***

Currently there are 1,158 berths in the Port Marlborough marinas of which approximately 1,050 are occupied. In addition, there are in excess of 3,000 moorings in the Sounds and it is estimated that around 1,500 are occupied on a continuous basis. Further, during the summer season, it is estimated that up to 10,000 additional recreational craft make use of the Sounds.

### ***Commercial Vessels***

During the 2010 year:

- There were 120 movements of passenger and log ships within the Sounds, the majority of these calling at Picton. A movement is defined as a transit inwards or outwards.
- 6,945 ferry movements. Based on these statistics alone, it is seen that the area is a busy harbour, only Wellington is busier.
- A total of 66 days of harbour patrols were undertaken.
- A total of 201 events were recorded in the Harbours Incident database.

## Oil Spill Response

Specialist oil spill response equipment is on permanent loan to the District from the national stock-pile held by Maritime NZ. As part of the loan agreement, the Harbours Department staff are responsible for the ongoing maintenance required to maintain the equipment in an immediate state of readiness.

<b>LEVELS OF SERVICE: HARBOURS</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>LTCCP Baseline</b>	<b>Target</b>	<b>2010-2011 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	New measure	95%	100%	Achieved.  Safe Sounds Boating brochure reviewed and printed in preparation for distribution by

	Safe Sounds Boating brochure ready for distribution by Labour week-end.				Labour weekend. A total of 6,500 distributed.  Additional safety information provided by other organisations also distributed.  Participation in 'Safe Kids' campaign week.
	Number of weekends in period commencing at Labour Weekend through to end of Easter of the following year where patrols undertaken.	New measure	>20	13	Not achieved.  A number of patrols were cancelled due to: <ul style="list-style-type: none"> <li>• Poor weather conditions.</li> <li>• Non-availability of patrol crew.</li> </ul>
	Number of daily <sup>20</sup> patrols undertaken from mid-December through to end of January of the following year targeting known 'hot-spots' <sup>21</sup> .	40	40	38	Not achieved.  A number of patrols were cancelled due to poor weather conditions.
	% of navigation warnings issued within two hours of a reported event that may impact on navigation safety.	100%	100%	100%	Achieved.  A total of 83 navigation warnings were issued for the 2010-11 year.
	Development and or review of the Harbour Safety Plan.	Yearly	Yearly	See comment	Not achieved.  Awaiting appropriate funding streams.
	% of funded mitigation measures completed.	New measure	80%	83%	Achieved.  Funding was provided for measures relating to aids to navigation and in the Harbour control area. Overall, the majority of these measures have been completed with three measures well underway.
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	52	Not achieved.  Insufficient resourcing both personnel and budgetary.
	% of accident and incident investigation, as appropriate, commenced within five working days.	100%	100%	100%	Achieved.  319 Incidents recorded in the Incident Data base which required follow-up action.

<sup>20</sup> Daily means every day with the exception of Christmas day and New Year's day – usually eight hour patrols, commencing at variable times.

<sup>21</sup> 'Hot spots' is an area where compliance with Bylaw requirements is known to be an issue and with a greater Harbour Patrol presence generally results in better on-water behaviour. Where possible, the patrol will try to visit 'hot spots' on a daily basis mainly because they are generally within the inner Sounds, close to Picton. However, patrols are not only limited to the inner Sounds area and when patrolling the outer Sounds, daily visits are obviously not possible.

Navigation aids, swimming and water-ski lanes maintained effectively.	% of time aids to navigation are working.	97%	>97%	>97%	Achieved.
	% of pre summer season inspections of swimming and water-ski lanes undertaken.	100%	100%	100%	Achieved. All water-ski lanes were visited prior to commencement of the summer season.
	Number of further inspections of swimming and water-ski lanes undertaken during the summer season.	>2 of each	>2 of each	3	Achieved. Lanes were visited during the season on at least three other occasions.

<b>Activity: Harbour Control</b>	<b>2010-11</b>	<b>2010-11</b>	<b>2009-10</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>	<b>877</b>	<b>853</b>	<b>911</b>
<b>Funded by</b>			
Rates	598	593	314
General Revenues Applied	76	76	42
Other revenue	195	184	206
<b>Total revenue</b>	<b>869</b>	<b>853</b>	<b>562</b>
<b>Operating deficit - funded from reserves</b>	<b>8</b>	<b>-</b>	<b>349</b>
	<b>877</b>	<b>853</b>	<b>911</b>
<b>Capital expenditure</b>	<b>70</b>	<b>64</b>	<b>130</b>
<b>Funded by</b>			
Depreciation reserve transfer	68	64	38
Other reserve transfers	2	-	92
	<b>70</b>	<b>64</b>	<b>130</b>

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

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

## ACTIVITY GROUP: REGIONAL DEVELOPMENT

### Activities in this Group

The activities in this group include:

- Regional Development.
- Marketing and Tourism.
- Events Management.
- Research Centre.

### Rationale for the delivery of this Group of Activities

All Councils within New Zealand are seeking to grow the economic activity within the boundaries. To promote Marlborough to investors and visitors, Council must also play an active role.

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 as the lead regional economic development agency, in support of the private sector and also involves making investments in the right area. 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. In 2010-11, Council undertook a number of specific interventions to assist our key sectors in developing new markets, including:

- Assisting a group of local wine producers to enter the US market (Projects Braveheart).
- Assisting King Salmon to expand its Sounds operation.
- Broadband working with Chorus on national initiative to provide fibre to households in Blenheim.
- Top of the South Island Aviation cluster.

Levels of Service: Regional Development					
Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	6.2	6.4	Achieved.
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	64	Not achieved.  The BERL report indicated that Marlborough had a very low GDP growth rate in 2010 which may have been due to the significant downturn in the wine industry.
	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.	4.2%	Achieved.  The Marlborough /Tasman/Nelson/West Coast unemployment rate was 4.2% in March 2011 (6.6% NZ average.)

Cost of services - refer to page 94.

ACTIVITY: MARKETING AND TOURISM	
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 about marketing and promoting Marlborough as a desirable visitor destination to both international and domestic travellers. The objective is to not only increase visitor numbers, but also increase the time they spend in the District and the amount spent.

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.

Currently approximately 1.5 M travellers (75% domestic, 25% international) visit the District per year spending in excess of \$200 M while they are here. International visitor numbers are projected to grow over 20% in the next six years while domestic visitors are projected to fall by just under 2%. A particular focus is made on stimulating travel in the shoulder seasons and winters.

<b>Levels of Service: Marketing and Tourism</b>					
<b>Performance Targets (for the financial year)</b>					
<b>Level of Service</b>	<b>Indicator</b>	<b>LTCCP Baseline</b>	<b>Target</b>	<b>2010-2011 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".	6.8	6.8	7.5	Achieved.
Manage third party providers to ensure service quality and value.	Achievement of Reporting requirements.	Reporting requirements met.	Reporting requirements are met.	100%	Achieved.  Reported to Council on 22 November 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.	-1.5%	Not achieved.  Total guest nights in commercial accommodation decreased 3.1% from previous year compared to a national decrease of 1.6%. However, international guest nights performed above national average by 0.9% <sup>22</sup> .  The extreme global financial circumstances and natural disasters New Zealand has faced may have affected the visitor flows to our region.

Cost of services - refer to page 94.

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

<sup>22</sup> Source: Statistics NZ Commercial Accommodation Monitor June 2011.

## What is this activity about?

This activity is delivered by the Marlborough Festival and Events Trust, a charitable Trust and Go Marlborough under contract for provision of specific events.

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.

Levels of Service: Events Management					
Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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	7.6	Achieved.  Respondents continue to show a high level of satisfaction with provision of events.
Manage third party providers to ensure service quality and value.	Achievement of reporting requirements	Reporting requirements met.	Reporting requirements are met.	Reporting requirements met.	Achieved.  Annual report provided to Council meeting on 30 August 2010.
	Participation numbers at Blenheim Christmas Parade and the Christmas eve celebration.	>5,000	>5,000	>5,000	Achieved. <sup>23</sup>

Cost of services - refer to page 94.

ACTIVITY: RESEARCH CENTRE	
Operating costs of this activity represents less than 1% of total activity expenditure.	
Outcome	Related Community Outcomes
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.

The Marlborough Wine Research Centre is owned and managed by the Marlborough Research Centre Trust. The Trust was set up in 1984 to ensure the Marlborough region makes the best use of its natural resources, by assisting innovative research and technical development in agricultural, pastoral, horticultural and viticultural matters.

<sup>23</sup> Numbers attending the Christmas parade and festival continue to be high reflecting the strong community support for this event. Note: no Christmas Eve celebrations are organised.

Council contracted a provider to deliver New Years Eve concerts in Blenheim and Picton in response to community demand – these were well supported with positive feedback.

Levels of Service: Research Centre					
Performance Targets (for the financial year)					
Level of Service	Indicator	LTCCP Baseline	Target	2010-2011 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".	6.9	7.0	7.0	Achieved.
Manage third party providers to ensure service quality and value.	Achievement of reporting requirements.	Reporting requirements met.	Reporting requirements are met.	Reporting requirements met.	Achieved. Reported to Council on 22 November 2010.
	Number of published research papers.	23	>20	72	Achieved. 72 published research papers and 20 workshops presentations. (Source: Marlborough Research Centre Trust).

Activity: Regional Development Cost of Services	2010-11	2010-11	2009-10
	Actual	Budget	Actual
	\$000's	\$000's	\$000's
<b>Operating costs</b>			
Events and Conferences	167	163	169
Marketing and Tourism	673	694	466
Regional Development	299	224	144
Research Centre	136	136	136
<b>Total operating costs</b>	<b>1,275</b>	<b>1,217</b>	<b>915</b>
<b>Funded by</b>			
Rates	1,047	1,030	807
General Revenues Applied	110	110	85
Other revenue	41	-	-
<b>Total revenue</b>	<b>1,198</b>	<b>1,140</b>	<b>892</b>
<b>Operating deficit - funded from reserves</b>	<b>77</b>	<b>77</b>	<b>23</b>
	<b>1,275</b>	<b>1,217</b>	<b>915</b>
<b>Capital expenditure</b>			
Marketing and Tourism	1,276	1,680	66
Debt repayment	16	23	-
	<b>1,292</b>	<b>1,703</b>	<b>66</b>
<b>Funded by</b>			
Other reserve transfers	57	23	11
New loans	1,235	1,680	55
	<b>1,292</b>	<b>1,703</b>	<b>66</b>

Note 1: Explanation of cost of service variance – Regional Development costs include the USA wine project which will be offset by other revenue funding.

Note 2: Significant Capital Expenditure and variance – In Marketing and Tourism is the building of the new Blenheim i-SITE, the variance is due to the later stages of construction being carried forward to 2011-12.

Note 3: All debt and associated repayments relate to internal borrowings.



*Picture: Inside the Marlborough Airport Terminal, Blenheim*

## **COUNCIL CONTROLLED ORGANISATIONS**

MDC Holdings Limited

Marlborough Housing for the Elderly Trust

## **COUNCIL CONTROLLED ORGANISATIONS**

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Marlborough District Council has the following Council Controlled Organisations (CCOs):

- MDC Holdings Limited.
- Marlborough Housing for the Elderly Trust.

### **MDC Holdings Limited**

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MDC Holdings is owned 100% by 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 10%. This ratio will be reviewed annually.

Shareholders' funds to total assets as at 30 June 2011 was 15% (2010: 15%).

### **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.

**Council has exempted Marlborough Housing for the Elderly Trust from the requirements of CCO's in terms of the Local Government Act 2002.**

NOTE: In previous years Council has disclosed Mayoral Drought Relief Fund as a Council Controlled Organisation. Investigation has clarified that this fund is not a separate organisation. Unspent funds are held and managed by Council in accordance with the purposes for which they were collected.





*Picture: Staff member working on the Annual Report*

## **FINANCIAL STATEMENTS**

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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 2011

	note:	Group		Council		
		Actual 2010-11 \$000's	Actual 2009-10 \$000's	Actual 2010-11 \$000's	Budget 2010-11 \$000's	Actual 2009-10 \$000's
<b>Income:</b>						
Rates revenue	3	49,696	47,279	50,062	49,297	47,637
Finance income	4	1,304	1,362	1,243	1,064	1,281
Other revenue	5	56,445	56,028	37,195	35,768	48,571
Gains	6	500	994	210	1,500	928
<b>Total income</b>	<b>2</b>	<b>107,945</b>	<b>105,663</b>	<b>88,710</b>	<b>87,629</b>	<b>98,417</b>
<b>Expenditure:</b>						
Personnel costs	7	21,246	20,359	16,727	16,697	16,062
Finance costs	4	3,610	2,206	598	2,539	176
Other expenses	8	58,734	62,867	53,053	40,767	46,776
Depreciation, impairment and amortisation	8	17,197	18,233	15,234	16,525	14,774
<b>Total operating expenditure</b>	<b>2</b>	<b>100,787</b>	<b>103,665</b>	<b>85,612</b>	<b>76,528</b>	<b>77,788</b>
<b>Surplus before tax</b>		<b>7,158</b>	<b>1,998</b>	<b>3,098</b>	<b>11,101</b>	<b>20,629</b>
Income tax expense / (credit)	9	(55)	3,327	-	-	-
<b>Surplus / (deficit) after tax</b>		<b>7,213</b>	<b>(1,329)</b>	<b>3,098</b>	<b>11,101</b>	<b>20,629</b>

## STATEMENT OF COMPREHENSIVE INCOME

### Statement of Comprehensive Income for the year ended 30 June 2011

	note:	Group		Council		
		Actual 2010-11 \$000's	Actual 2009-10 \$000's	Actual 2010-11 \$000's	Budget 2010-11 \$000's	Actual 2009-10 \$000's
<b>Surplus / (deficit) for the year</b>		<b>7,213</b>	<b>(1,329)</b>	<b>3,098</b>	<b>11,101</b>	<b>20,629</b>
<b>Other comprehensive income:</b>						
Gain on property revaluations	25	46,301	9,404	46,301	28,252	12,115
Tax on property valuations	9	-	105	-	-	-
<b>Total other comprehensive income</b>		<b>46,301</b>	<b>9,509</b>	<b>46,301</b>	<b>28,252</b>	<b>12,115</b>
<b>Total comprehensive income</b>		<b>53,514</b>	<b>8,180</b>	<b>49,399</b>	<b>39,353</b>	<b>32,744</b>

The notes on pages 102 to 144 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

### Statement of Changes in Equity for the year ended 30 June 2011

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2010-11	2009-10	2010-11	2010-11	2009-10
		\$000's	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July</b>		1,266,425	1,258,245	1,214,758	1,199,821	1,182,014
Total comprehensive income for the year		53,514	8,180	49,399	39,353	32,744
<b>Balance at 30 June</b>	<b>25</b>	<b>1,319,939</b>	<b>1,266,425</b>	<b>1,264,157</b>	<b>1,239,174</b>	<b>1,214,758</b>

The notes on pages 102 to 144 form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

### Statement of Financial Position as at 30 June 2011

	note:	Group		Council		
		Actual 2010-11 \$000's	Actual 2009-10 \$000's	Actual 2010-11 \$000's	Budget 2010-11 \$000's	Actual 2009-10 \$000's
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	10	8,527	3,547	6,111	5,961	2,504
Debtors and other receivables	11	9,902	7,963	8,534	9,044	6,155
Other financial assets	13	3,388	840	3,388	-	840
Inventory	14	574	569	310	253	262
Tax refund receivable	9	-	1,239	-	-	-
Non-current assets held for sale	15	1,639	3,986	1,639	387	3,986
<b>Total current assets</b>		<b>24,030</b>	<b>18,144</b>	<b>19,982</b>	<b>15,645</b>	<b>13,747</b>
<b>Non-current assets:</b>						
Other financial assets	13	9,960	14,012	15,960	18,243	20,012
Property, plant and equipment	16	1,313,523	1,243,268	1,254,579	1,245,761	1,185,580
Intangible assets	17	709	630	685	549	621
Forestry assets	18	9,263	10,000	9,263	11,051	10,000
Investment property	19	54,859	52,407	1,770	1,743	1,743
<b>Total non-current assets</b>		<b>1,388,314</b>	<b>1,320,317</b>	<b>1,282,257</b>	<b>1,277,347</b>	<b>1,217,956</b>
<b>Total assets</b>		<b>1,412,344</b>	<b>1,338,461</b>	<b>1,302,239</b>	<b>1,292,992</b>	<b>1,231,703</b>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Creditors and other payables	21	17,688	12,660	15,888	11,875	11,805
Derivative financial instruments	12	195	239	-	-	-
Provisions	24	376	295	749	-	295
Current tax liabilities	9	132	-	-	-	-
Employee entitlements	23	1,821	1,639	1,281	1,157	1,132
Borrowings	22	29,341	25,520	396	-	1,915
<b>Total current liabilities</b>		<b>49,553</b>	<b>40,353</b>	<b>18,314</b>	<b>13,032</b>	<b>15,147</b>
<b>Non-current liabilities:</b>						
Derivative financial instruments	12	1,810	1,389	155	-	-
Borrowings	22	32,910	21,649	17,000	39,388	-
Employee entitlements	23	831	915	831	823	915
Provisions	24	1,981	927	1,782	575	884
Deferred tax liability	9	5,320	6,804	-	-	-
<b>Total non-current liabilities</b>		<b>42,852</b>	<b>31,684</b>	<b>19,768</b>	<b>40,786</b>	<b>1,799</b>
<b>Total liabilities</b>		<b>92,405</b>	<b>72,037</b>	<b>38,082</b>	<b>53,818</b>	<b>16,946</b>
<b>Net assets</b>		<b>1,319,939</b>	<b>1,266,424</b>	<b>1,264,157</b>	<b>1,239,174</b>	<b>1,214,757</b>
<b>Equity:</b>						
Accumulated funds	25	574,357	565,972	547,188	582,510	542,918
Other reserves	25	745,582	700,453	716,969	656,664	671,840
<b>Total equity</b>	25	<b>1,319,939</b>	<b>1,266,425</b>	<b>1,264,157</b>	<b>1,239,174</b>	<b>1,214,758</b>

The notes on pages 102 to 144 form part of these financial statements.

## STATEMENT OF CASHFLOWS

### Statement of Cash Flows for the year ended 30 June 2011

	note:	Group		Council		
		Actual 2010-11 \$000's	Actual 2009-10 \$000's	Actual 2010-11 \$000's	Budget 2010-11 \$000's	Actual 2009-10 \$000's
<b>Cash flows from operating activities:</b>						
Receipts from rates revenue		49,434	47,139	49,800	48,862	47,497
Receipts from other revenue		54,400	54,767	34,261	34,478	36,877
Goods and services tax (net)		(529)	739	(529)	-	739
Interest received		1,362	1,306	1,243	-	1,281
Payments to suppliers and employees		(73,900)	(72,042)	(64,514)	(56,994)	(59,028)
Interest paid		(3,179)	(2,499)	(443)	(2,539)	(176)
Income tax paid		(55)	(1,242)	-	-	-
<b>Net cash flow from operating activities</b>	26	<b>27,533</b>	<b>28,168</b>	<b>19,818</b>	<b>23,807</b>	<b>27,190</b>
<b>Cash flows from investing activities:</b>						
Receipts from sale of property, plant and equipment		26	6,029	22	7,259	6,004
Receipts from sale of investments		1,581	1,766	1,580	999	1,765
Dividends received		-	6	953	604	10,751
Acquisition of investments		497	2,238	-	-	-
Purchase of forestry assets		(327)	(387)	(327)	-	(387)
Purchase of intangible assets		(255)	(201)	(223)	-	(198)
Purchase of investment property		-	(27)	-	-	(27)
Purchase of property, plant and equipment		(39,004)	(51,827)	(33,545)	(38,790)	(47,539)
Receipts from sale of non-current property held for sale		403	-	403	-	-
<b>Net cash flow from investing activities</b>		<b>(37,079)</b>	<b>(42,403)</b>	<b>(31,137)</b>	<b>(29,928)</b>	<b>(29,631)</b>
<b>Cash flows from financing activities:</b>						
Proceeds from borrowings		18,000	10,500	17,000	6,239	-
Repayment of borrowings		(1,955)	(2,202)	(555)	-	(2,202)
<b>Net cash flow from financing activities</b>		<b>16,045</b>	<b>8,298</b>	<b>16,445</b>	<b>6,239</b>	<b>(2,202)</b>
<b>Net increase / (decrease)</b>		<b>6,499</b>	<b>(5,937)</b>	<b>5,126</b>	<b>118</b>	<b>(4,643)</b>
<b>Cash, cash equivalents and bank overdrafts:</b>						
At the beginning of the year		1,632	7,569	589	5,843	5,232
<b>At the end of the year</b>	10	<b>8,131</b>	<b>1,632</b>	<b>5,715</b>	<b>5,961</b>	<b>589</b>

The notes on pages 102 to 144 form part of these financial statements.

## Notes to the Financial Statements

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### 1. Statement of Accounting Policies for the year ended 30 June 2011

#### 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).

- Council's 88.5% share of the joint committee Marlborough Regional Forestry (MRF) which is accounted for in these financial statements as an activity of Council.
- Council's 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 and Waikawa Marina Trustee Limited.
- Marlborough Housing for the Elderly Trust.

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 2011. The results for Marlborough Housing for the Elderly Trust which are consolidated into these accounts are for the year ended 31 March 2011.

The financial statements were authorised for issue by Council on 27 October 2011.

#### 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.

##### (v) Early Adopted Amendment to Standards

The amendment to NZ IAS 12 Income taxes was early adopted in the current year and has resulted in a change in the measurement of deferred tax on buildings classified as Investment Property.

The application of this amendment has resulted in a reduction of the deferred tax liability and tax expense of \$1.726m in the prior year comparative in subsidiary Port Marlborough New Zealand Limited.

There have been a number of other standards, interpretations and amendments adopted. These have not led to any changes in the Company's accounting policies with measurement or recognition impact on the periods presented in these financial statements.

(vi) **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 131) 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.



(vii) **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 IFRS 7 Financial Instruments: Disclosures. The amendments to NZIFRS 7 mean the following information will no longer be disclosed:
  - The carrying amount of financial assets that would otherwise be passed due or impaired whose terms have been renegotiated: and
  - The maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount in the Statement of Financial Position.
- FRS 44 New Zealand additional disclosures and amendments to NZIFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – these were issued in May 2011 with the purpose of harmonising Australia and New Zealand's Accounting Standards with source IFRS and to eliminate many of the differences between the Accounting Standards in each jurisdiction. The amendments must first be adopted for the year ended 30 June 2012. Council has not yet assessed the effects of FRS 44 and the Harmonisation Amendments.
- 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 2012.

### **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 retards	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 2010-2011 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

**(xxxi) Emissions Trading Scheme (ETS)**

Marlborough Regional Forestry (MRF) is a participant in the ETS with regard to both its significant holdings of "pre 1990" forests and currently minor holding of "post 1989" forests.

Pre 1990 emission units (NZU's) received are recognised at cost (\$nil) and subsequently measured at cost subject to impairment. It is not anticipated that MRF will have any future liabilities or obligations with regard to its pre 1990 forests.

Post 1989 NZU's received are recognised at cost (\$nil) and subsequently measured at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required. If operations proceed as planned there will always be post 1989 units on hand equal to any liability.

Any future cash flows associated with units receivable/payable will be taken into consideration in determining the valuation of the forest estate.

Council's regional landfill will enter the ETS from 1 January 2012. If these obligations are met from forestry NZU's these will be "sold" internally at fair value with the transaction eliminated in Council accounts.

## 2. Summary Cost of Services

	2010-11 Actual \$000's	2010-11 Budget \$000's	2009-10 Actual \$000's
<b>Income:</b>			
Democratic Process	2,437	2,423	2,606
Culture and Heritage	724	716	574
Community Housing	1,032	1,035	1,191
Community Safety	430	276	950
Community Support	550	542	583
Library Services	1,427	1,388	1,447
Emergency Management	731	679	731
Community Facilities	5,478	5,359	5,221
Land Transport	21,521	18,868	19,267
Rivers and Land Drainage	7,203	7,193	7,174
Wastewater (Sewerage)	8,066	8,422	8,837
Stormwater	1,683	1,908	1,953
Water Supply	9,095	9,410	8,941
Solid Waste Management	5,680	5,843	5,178
Environmental Policy and Information	5,574	5,113	5,178
Resource Consents	2,628	3,197	2,845
Building Control	1,893	2,520	1,960
Compliance	1,270	1,204	1,577
Animal Control	617	624	592
Harbour Control	869	853	562
Regional Development	1,198	1,140	892
<b>Total activity income</b>	<b>80,106</b>	<b>78,713</b>	<b>78,259</b>
Plus other income (including forestry)	13,712	15,159	24,370
Less internal income	(5,108)	(6,243)	(4,212)
<b>Total income</b>	<b>88,710</b>	<b>87,629</b>	<b>98,417</b>
<b>Expenditure:</b>			
Democratic Process	2,483	2,423	2,513
Culture and Heritage	589	716	639
Community Housing	1,032	1,071	961
Community Safety	412	276	939
Community Support	633	572	521
Library Services	1,449	1,388	1,357
Emergency Management	671	639	791
Community Facilities	7,581	5,651	7,607
Land Transport	22,940	17,874	17,473
Rivers and Land Drainage	4,142	4,179	4,047
Wastewater (Sewerage)	7,590	7,766	6,643
Stormwater	1,490	1,565	1,485
Water Supply	8,281	8,663	7,289
Solid Waste Management	6,972	5,573	5,443
Environmental Policy and Information	5,435	5,213	5,823
Resource Consents	3,085	3,197	3,365
Building Control	2,380	2,520	2,590
Compliance	1,333	1,204	1,716
Animal Control	617	647	626
Harbour Control	877	853	911
Regional Development	1,275	1,217	915
<b>Total activity expenditure</b>	<b>81,267</b>	<b>73,207</b>	<b>73,652</b>
Plus other expenditure (including forestry)	9,453	9,564	8,349
Less internal expenditure	(5,108)	(6,243)	(4,214)
<b>Total operating expenditure</b>	<b>85,612</b>	<b>76,528</b>	<b>77,788</b>



## 3. Rates Activity

Rates revenue:	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
Democratic Process	2,193	2,336	2,193	2,336
Culture and Heritage	647	511	647	511
Community Housing	-	-	-	-
Community Safety	82	78	82	78
Community Support	492	521	492	521
Library Services	1,138	1,126	1,138	1,126
Emergency Management	568	596	568	596
Community Facilities	4,708	4,466	4,708	4,466
Land Transport	9,027	8,770	9,027	8,770
Rivers and Land Drainage	3,532	3,331	3,532	3,331
Wastewater (Sewerage)	6,616	6,288	6,616	6,288
Stormwater	1,401	1,291	1,401	1,291
Water Supply	8,694	8,394	8,694	8,394
Solid Waste Management	2,500	1,994	2,500	1,994
Environmental Policy and Information	4,548	4,305	4,548	4,305
Resource Consents	1,093	1,173	1,093	1,173
Building Control	354	406	354	406
Compliance	770	879	770	879
Animal Control	42	49	42	49
Harbour Control	598	314	598	314
Regional Development	1,047	807	1,047	807
<b>Total activity rates</b>	<b>50,050</b>	<b>47,635</b>	<b>50,050</b>	<b>47,635</b>
Plus non-activity rates	12	10	12	10
Less related party rates eliminated	(366)	(366)	-	(8)
<b>Total gross rates revenue</b>	<b>49,696</b>	<b>47,279</b>	<b>50,062</b>	<b>47,637</b>
Rates remissions (as below)	499	436	499	436
<b>Rates revenue net of remissions</b>	<b>49,197</b>	<b>46,843</b>	<b>49,563</b>	<b>47,201</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:	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
Community sporting & other organisations	28	27	28	27
Protected land	3	2	3	2
Residential land in commercial/industrial areas	29	36	29	36
Single entity non-contiguous pastoral units & separate ownership contiguous units	21	14	21	14
Separately used/inhabited parts of rating unit	50	49	50	49
Subdivisions creating four or more units	70	81	70	81
Subdivisions creating 10 or more units	25	-	25	-
Rate penalties	50	37	50	37
Statute barred	7	-	7	-
Water remission	39	17	39	17
Multi-ownership Maori land	177	173	177	173
<b>Total remissions</b>	<b>499</b>	<b>436</b>	<b>499</b>	<b>436</b>

## 4. Finance Income and Finance Costs

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Finance income:</b>				
Interest income:				
Term deposits	1,295	1,350	1,234	1,269
Related party loans	9	12	9	12
<b>Total finance income</b>	<b>1,304</b>	<b>1,362</b>	<b>1,243</b>	<b>1,281</b>
<b>Finance costs:</b>				
Interest expense:				
Interest on bank borrowings	3,404	2,651	443	176
Interest other	(169)	(176)	-	-
Interest derivatives (presented net):				
Held for trading interest rate swaps	155	-	155	-
Ineffectiveness on cash flow hedges	220	(269)	-	-
<b>Total finance costs</b>	<b>3,610</b>	<b>2,206</b>	<b>598</b>	<b>176</b>
<b>Net finance income / (costs)</b>	<b>(2,306)</b>	<b>(844)</b>	<b>645</b>	<b>1,105</b>

## 5. Other Revenue

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
User charges	9,496	9,803	9,588	9,978
Regulatory revenue	3,691	4,073	4,028	4,258
Lump sum contributions	122	137	122	137
Land subdivision revenues	497	1,594	497	1,594
Development impact levies	644	836	644	836
Infringements and fines	536	629	536	629
Petrol tax	386	393	386	393
Rendering of services	13,768	11,707	-	-
Vested assets	316	1,648	316	1,648
Dividend income related party	-	-	953	10,745
Dividend income other	-	6	-	6
Rental income from investment properties	7,253	7,177	151	148
Marlborough Regional Forestry Revenue	7,447	7,445	7,447	7,445
NZTA roading subsidy	8,812	5,602	8,812	5,602
Other income	3,477	4,978	3,715	5,152
<b>Total other revenue</b>	<b>56,445</b>	<b>56,028</b>	<b>37,195</b>	<b>48,571</b>

## 6. Gains

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Non-financial instruments:</b>				
Property, plant and equipment gains on disposal	1	587	1	587
Non-current assets held for sale gains on disposal	106	-	106	-
Investment property revaluation gain (note 19)	256	-	27	-
Other	61	66	-	-
<b>Total non-financial instrument gains</b>	<b>424</b>	<b>653</b>	<b>134</b>	<b>587</b>
<b>Financial instruments:</b>				
Gains on fair value of investments	76	341	76	341
<b>Total financial instruments gains</b>	<b>76</b>	<b>341</b>	<b>76</b>	<b>341</b>
<b>Total gains</b>	<b>500</b>	<b>994</b>	<b>210</b>	<b>928</b>

## 7. Personnel Costs

	Group		Council	
	2010-11	2009-10	2010-11	2009-10
	\$000's	\$000's	\$000's	\$000's
Salaries and wages	20,319	19,573	15,976	15,440
Defined contribution plan employer contributions	755	739	579	575
Increase in employee entitlements	172	47	172	47
<b>Total personnel costs</b>	<b>21,246</b>	<b>20,359</b>	<b>16,727</b>	<b>16,062</b>

## 8. Other Expenses

	Group		Council	
	2010-11	2009-10	2010-11	2009-10
	\$000's	\$000's	\$000's	\$000's
Fees to principal auditor:				
audit fees for financial statement audit	104	101	104	101
audit fees for LTCCP	10	6	10	6
Audit fees for financial statement audit - Deloitte	74	83	-	-
Donations	139	42	-	-
Grants	1,876	4,230	1,888	4,236
Insurance premiums	1,071	1,364	1,071	1,364
Impairment adjustment of receivables (note 11)	37	11	7	12
Impairment adjustment of non-current assets held for sale	-	927	-	928
Councillors remuneration	549	610	549	610
Directors fees	207	205	235	-
Property plant and equipment loss on disposal	1,853	221	1,853	216
Direct operating expenses of investment properties	2,609	2,265	10	-
Investment property revaluation loss (note 19)	-	10,086	-	14
Payments under operating leases	336	362	334	340
Forestry asset revaluation loss (note 18)	(179)	(598)	(179)	(598)
Other operating expenses	50,048	42,952	47,171	39,547
<b>Total other expenses</b>	<b>58,734</b>	<b>62,867</b>	<b>53,053</b>	<b>46,776</b>
<b>Amortisation and depreciation:</b>				
Depreciation expense (note 16)	17,020	16,764	15,075	14,648
Amortisation of intangible asset (note 17)	177	173	159	126
Impairment of non-current assets (note 16)	-	1,296	-	-
<b>Total amortisation and depreciation</b>	<b>17,197</b>	<b>18,233</b>	<b>15,234</b>	<b>14,774</b>

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

The significant increase in other operating expenses compared to 2009-10 (and budget) is largely due to roading flood damage repairs (\$5.5 M) and non cash expenditure on both write-off regarding Aquatic Centre (\$1.6 M) and provision regarding closed landfills (\$1.1 M). For further explanation please refer to note 35.

## 9. Tax

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>9.1 Components of tax expense</b>				
Current tax expense	1,429	99	-	-
Adjustments to current tax in prior years	-	(26)	-	-
Deferred tax expense	(1,484)	3,254	-	-
<b>Tax expense</b>	<b>(55)</b>	<b>3,327</b>	<b>-</b>	<b>-</b>
<b>9.2 Relationship between tax expense and accounting profit</b>				
Surplus/(deficit) before tax	7,158	1,998	3,098	20,629
Tax at 30%	2,147	599	929	6,189
Plus / (less) tax effect of:				
Non-deductible expenditure	200	2,944	-	-
Non-taxable income	(647)	(2,967)	(929)	(6,189)
Deferred tax on building depreciation removal	(8)	2,817	-	-
Deferred tax on change in tax rate	(1,747)	(40)	-	-
Prior year adjustment	-	(26)	-	-
<b>Tax expense</b>	<b>(55)</b>	<b>3,327</b>	<b>-</b>	<b>-</b>

Within the group tax losses to carry forward are \$976,886 (2010: \$882,365).

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2010: 30%) payable by New Zealand corporate entities on taxable profits under New Zealand law.

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. The Government also announced that the ability to claim depreciation on buildings would cease at the end of the 2011 tax year.

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>9.3 Income tax recognised in comprehensive income</b>				
Deferred tax on property revaluations	-	(105)	-	-
<b>9.4 Current tax assets / (liabilities)</b>				
Tax (payable) / receivable	(132)	1,239	-	-

9.5 Deferred tax assets / (liabilities)	Property, plant & equipment		Investment property	Financial Instruments	Provisions	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Group</b>						
<b>Balance at 1 July 2009</b>	<b>(4,016)</b>	<b>(1,159)</b>	<b>569</b>	<b>951</b>	<b>(3,655)</b>	
Charged to surplus or deficit	(840)	(1,488)	(113)	(813)	(3,254)	
Charged to other comprehensive income	105	-	-	-	105	
<b>Balance at 30 June 2010</b>	<b>(4,751)</b>	<b>(2,647)</b>	<b>456</b>	<b>138</b>	<b>(6,804)</b>	
Charged to surplus or deficit	127	1,230	61	66	1,484	
Charged to other comprehensive income	-	-	-	-	-	
<b>Balance at 30 June 2011</b>	<b>(4,624)</b>	<b>(1,417)</b>	<b>517</b>	<b>204</b>	<b>(5,320)</b>	

## 10. Cash and Cash Equivalents

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
Cash at bank and on hand	8,527	3,547	6,111	2,504
<b>Total cash and cash equivalents</b>	<b>8,527</b>	<b>3,547</b>	<b>6,111</b>	<b>2,504</b>

Cash, cash equivalents and bank overdrafts include the following for the purpose of the Statement of Cashflows:

Cash at bank and on hand	8,527	3,547	6,111	2,504
Bank overdrafts (note 22)	(396)	(1,915)	(396)	(1,915)
<b>Total as per statement of cashflows</b>	<b>8,131</b>	<b>1,632</b>	<b>5,715</b>	<b>589</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

11.1 Debtors and other receivables	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
Rates receivables	1,075	813	1,075	813
Other receivables				
Related party receivables	-	-	132	85
Goods and services tax (net)	670	700	914	385
Prepayments	572	147	572	147
Other	7,690	6,371	5,882	4,759
<b>Gross debtors and other receivables</b>	<b>10,007</b>	<b>8,031</b>	<b>8,575</b>	<b>6,189</b>
Less provision for impairment	(105)	(68)	(41)	(34)
<b>Total debtors and other receivables</b>	<b>9,902</b>	<b>7,963</b>	<b>8,534</b>	<b>6,155</b>

The values of debtors and other receivables approximate fair value.

With the exception of the roading subsidy there is no concentration of credit risk with respect to receivables as the group has a large number of customers (refer to note 33.3, page 138).

Council has provided a sum of \$41,000 (2010 \$34,000) 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.

\$281,659 (2010: \$607,949) 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:

11.2 Ageing profile of receivables	2010-11			2009-10		
	Impairment		Net	Impairment		Net
	Gross			Gross		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Group</b>						
Not past due	7,419	-	7,419	5,481	-	5,481
Past due 1-60 days	1,155	-	1,155	1,364	-	1,364
Past due 61-120 days	1,311	64	1,247	1,097	33	1,064
Past due >120 days	122	41	81	89	35	54
<b>Total</b>	<b>10,007</b>	<b>105</b>	<b>9,902</b>	<b>8,031</b>	<b>68</b>	<b>7,963</b>
<b>Council</b>						
Not past due	6,297	-	6,297	3,874	-	3,874
Past due 1-60 days	988	-	988	1,230	-	1,230
Past due 61-120 days	1,168	-	1,168	996	-	996
Past due >120 days	122	41	81	89	34	55
<b>Total</b>	<b>8,575</b>	<b>41</b>	<b>8,534</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:

11.3 Impairment information	Group		Council	
	2010-11	2009-10	2010-11	2009-10
	\$000's	\$000's	\$000's	\$000's
Individual impairment	105	68	41	34
Collective impairment	-	-	-	-
<b>Total provision for impairment</b>	<b>105</b>	<b>68</b>	<b>41</b>	<b>34</b>
Past due 1-60 days	-	-	-	-
Past due 61-120 days	64	33	-	-
Past due >120 days	41	35	41	34
<b>Total individual impairment</b>	<b>105</b>	<b>68</b>	<b>41</b>	<b>34</b>
<b>At 1 July</b>	68	57	34	22
Additional provisions made during the year	105	68	41	34
Provisions reversed during the year	(68)	(57)	(34)	(22)
Receivables written-off during the period	-	-	-	-
<b>At 30 June</b>	<b>105</b>	<b>68</b>	<b>41</b>	<b>34</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	
	2010-11	2009-10	2010-11	2009-10
	\$000's	\$000's	\$000's	\$000's
<b>Current asset portion:</b>				
Interest rate swaps - cash flow hedges	-	-	-	-
<b>Non-current asset portion:</b>				
Interest rate swaps - cash flow hedges	-	-	-	-
<b>Total derivative financial instrument assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liability portion:</b>				
Interest rate swaps - cash flow hedges	195	239	-	-
<b>Non-current liability portion:</b>				
Interest rate swaps - cash flow hedges	1,810	1,389	155	-
<b>Total derivative financial instrument liabilities</b>	<b>2,005</b>	<b>1,628</b>	<b>155</b>	<b>-</b>

### Fair Value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.



**Interest Rate Swaps**

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$14 M (2010: nil) and for the group were \$75.060 M (2010: \$51.610 M). At 30 June 2011 the fixed interest rates of cash flow hedge interest rate swaps varied from 4.54% to 6.34%.

**13. Other Financial Assets**

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Current portion:</b>				
Term deposits and bonds with maturities of 4-12 months	3,296	756	3,296	756
Community loans	35	25	35	25
Loan to joint venture MRF	57	59	57	59
<b>Total current portion</b>	<b>3,388</b>	<b>840</b>	<b>3,388</b>	<b>840</b>
<b>Non-current portion:</b>				
Term deposits and bonds with maturities 12 months plus	9,800	13,780	9,800	13,780
Community loans	32	52	32	52
Loan to joint venture MRF	53	105	53	105
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</b>	<b>9,960</b>	<b>14,012</b>	<b>15,960</b>	<b>20,012</b>
<b>Total other financial assets</b>	<b>13,348</b>	<b>14,852</b>	<b>19,348</b>	<b>20,852</b>

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

**14. Inventories**

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Held for distribution inventory:</b>				
Goods held for maintenance	267	311	3	4
<b>Commercial inventory:</b>				
Quarry rock and gravel	307	258	307	258
<b>Total inventory</b>	<b>574</b>	<b>569</b>	<b>310</b>	<b>262</b>

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

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Non-current assets held for sale are:</b>				
Buildings	1,509	1,586	1,509	1,586
Land	130	2,400	130	2,400
<b>Total non-current assets held for sale</b>	<b>1,639</b>	<b>3,986</b>	<b>1,639</b>	<b>3,986</b>

Included in these totals are:

- o Buildings which are part of the Picton waterfront redevelopment.
- o Residential sections subdivided from Council farmland.

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.

Parcels included in 2009-10 but not 2010-11 are:

- o Land in Wynen Street which was to be commercially developed but which is now being adapted by Council for use as a carpark and has been transferred to property, plant and equipment.
- o A property in the Awatere which sold during the year.
- o Two of four of the residential sections which sold during the year.

## 16. Property, Plant and Equipment

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 DEPN	ADJUST	IMPRMNT	DEPN	ADJUST	COST	DEPN					
												ADJUST	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	-	(7,095)	(4,932)	108,275	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)	-	960	-	(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>4,873</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>16,765</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>

2010-11 GROUP	COST/VALN \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 1/07/2010 \$000's	WIP & OTHER RECLASSIFICATIONS		CURRENT YEAR		DISPOSALS		CURRENT YEAR		REVALUATION		COST/ REVAL 30/06/2011 \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 30/06/2011 \$000's	
				COST		ACCUM DEPN	ADDITIONS	DISPOSALS	DEPN ADJUST	IMPRMNT	DEPN	TRNSFR ADJUST	COST ADJUST				DEPN ADJUST
				\$000's	\$000's	\$000's	\$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	7,292	-	7,292	(6,527)	-	5,693	-	-	-	-	-	(509)	-	-	5,949	-	5,949
Buildings	63,949	1,891	62,058	4,784	-	3,769	(2,055)	(490)	-	1,865	-	(344)	(685)	70,103	2,581	67,522	
Forest Crops	543	-	543	-	-	-	-	-	-	-	-	-	-	543	-	543	
Land and improvements	108,190	1,065	107,125	676	-	2,178	-	-	-	485	(2)	(4,128)	-	106,914	1,550	105,364	
Landfill	5,791	1,692	4,099	-	-	19	(1,107)	(1,120)	-	474	-	(83)	-	4,620	1,046	3,574	
Library Books	4,467	3,129	1,338	-	-	184	(1,984)	(1,983)	-	182	-	-	-	2,667	1,328	1,339	
Other Structures and Improvements	4,447	351	4,096	321	-	1,221	(75)	(9)	-	61	-	-	-	5,914	403	5,511	
Office Equip, Furnishings & Fittings	6,616	4,722	1,894	142	-	481	(1,878)	(1,876)	-	503	(5)	-	-	5,356	3,349	2,007	
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52	
Parking Meters	649	450	199	-	-	-	-	-	-	27	-	-	-	649	477	172	
Plant, Machinery & Equipment	11,776	6,750	5,026	431	-	4,098	(732)	(586)	-	969	185	-	-	15,758	7,133	8,625	
	<b>213,772</b>	<b>20,050</b>	<b>193,722</b>	<b>(173)</b>	<b>-</b>	<b>17,643</b>	<b>(7,831)</b>	<b>(6,064)</b>	<b>-</b>	<b>4,566</b>	<b>(331)</b>	<b>(4,555)</b>	<b>(685)</b>	<b>218,525</b>	<b>17,867</b>	<b>200,658</b>	
<b>16.2 Infrastructural Assets</b>																	
Work in Progress	5,196	-	5,196	(538)	-	13,620	-	-	-	-	-	-	-	18,278	-	18,278	
Bridges	35,594	-	35,594	81	-	588	-	-	-	803	-	753	(803)	37,016	-	37,016	
Car parks	13,052	11	13,041	-	-	-	-	-	-	113	-	(159)	(112)	12,893	12	12,881	
Public Conveniences	3,037	44	2,993	-	-	222	(10)	-	-	43	-	(93)	(44)	3,156	43	3,113	
Reserves and Parks	50,327	980	49,347	-	-	1,349	-	-	-	275	-	(1,203)	(108)	50,473	1,147	49,326	
River Works	128,314	233	128,081	70	-	563	-	-	-	124	-	8,763	(357)	137,710	-	137,710	
Roads and Streets	535,951	-	535,951	-	-	5,789	-	-	-	5,875	-	24,899	(5,875)	566,639	-	566,639	
Sewerage Schemes	118,153	-	118,153	323	-	1,893	(36)	(2)	-	2,066	-	190	(2,064)	120,523	-	120,523	
Stormwater Drainage Schemes	55,768	-	55,768	-	-	99	-	-	-	970	-	4,267	(970)	60,134	-	60,134	
War Memorials	454	24	430	-	-	-	-	-	-	9	-	278	(15)	732	18	714	
Water Supply Schemes	104,992	-	104,992	54	-	1,579	(47)	(1)	-	2,175	-	(47)	(2,174)	106,531	-	106,531	
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>1,050,838</b>	<b>1,292</b>	<b>1,049,546</b>	<b>(10)</b>	<b>-</b>	<b>25,702</b>	<b>(93)</b>	<b>(3)</b>	<b>-</b>	<b>12,453</b>	<b>-</b>	<b>37,648</b>	<b>(12,522)</b>	<b>1,114,085</b>	<b>1,220</b>	<b>1,112,865</b>	
<b>Total Operational and Infrastructural Assets</b>	<b>1,264,610</b>	<b>21,342</b>	<b>1,243,268</b>	<b>(183)</b>	<b>-</b>	<b>43,345</b>	<b>(7,924)</b>	<b>(6,067)</b>	<b>-</b>	<b>17,019</b>	<b>(331)</b>	<b>33,093</b>	<b>(13,207)</b>	<b>1,332,610</b>	<b>19,087</b>	<b>1,313,523</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 DEPN	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)	-	444	-	-	-	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>2,757</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>14,649</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>

2010-11 COUNCIL	COST/VALN \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 1/07/2010 \$000's	WIP & OTHER RECLASSIFICATIONS		CURRENT YEAR		DISPOSALS		CURRENT YEAR		REVALUATION		COST/ REVAL 30/06/2011 \$000's	ACCUM DEPN \$000's	CARRYING AMOUNT 30/06/2011 \$000's
				COST	ACCUM DEPN	ADDITIONS	DISPOSALS	DEPN ADJUST	IMPRMNT	DEPN	TRNSFR ADJUST	COST ADJUST	DEPN ADJUST			
<b>16.1 Operational Assets</b>																
Work in Progress	5,304	-	5,304	(5,191)	-	2,205	-	-	-	-	-	-	-	2,318	-	2,318
Buildings	31,304	1,134	30,170	4,644	-	3,726	(2,055)	(490)	-	693	-	(344)	(685)	37,275	652	36,623
Forest Crops	543	-	543	-	-	-	-	-	-	-	-	-	-	543	-	543
Land and improvements	85,781	824	84,957	94	-	2,178	-	-	-	204	-	(4,128)	-	83,925	1,028	82,897
Landfill	5,791	1,692	4,099	-	-	19	(1,107)	(1,120)	-	474	-	(83)	-	4,620	1,046	3,574
Library Books	4,467	3,129	1,338	-	-	184	(1,984)	(1,983)	-	182	-	-	-	2,667	1,328	1,339
Other Structures and Improvements	4,447	351	4,096	321	-	1,221	(75)	(9)	-	61	-	-	-	5,914	403	5,511
Office Equip, Furnishings & Fittings	6,537	4,656	1,881	142	-	468	(1,870)	(1,868)	-	498	-	-	-	5,277	3,286	1,991
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	649	450	199	-	-	-	-	-	-	27	-	-	-	649	477	172
Plant, Machinery & Equipment	6,897	3,502	3,395	-	-	3,931	(664)	(514)	-	482	-	-	-	10,164	3,470	6,694
	<b>151,772</b>	<b>15,738</b>	<b>136,034</b>	<b>10</b>	<b>-</b>	<b>13,932</b>	<b>(7,755)</b>	<b>(5,984)</b>	<b>-</b>	<b>2,621</b>	<b>-</b>	<b>(4,555)</b>	<b>(685)</b>	<b>153,404</b>	<b>11,690</b>	<b>141,714</b>
<b>16.2 Infrastructural Assets</b>																
Work in Progress	5,196	-	5,196	(538)	-	13,620	-	-	-	-	-	-	-	18,278	-	18,278
Bridges	35,594	-	35,594	81	-	588	-	-	-	803	-	753	(803)	37,016	-	37,016
Car parks	13,052	11	13,041	-	-	-	-	-	-	113	-	(159)	(112)	12,893	12	12,881
Public Conveniences	3,037	44	2,993	-	-	222	(10)	-	-	43	-	(93)	(44)	3,156	43	3,113
Reserves and Parks	50,327	980	49,347	-	-	1,349	-	-	-	275	-	(1,203)	(108)	50,473	1,147	49,326
River Works	128,314	233	128,081	70	-	563	-	-	-	124	-	8,763	(357)	137,710	-	137,710
Roads and Streets	535,951	-	535,951	-	-	5,789	-	-	-	5,875	-	24,899	(5,875)	566,639	-	566,639
Sewerage Schemes	118,153	-	118,153	323	-	1,893	(36)	(2)	-	2,066	-	190	(2,064)	120,523	-	120,523
Stormwater Drainage Schemes	55,768	-	55,768	-	-	99	-	-	-	970	-	4,267	(970)	60,134	-	60,134
War Memorials	454	24	430	-	-	-	-	-	-	9	-	278	(15)	732	18	714
Water Supply Schemes	104,992	-	104,992	54	-	1,579	(47)	(1)	-	2,175	-	(47)	(2,174)	106,531	-	106,531
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,050,838</b>	<b>1,292</b>	<b>1,049,546</b>	<b>(10)</b>	<b>-</b>	<b>25,702</b>	<b>(93)</b>	<b>(3)</b>	<b>-</b>	<b>12,453</b>	<b>-</b>	<b>37,648</b>	<b>(12,522)</b>	<b>1,114,085</b>	<b>1,220</b>	<b>1,112,865</b>
<b>Total Operational and Infrastructural Assets</b>	<b>1,202,610</b>	<b>17,030</b>	<b>1,185,580</b>	<b>-</b>	<b>-</b>	<b>39,634</b>	<b>(7,848)</b>	<b>(5,987)</b>	<b>-</b>	<b>15,074</b>	<b>-</b>	<b>33,093</b>	<b>(13,207)</b>	<b>1,267,489</b>	<b>12,910</b>	<b>1,254,579</b>

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

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

Council land was valued by QV Valuations (Registered Valuers) as at 1 July 2010. The basis of valuation is fair value with reference to highest and best use, as at 1 July 2010.

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 2010. 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 2011.

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 2011 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 2011. The river control and drainage valuation was performed by the Council's Rivers and Drainage Engineer, Geoff Dick. Lex Hayward of Alexander Hayward Limited conducted an independent peer review of the valuation.

Carparks were valued at optimised depreciated replacement cost (ODRC) at 30 June 2011 by Opus International Consultants Ltd.

Water, Sewer and Stormwater assets were valued at ODRC as at 30 June 2011. 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 2010.

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 2010.

Land under roads was 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	
	Group total \$000's	Computer software \$000's	Council total \$000's	Computer software \$000's
<b>Cost:</b>				
<b>Balance at 1 July 2009</b>	2,137	2,137	1,822	1,822
Additions	201	201	199	199
Disposals	-	-	-	-
<b>Balance at 30 June 2010</b>	<b>2,338</b>	<b>2,338</b>	<b>2,021</b>	<b>2,021</b>
Additions	256	256	223	223
Disposals	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>2,594</b>	<b>2,594</b>	<b>2,244</b>	<b>2,244</b>
<b>Accumulated amortisation and impairment:</b>				
<b>Balance at 1 July 2009</b>	1,535	1,535	1,274	1,274
Amortisation charge	173	173	126	126
<b>Balance at 30 June 2010</b>	<b>1,708</b>	<b>1,708</b>	<b>1,400</b>	<b>1,400</b>
Amortisation expense	177	177	159	159
<b>Balance at 30 June 2011</b>	<b>1,885</b>	<b>1,885</b>	<b>1,559</b>	<b>1,559</b>
<b>Carrying amount:</b>				
<b>Balance at 1 July 2009</b>	<b>602</b>	<b>602</b>	<b>548</b>	<b>548</b>
<b>Balance at 30 June 2010</b>	<b>630</b>	<b>630</b>	<b>621</b>	<b>621</b>
<b>Balance at 30 June 2011</b>	<b>709</b>	<b>709</b>	<b>685</b>	<b>685</b>

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

Emissions Units – 737 units have been received with respect to post 1989 forests. An additional 64,500 are expected shortly and a further 105,000 during 2013, all in respect of pre 1990 forests.

## 18. Forestry Assets

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Balance at 1 July</b>	10,000	10,613	10,000	10,613
Increase due to purchases	327	387	327	387
Gains / (losses) arising from changes attributable to physical changes (note 8)	531	812	531	812
Gains / (losses) arising from changes attributable to price changes (note 8)	(351)	(215)	(351)	(215)
Decreases due to sales	(1,244)	(1,597)	(1,244)	(1,597)
<b>Balance at 30 June</b>	<b>9,263</b>	<b>10,000</b>	<b>9,263</b>	<b>10,000</b>

The forestry estate called Marlborough Regional Forest (MRF) is managed as a joint committee of Marlborough District Council (88.5%) and Kaikoura District Council (11.5%). The MRF estate covers 2,993 stocked hectares as at 30 June 2011 (2010: 2,913)

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 Speeds. The age distribution forecast as at 30 June 2011 of the MRF estate ranges from 1-14 years 57%; 15-28 years 35% and 29-37 years 8% (2010: 1-14 years 51%, 15-28 years 39% and 29-37 years 10%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2011. Buck Forestry Service Ltd has prepared the forestry crop valuations as at 30 June 2011 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:

	as at 30 June 2011			as at 30 June 2010		
Discount rate:	7%	8%	9%	7%	8%	9%
		(as used)			(as used)	
Tree crop value (\$000's)	11,511	10,466	9,591	12,428	11,300	10,353
MDC's 88.5% share (\$000's)	10,187	9,262	8,488	10,999	10,001	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	
	2010-11	2009-10	2010-11	2009-10
	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July</b>	52,407	59,995	1,743	1,731
Additions	2,196	2,508	-	26
Disposals	-	(10)	-	-
Fair valuation gains (note 6) / (losses) (note 8)	256	(10,086)	27	(14)
<b>Balance at 30 June</b>	<b>54,859</b>	<b>52,407</b>	<b>1,770</b>	<b>1,743</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.

	Council and Group	
	2010-11	2009-10
	\$000's	\$000's
Current assets	1,608	1,732
Non-current assets	16,414	17,200
Current liabilities	1,256	900
Non-current liabilities	5,755	6,153
Income	7,502	7,491
Expenses	8,448	7,581

## 21. Creditors and Other Payables

	Group		Council	
	2010-11	2009-10	2010-11	2009-10
	\$000's	\$000's	\$000's	\$000's
Trade payables	8,051	4,743	6,135	3,226
Accrued expenses	6,549	4,767	6,549	4,767
Income in advance	1,752	1,653	1,296	1,187
Deposits	1,021	1,138	1,021	1,138
Agency account	87	116	87	116
Trust funds	228	243	228	243
Amounts due to related parties (note 29)	-	-	572	1,127
<b>Total creditors and other payables</b>	<b>17,688</b>	<b>12,660</b>	<b>15,888</b>	<b>11,804</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	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Current portion</b>				
Bank overdraft	396	1,915	396	1,915
Secured loans	28,945	23,605	-	-
<b>Total current portion</b>	<b>29,341</b>	<b>25,520</b>	<b>396</b>	<b>1,915</b>
<b>Non-current portion</b>				
Secured loans	32,910	21,649	17,000	-
<b>Total non-current portion</b>	<b>32,910</b>	<b>21,649</b>	<b>17,000</b>	<b>-</b>
<b>Total borrowings</b>	<b>62,251</b>	<b>47,169</b>	<b>17,396</b>	<b>1,915</b>

### *Council*

Secured loans have been raised under a \$30 M wholesale advance facility agreement with Westpac New Zealand Limited.

The loans are secured via security stock issued by Council under a Debenture Trust Deed, thereby giving Westpac the benefit of the charge on rates created by that Debenture Trust Deed.

The \$17 M of debt is issued at floating rates of interest. Council has interest rate swaps of \$14 M in place maturing between 2 May 2016 and 16 May 2018.

During the year interest rates ranged between 3.51% and 4.17% (2010: 2.49% and 2.78%).

### *MDC Holdings Limited*

During the year interest rates ranged between 3.06% and 8.17% (2010: 2.90% and 8.72%).

Loan Maturities - Funds have been raised under a \$60 M multi-option facility agreement with the Bank of New Zealand (2010: \$60 M). The terms of that agreement includes two facilities of \$30 M each, one is due for renewal on 22 December 2012, 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.

## 23. Employee Entitlements

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Current portion</b>				
Accrued pay	146	92	146	92
Annual leave	1,635	1,502	1,095	995
Sick leave	40	45	40	45
<b>Total current portion</b>	<b>1,821</b>	<b>1,639</b>	<b>1,281</b>	<b>1,132</b>
<b>Non-current portion</b>				
Retirement and long service leave	831	915	831	915
<b>Total non-current portion</b>	<b>831</b>	<b>915</b>	<b>831</b>	<b>915</b>
<b>Total employee entitlements</b>	<b>2,652</b>	<b>2,554</b>	<b>2,112</b>	<b>2,047</b>

## 24. Provisions

24.1 Balances	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Current portion:</b>				
Weathertightness claims	376	295	376	295
Runway reseal provision	-	-	-	-
Obligation to PMNZL	-	-	373	-
<b>Total current portion</b>	<b>376</b>	<b>295</b>	<b>749</b>	<b>295</b>
<b>Non-current portion:</b>				
Landfill aftercare provision	1,782	558	1,782	558
Weathertightness claims	-	326	-	326
Runway reseal provision	199	43	-	-
<b>Total non-current portion</b>	<b>1,981</b>	<b>927</b>	<b>1,782</b>	<b>884</b>
<b>Total provisions</b>	<b>2,357</b>	<b>1,222</b>	<b>2,531</b>	<b>1,179</b>

Council and Group	Weather-tightness claims	Runway reseal	Landfill aftercare	Total
<b>24.2 Movements</b>				
<b>Balance at 1 July 2009</b>	-	2,797	468	3,265
Additional provisions made	621	961	90	1,672
Amounts used	-	(3,715)	-	(3,715)
<b>Balance at 30 June 2010</b>	<b>621</b>	<b>43</b>	<b>558</b>	<b>1,222</b>
Additional provisions made	50	166	1,224	1,440
Amounts used	(295)	(10)	-	(305)
<b>Balance at 30 June 2011</b>	<b>376</b>	<b>199</b>	<b>1,782</b>	<b>2,357</b>

### Weathertightness Claims

One non finalised claim has been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2011 (2010: two). 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

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.

#### Current Landfill

Marlborough District Council gained a resource consent in November 1995 to operate the Blenheim landfill.

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 and closure of the entire landfill in 2049.

Closure responsibilities include final cover application and vegetation; Incremental drainage control features; Completing facilities for leachate collection and monitoring; water quality monitoring and monitoring and recovery of gas.

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; groundwater and surface monitoring; gas monitoring and recovery; implementation of remedial measures such as needling for cover and control systems; ongoing site maintenance for drainage systems and final cover and vegetation.

The cash outflows for landfill post-closure are expected to occur in 40 to 59 years time (ie: between 2050 and 2069). The estimated liability for closure and post-closure is \$1.81 M.

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

- The remaining capacity of the site is 1.95 (2010:2.00) M 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.

**Closed Landfills**

Marlborough District Council renewed a resource consent in 2009 for seven of its closed landfill sites. The remaining site was consented in 1998.

The Council has responsibility under the consent to provide ongoing maintenance and monitoring of these sites. The monitoring includes groundwater monitoring; surface water monitoring; site inspections for landfill gas generation and site walkover survey to evaluate slope erosion, cap maintenance and subsidence.

The cash outflows for landfill post-closure monitoring and maintenance are expected to occur in perpetuity. The estimated annual liability is \$51,000.

**Other**

Council has a legal obligation to settle a historical debt of \$372,500 due to Port Marlborough. The nature of payment is being resolved between the parties.

**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**

	<b>Group</b>		<b>Council</b>	
	<b>2010-11</b> \$000's	<b>2009-10</b> \$000's	<b>2010-11</b> \$000's	<b>2009-10</b> \$000's
<b>Accumulated funds</b>				
<b>Balance at 1 July</b>	565,972	553,973	542,918	508,961
Transfers (to) / from reserves	(110)	(4,108)	(110)	(4,108)
Transfers (to) / from restricted reserves	1,181	17,057	1,181	17,057
Transfers from property revaluation reserves on disposal	101	379	101	379
Surplus / (deficit) for the year	7,213	(1,329)	3,098	20,629
<b>Balance at 30 June</b>	<b>574,357</b>	<b>565,972</b>	<b>547,188</b>	<b>542,918</b>
<b>Ordinary and Council created reserves</b>				
<b>Balance at 1 July</b>	31,883	27,775	29,267	25,159
Transfers (to) / from accumulated funds	110	4,108	110	4,108
<b>Balance at 30 June</b>	<b>31,993</b>	<b>31,883</b>	<b>29,377</b>	<b>29,267</b>
<b>Restricted reserves:</b>				
<b>Balance at 1 July</b>	2,424	19,481	2,424	19,481
Transfers (to) / from accumulated funds	(1,181)	(17,057)	(1,181)	(17,057)
<b>Balance at 30 June</b>	<b>1,243</b>	<b>2,424</b>	<b>1,243</b>	<b>2,424</b>
<b>Restricted reserves consists of:</b>				
Development contribution reserves	-	-	-	-
Land subdivision reserve	1,243	2,424	1,243	2,424
<b>Property revaluation reserve:</b>				
<b>Balance at 1 July</b>	666,146	657,016	640,149	628,413
Net revaluation gains	46,301	9,404	46,301	12,115
Income tax recognised directly in other comprehensive income	-	105	-	-
Transfers to accumulated funds on disposal of property	(101)	(379)	(101)	(379)
<b>Balance at 30 June</b>	<b>712,346</b>	<b>666,146</b>	<b>686,349</b>	<b>640,149</b>
<b>Total other reserves</b>	<b>745,582</b>	<b>700,453</b>	<b>716,969</b>	<b>671,840</b>
<b>Total equity</b>	<b>1,319,939</b>	<b>1,266,425</b>	<b>1,264,157</b>	<b>1,214,758</b>

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

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Surplus / (deficit) after tax</b>	<b>7,213</b>	<b>(1,329)</b>	<b>3,098</b>	<b>20,629</b>
<b>Add / (less) non-cash items:</b>				
Depreciation and amortisation expense	17,197	18,233	15,234	14,774
Decrease in forestry value due to harvest	1,244	1,597	1,244	1,597
Vested assets	(316)	(1,647)	(316)	(1,647)
Movement in deferred tax	(1,484)	3,254	-	-
Runway seal provision	156	(2,737)	-	-
Landfill aftercare provision	1,224	89	1,224	89
Weathertight homes and other provisions	128	622	128	622
(Gains) / losses in fair value of biological assets	(180)	(597)	(180)	(597)
(Gains) / losses in fair value of investment property	(256)	10,086	(27)	14
Impairment adjustment of non-current assets held for sale	-	928	-	928
Correction to treatment of Renwick Pavilion	-	1,475	-	1,475
(Gains) / losses on fair value of investments	(76)	(341)	(76)	(341)
(Gains) / losses on derivative financial instruments	375	(269)	155	-
	<b>18,012</b>	<b>30,693</b>	<b>17,386</b>	<b>16,914</b>
<b>Add / (less) items classified as investing or financing activities:</b>				
(Gains) / losses on disposal of property, plant and equipment and non-current assets held for sale	1,747	(366)	1,746	(371)
Other	49	52	-	-
Dividend income	(1)	(6)	(953)	(10,751)
Fixed assets obtained on credit	(3,737)	(107)	(3,737)	(107)
	<b>(1,942)</b>	<b>(427)</b>	<b>(2,944)</b>	<b>(11,229)</b>
<b>Add / (less) movements in working capital items:</b>				
Debtors and other receivables	(2,244)	3,582	(2,379)	1,784
Inventory	(5)	(17)	(48)	(9)
Income tax receivable	1,063	(1,283)	-	-
Creditors and other payables	5,063	(3,235)	4,640	(966)
Income tax payable	308	118	-	-
Employee entitlements	65	67	65	67
	<b>4,250</b>	<b>(768)</b>	<b>2,278</b>	<b>876</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>27,533</b>	<b>28,169</b>	<b>19,818</b>	<b>27,190</b>

## 27. Capital Commitments and Operating Leases

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Capital commitments:</b>				
Property, plant and equipment	12,276	25,564	11,390	24,354
Intangible assets	-	-	-	-
Investment property	-	-	-	-
<b>Total capital commitments</b>	<b>12,276</b>	<b>25,564</b>	<b>11,390</b>	<b>24,354</b>

Your attention is drawn to the Annual Plan for July 2011 to June 2012. 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	232	305	230	303
Later than one year and not later than five years	6	238	1	231
Later than five years	-	-	-	-
<b>Total non-cancellable operating leases</b>	<b>238</b>	<b>543</b>	<b>231</b>	<b>534</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 (2010 \$nil).

	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Operating leases as lessor:</b>				
Not later than one year	8,194	6,771	3,625	3,679
Later than one year and not later than five years	27,599	22,690	13,703	13,310
Later than five years	54,448	59,461	47,770	50,605
<b>Total non-cancellable operating leases</b>	<b>90,241</b>	<b>88,922</b>	<b>65,098</b>	<b>67,594</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	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
Uncalled capital in MDC Holdings Ltd	65,000	65,000	65,000	65,000
Financial guarantees	1,850	1,850	1,850	1,850
Other legal proceedings	60	60	60	60
<b>Total contingent liabilities</b>	<b>66,910</b>	<b>66,910</b>	<b>66,910</b>	<b>66,910</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 ceased to participate in the scheme, the Council could be responsible for any deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Council could be responsible for an increased share of any deficit. As at 31 March 2010, the scheme had a past service surplus of \$43.6 M (exclusive of Employer Superannuation Contribution Tax). This surplus 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 contributions be suspended from 1 April 2011.

As disclosed in note 24 a provision of \$50,000 (2010 \$295,000) 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.

29.1 Subsidiaries and joint venture	Council	
	2010-11 \$000's	2009-10 \$000's
<b>Subsidiaries:</b>		
<b>MDC Holdings Limited</b>		
Services provided to MDC	42	35
Interest received from MDC	169	176
Dividend paid to MDC	952	10,745
Loans receivable from MDC	544	1,041
Receivable from MDC	24	81
<b>Marlborough Airport Limited</b>		
Services provided to MDC	1	1
Rates paid to MDC	3	2
Services provided by MDC	37	50
Payable to MDC	25	21
<b>Port Marlborough (NZ) Limited</b>		
Services provided to MDC	42	43
Rates paid to MDC	363	355
Services provided by MDC	506	405
Receivable from MDC	377	5
Payable to MDC	108	64
<b>Marlborough Housing for the Elderly Trust</b>		
Grants provided by MDC	39	39

29.2 Key management personnel	Council	
	2010-11 \$000's	2009-10 \$000's
<b>Compensation:</b>		
Salaries and other short term employee benefits	1,679	1,777
Termination benefits	29	-
<b>Total key management personnel compensation</b>	<b>1,708</b>	<b>1,777</b>

Key management personnel includes the Mayor, Councillors, Chief Executive and other senior management personnel.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with MDC (such as payment of rates, purchase of rubbish bags etc). These goods and services were supplied on normal commercial terms.

During the year Council contracted with:

- The domestic partner of a key management team member to the value of \$17,817 (2010: 13,279), negotiated on normal commercial terms. There was a balance of \$4,448 (2010: Nil) outstanding at year end.
- A company of which Jessica Bagge, a Councillor, is a director and shareholder for signage costing \$5,562 and supplied on normal commercial terms. There was no balance outstanding at year end.
- A business of which Terry Sloan, a Councillor, is a director and shareholder for accommodation costing \$138 and supplied on normal commercial terms. There was no balance outstanding at year end.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2010: nil).

### 30. Remuneration

30.1 Chief Executive	Council	
	2010-11 \$000's	2009-10 \$000's
The Chief Executive received the following remuneration:		
Salary	278	269
Vehicle	16	16
Superannuation contribution	5	5
<b>Total Chief Executive compensation</b>	<b>299</b>	<b>290</b>

30.2 Elected representatives	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
Elected representatives received the following remuneration:				
<b>Mayor:</b>				
Alistair Sowman*	123	117	114	108
<b>Councillors:</b>				
Jenny Andrews	41	50	41	50
Jamie Arbuckle	21	-	21	-
Jessica Bagge	19	-	19	-
Andrew Barker	7	25	7	25
Graeme Barsanti	31	44	31	44
Cliff Bowers	17	63	17	63
Warwick Brice	7	25	7	25
Jill Bunting	11	38	11	38
Liz Davidson	13	54	13	54
David Dew	29	-	29	-
Geoff Evans	20	-	20	-
Tom Harrison	10	36	10	36
Trevor Hook	19	-	19	-
Gerald Hope*	14	47	11	38
Peter Jerram	36	26	36	26
John Leggett	19	-	19	-
Francis Maher*	45	38	39	38
David Oddie	20	-	20	-
Terry Sloan	19	-	19	-
Graeme Taylor	39	38	39	38
Nigel Weetman	7	25	7	25
<b>Total elected representatives' remuneration</b>	<b>567</b>	<b>626</b>	<b>549</b>	<b>608</b>

Remuneration includes payment for attendance at resource consent hearings.

The Mayor and Councillor Hope and Maher were directors of MDC Holdings Limited during the reporting periods 2009-10 and 2010-11 and were paid Directors' fees by MDC Holdings Limited. A Sowman \$8,500 (2010: \$8,500), G Hope \$2,833 (2010: \$8,500), F Maher \$5,667 (2010: Nil).

### 31. Severance Payments

For the year ended 30 June 2011 Council made 19 payments to employees totalling \$433,000 (2010: Nil) that required disclosure under the Local Government Act 2002. All payments were made in line with employment agreements.

The value of each of the severance payments was \$4,000, \$5,000, \$6,000, \$6,000, \$8,000, \$9,000, \$10,000, \$11,000, \$12,000, \$13,000, \$14,000, \$18,000, \$24,000, \$29,000, \$39,000, \$46,000, \$48,000, \$58,000, \$73,000.

### 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:

33.1 Financial instrument categories	Group		Council	
	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Financial assets:</b>				
<b>Fair value through surplus or deficit:</b>				
Term deposits and bonds	13,096	14,535	13,096	14,535
<b>Loans and receivables:</b>				
Cash and cash equivalents	8,527	3,547	6,111	2,504
Debtors and other receivables	9,337	7,332	7,661	5,805
Shares	75	75	75	75
Other financial assets				
Loans to related parties	110	164	110	164
Community loans	67	77	67	77
<b>Total loans and receivables</b>	<b>18,116</b>	<b>11,195</b>	<b>14,024</b>	<b>8,625</b>
<b>Financial liabilities:</b>				
<b>Fair value through surplus or deficit - Held for trading</b>				
Derivative financial liability instruments	2,005	1,628	155	-
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	17,688	12,660	15,888	11,805
Borrowings:				
bank overdraft	396	1,915	396	1,915
secured loans	61,855	45,254	17,000	-
<b>Total financial liabilities at amortised cost</b>	<b>79,939</b>	<b>59,829</b>	<b>33,284</b>	<b>13,720</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.

33.2 Fair value hierarchy disclosures	<u>Valuation technique:</u>			
		Quoted market price	Observable inputs	Significant non-observable inputs
	Total \$000's	\$000's	\$000's	\$000's
<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>Group 2010-11</b>				
<b>Financial assets</b>				
Term deposits and bonds	13,096	13,096	-	-
<b>Financial liabilities</b>				
Derivatives	2,005	-	2,005	-
<b>Council 2009-10</b>				
<b>Financial assets</b>				
Term deposits and bonds	14,535	14,535	-	-
<b>Financial liabilities</b>				
Derivatives	-	-	-	-
<b>Council 2010-11</b>				
<b>Financial assets</b>				
Term deposits and bonds	13,096	13,096	-	-
<b>Financial liabilities</b>				
Derivatives	155	-	155	-

### 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 \$1,809,321 (2010: \$393,308). 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 and the group hold 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	
	2010-11	2009-10	2010-11	2009-10
<b>i) Maximum exposure to credit risk</b>	\$000's	\$000's	\$000's	\$000's
Cash at bank and term deposits	21,623	18,082	19,207	17,039
Debtors and other receivables	9,337	7,331	7,661	5,805
Community and related party loans	177	240	177	240
Financial guarantees	1,850	1,850	1,850	1,850
<b>Total credit risk</b>	<b>32,987</b>	<b>27,503</b>	<b>28,895</b>	<b>24,934</b>
<b>ii) Credit quality of financial assets</b>	\$000's	\$000's	\$000's	\$000's
<b>Counterparties with credit ratings - cash at bank and term deposits</b>				
A1+	-	-	-	-
AA	13,212	9,247	10,796	8,204
AA-	2,587	2,088	2,587	2,088
A+	2,140	2,622	2,140	2,622
A	2,087	2,065	2,087	2,065
A-	-	1,048	-	1,048
Counterparties without credit ratings - cash at bank and term deposits				
NR	1,597	1,012	1,597	1,012
<b>Total</b>	<b>21,623</b>	<b>18,082</b>	<b>19,207</b>	<b>17,039</b>
Counterparties without credit ratings - existing counterparty with no defaults in the past				
Term deposits	1,597	1,012	1,597	1,012
Community and related party loans	177	240	177	240
<b>Total</b>	<b>1,774</b>	<b>1,252</b>	<b>1,774</b>	<b>1,252</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.



(ii) Contractual maturity analysis of financial liabilities	Carrying Amount	Contractual Cashflow	Less than 1 year	1-2 years	2-5 years	5+ years
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

This table analyses MDC's financial liabilities into maturity groupings based on the remaining period at the balance date to the contractual maturity date.

**Group 2009-10**

Creditors and other payables	12,655	12,655	12,655	-	-	-
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>61,453</b>	<b>64,195</b>	<b>7,100</b>	<b>42,945</b>	<b>14,150</b>	<b>-</b>

**Group 2010-11**

Creditors and other payables	17,687	17,687	17,687	-	-	-
Bank overdraft	396	396	396	-	-	-
Secured loans	61,855	72,145	29,771	21,469	20,479	426
Interest rate swaps	2,005	2,005	195	657	1,008	145
<b>Total Financial Liabilities</b>	<b>81,943</b>	<b>92,233</b>	<b>48,049</b>	<b>22,126</b>	<b>21,487</b>	<b>571</b>

**Council 2009-10**

Creditors and other payables	11,801	11,802	11,802	-	-	-
Bank overdraft	1,915	1,915	1,915	-	-	-
Secured loans	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>13,716</b>	<b>13,717</b>	<b>13,717</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Council 2010-11**

Creditors and other payables	15,887	15,887	15,887	-	-	-
Bank overdraft	396	396	396	-	-	-
Secured loans	17,000	21,044	675	675	19,268	426
Interest rate swaps	155	155	-	-	62	93
<b>Total Financial Liabilities</b>	<b>33,438</b>	<b>37,482</b>	<b>16,958</b>	<b>675</b>	<b>19,330</b>	<b>519</b>

**(iii) 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.

<b>(iii) Contractual maturity analysis of financial assets</b>	<b>Carrying Amount</b>	<b>Contractual Cashflow</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5+ years</b>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
This table analyses MDC's financial assets into maturity groupings based on the remaining period at the balance date to the contractual maturity date.						
<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>-</b>
<b>Group 2010-11</b>						
Cash and cash equivalents	8,527	8,527	8,527	-	-	-
Debtors and other receivables	9,337	9,337	9,337	-	-	-
Other financial assets:						
Term deposits	13,096	13,096	3,351	4,793	4,417	535
Community and related party loans	177	177	92	85	-	-
<b>Total Financial Assets</b>	<b>31,137</b>	<b>31,137</b>	<b>21,307</b>	<b>4,878</b>	<b>4,417</b>	<b>535</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>	<b>-</b>
<b>Council 2010-11</b>						
Cash and cash equivalents	6,111	6,111	6,111	-	-	-
Debtors and other receivables	7,661	7,661	7,661	-	-	-
Other financial assets:						
Term deposits	13,096	13,096	3,351	4,793	4,417	535
Community and related party loans	177	177	92	85	-	-
<b>Total Financial Assets</b>	<b>27,045</b>	<b>27,045</b>	<b>17,215</b>	<b>4,878</b>	<b>4,417</b>	<b>535</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.

	2010-11		2009-10	
	-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 deposits	-	-	-	-
Other financial assets - term deposits	(65)	65	(78)	78
Derivatives - held for trading	(781)	759	(863)	307
<b>Total sensitivity financial assets</b>	<b>(846)</b>	<b>824</b>	<b>(941)</b>	<b>385</b>
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Bank overdraft	2	(2)	48	(48)
Secured loans	59	(59)	-	-
<b>Total sensitivity to interest rate risk</b>	<b>(845)</b>	<b>823</b>	<b>(893)</b>	<b>337</b>
<b>COUNCIL INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Cash and cash equivalents - term deposits	-	-	-	-
Other financial assets - term deposits	(65)	65	(73)	73
Derivatives - held for trading	280	(435)	-	-
<b>Total sensitivity financial assets</b>	<b>(65)</b>	<b>65</b>	<b>(73)</b>	<b>73</b>
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Bank overdraft	2	(2)	10	(10)
Secured loans	85	(85)	-	-
<b>Total sensitivity to interest rate risk</b>	<b>(64)</b>	<b>64</b>	<b>(63)</b>	<b>63</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.

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	
	2010-11 %	2009-10 %	2010-11 \$000's	2009-10 \$000's	2010-11 \$000's	2009-10 \$000's
<b>Group</b>						
Less than one year	6.34%	6.61%	7,050	12,000	(195)	(239)
1 to 2 years	6.67%	6.34%	12,310	7,050	(657)	(292)
2 to 5 years	5.11%	5.90%	30,800	32,560	(1,008)	(1,097)
Greater than 5 years	5.08%	-	24,900	-	(145)	-
<b>Total sensitivity to interest rate risk</b>	<b>5.47%</b>	<b>6.13%</b>	<b>75,060</b>	<b>51,610</b>	<b>(2,005)</b>	<b>(1,628)</b>
<b>Council</b>						
Less than one year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 5 years	4.50%	-	6,000	-	(62)	-
Greater than 5 years	4.73%	-	8,000	-	(93)	-
<b>Total sensitivity to interest rate risk</b>	<b>4.63%</b>	<b>-</b>	<b>14,000</b>	<b>-</b>	<b>(155)</b>	<b>-</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 2010-11 Annual Plan are as follows:

**35.1 Income Statement**

Revenue is \$1.058 M greater than forecast and expenditure is \$8.733 M higher than anticipated, resulting in a surplus \$7.675 M less than forecast.

Total income for the year is \$1.058 M greater than budget. Roading subsidies exceeded budget by \$3.582 M due mainly to flood damage subsidies received, these are more than offset by the related expenditure. This increase was partially offset by:

- A budgeted gain on sale of \$1.5 M from sale of sections in Council's subdivision was not achieved as the development was delayed until a more favourable economic climate
- Contributions in cash and assets from developers were \$3.099 M or 71% less than budgeted due to the significant reduction in development activity.

In addition Marlborough Regional Forestry had revenue of \$0.792 M less than budget, expenditure of \$0.445 M more than budget but a cash surplus which enabled them to distribute \$1.682 M more than budgeted to Council.

Total expenditure was \$8.733 M greater than budget. Roading costs were \$5.545 M over budget mainly due to flood damage repairs as discussed above. Two major unbudgeted non-cash expenses have impacted on the annual result:

- A \$1.6 M write off of the carrying amount of the old Aquatic Centre buildings and equipment recently demolished.
- Creation of a \$1.138 M provision to recognise the ongoing costs of managing Council's eight closed landfill sites.

Other expenditure items over budget include:

- Commissioners costs of \$0.217 M due to increased use of commissioners following the election and increasingly contentious hearings e.g. wind machines.
- Legal costs of \$0.226 M including most of the costs of the "Sheard Report".

These were partially offset by a \$1.937 M saving in interest payments and \$1.338 M in depreciation, due to timing of Council's capital expenditure programme.

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

Gain on property revaluations was more than budgeted by \$20.3 M due reflecting the challenges of estimating this movement. This movement includes three years revaluation of River works assets.

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

Creditors are \$4.011 M greater than budget due to the high level on work in progress at year end resulting in a high value of invoices on hand and accrued, including retentions.

Provisions are \$1.956 M greater than budgeted due mainly to the landfill provision discussed above.

Borrowings are \$22.388 M less than budgeted due to timing of Council's capital expenditure programme.