



**MARLBOROUGH
DISTRICT COUNCIL**

**ANNUAL REPORT
2011-12**



Mission Statement

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

Front cover: Pollard Park, Blenheim

Left: Harling Park, Blenheim



Role of the Annual Report

This Annual Report has been prepared to enable readers to assess the Marlborough District Council's 2011-12 performance against the policies, activities, objectives, performance targets and financial details contained in its 2011-12 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.

Left: Mount Tapuaenuku and Mount Alarm, Marlborough

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Part 1: Executive Summary

- Mayor's Report
- Chief Executive's Report
- Elected Council Members
- Key Achievements and Performance Overview
- Financial Overview

Left: Urban Blenheim

Mayor's Report

Mayor's Report

Looking back at the performance of this Council over the last 12 months, I'm pleased to report that we have come through testing times with some solid achievements.



The economic climate has made it hard for everyone; Council, business, community and individual ratepayers alike. The Council has recognised this, seeking prudence and efficiency while delivering good value from all its decisions. We have balanced this against the understanding that Council investment in infrastructure and community facilities help to maintain quality of life for the broader community.

The Council adopted its Long Term Plan 2012-22, which includes a number of planned infrastructure upgrades across Marlborough, including water treatment for the Awatere and Renwick as well as major sewerage and water supply upgrades for Blenheim and Picton which will be phased in over the next two or three years.

A number of other community and infrastructural projects were completed during the course of this last financial year. The new 350 space parking building opened in Alfred Street, Blenheim serving the CBD, the Clubs of Marlborough, Convention Centre and the planned new Civic Theatre. In Wynen Street, the former Working Men's Club was cleared and replaced with temporary parking spaces in anticipation of future development. The Council purchased the CBD block housing the present Civic Theatre with an eye to the strategic importance of this site in the future development of Blenheim.

In spring, Marlborough had a share in New Zealand's role as hosts of the Rugby World Cup, hosting the Russian rugby team. The visit generated much excitement in the region, as did the All Blacks' success in taking the trophy.

Two of the most important projects completed this year are already being very well used. The \$14 million upgrade of Blenheim's Aquatic Centre has given Marlborough a top-class facility that compares to the best in the country. The Centre is already very popular with families and serious athletes alike. The new Blenheim i-SITE was operating by July, in time for the influx of Rugby World Cup visitors to the District.

One of the new projects that Council has begun work on this year is to identify a vision and strategic direction for Marlborough. A widely understood vision will help to guide the future decision-making of the Council and the broader community as we endeavour to foster growth and development. A significant amount of research has been undertaken throughout the district, leading to a proposal that we aim to become a 'Smart and Connected' District. This proposal is now the subject of community-wide discussions. I would encourage everyone to find out more about this work through our Council website; Marlborough's future is in the hands of us all and we need the whole community to play a part in that future.

Alistair Sowman
MAYOR

Chief Executive's Report

Thank you for taking the time to read this Annual Report, which looks back over the period from July 2011 until June 2012.

As a unitary authority Council is responsible for providing many services for its community, managing environmental resources and providing many other key community based services and planning.

Planning is a critical part of our day-to-day business with some important plans being progressed and adopted by Council during the past year. Council undertook its three yearly review of its Long Term Plan, which sets out the activities, budgets and targets for the next ten years. The Plan sets out a prudent programme of targeted investment in key infrastructure and services to maintain levels of service and meet predicted growth in the district. Work continued on the second generation Resource Management Plans in consultation with many key stakeholders. Marlborough's urban growth strategies and town centre development plans progressed through important public submission and decision stages. Council also produced its Outdoor Sports Facilities Plan for the long-term future development of sports facilities across the region. Public input played an important role in the development of these and other plans.



Council's financial position remains very strong with assets of \$1,310.8 million and liabilities of only \$37.7 million. Council's debt to external parties net of investments is only \$7.9 million.

The impact of the global economic downturn continues to be felt, particularly in low numbers of consent applications received but the restructuring undertaken in 2010-11 has improved the matching of costs and resources against revenue in this area. While a number of large projects have been completed in the current year the Civic Theatre, Picton Sewer Outfall and Blenheim Sewage Treatment, which were all expected to be resource intensive projects in 2011-12, have, for a variety of reasons, been slower than expected to proceed. Marlborough Regional Forestry has shown a significant gain in the value of its forests and this is expected to result in increased cash distributions to Council in the future. Overall 2011-12 has been a year of careful financial management which sees Council well placed to meet the ongoing financial challenges to the district.

Council's staff have worked hard to maintain levels of service for the community and to ensure we are demonstrating the value of our services to the public. Over 70% of the targets set in this report have been met or exceeded, with a further 17% close to the target. The annual Resident Satisfaction Survey showed 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 2011.

An important step in improving the way Council works with its partners to fight rural fire was achieved this year in the setting up of the Marlborough Kaikoura Rural Fire Authority (MKRFA). With the establishment of the MKRFA there will be one rural fire authority identity, one permit system, a coordinated fire season status and one response structure, all of which will combine to improve rural fire management to the taxpayers and ratepayers within the region.

Once again, Council staff played an important role in assisting in emergency events. The MV Rena grounding in Tauranga in October triggered a national response that included several Council staff using their expertise in the clean up operation. Council staff also assisted with the wildfires on the Karikari Peninsula in Northland in December. Their professionalism and willingness to help is testament to the skilled staff employed by Council.

Thank you again for taking the time to read this report; your feedback is welcome.

A handwritten signature in black ink, which appears to read "Andrew Besley". The signature is written in a cursive, flowing style.

Andrew Besley
CHIEF EXECUTIVE

Elected Council Members

Elected Council Members



Back – left to right:

Clr John Leggett (Blenheim Ward)
Clr David Oddie (Marlborough Sounds Ward)
Clr Terry Sloan (Blenheim Ward)
Clr Jamie Arbuckle (Blenheim Ward)
Graeme Barsanti (Marlborough Sounds Ward)
Clr David Dew (Blenheim Ward),
Clr Francis Maher (Wairau/Awatere Ward)

Front – left to right:

Clr Trevor Hook (Marlborough Sounds Ward)
Clr Peter Jerram (Wairau/Awatere Ward)
Clr Jessica Bagge (Blenheim Ward)
Mayor Alistair Sowman
Clr Jenny Andrews (Blenheim Ward) (Deputy Mayor)
Clr Graeme Taylor (Blenheim Ward)
Clr Geoff Evans (Wairau/Awatere Ward)

Key Achievements and Performance Overview

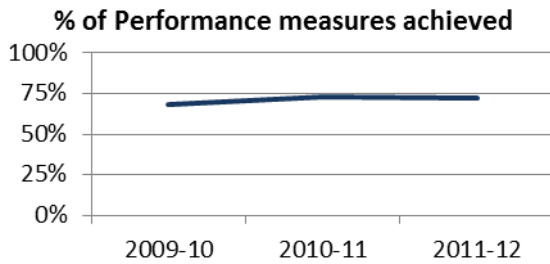
Key Achievements and Performance Overview

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

Each Council activity measures its performance against budgetary and service targets. These are set out below by 'activity group'. The full report contains more information about service performance.

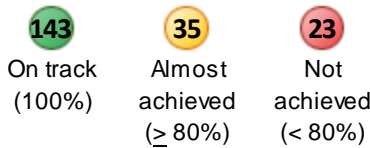
Overall Council

Our progress over the last three years



Summary of how we did

Overall we achieved 71% of our targets for the 2011-12 year. We achieved 143 and almost achieved 35 of the 201 Council's targets associated with the key performance indicators (KPIs).

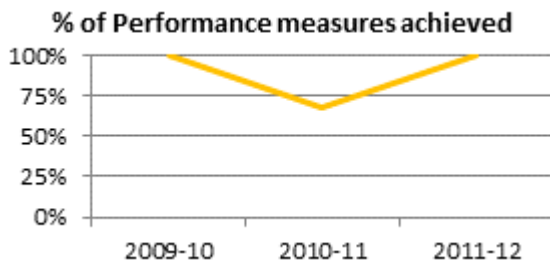


Democratic Process

This activity group comprises a single activity; Democratic Process.

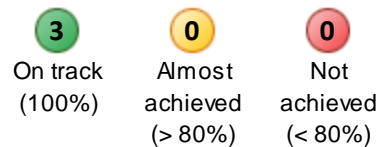
Achievements

- Supporting the New Zealand citizenship process by organising five citizenship ceremonies for Marlborough residents in Council Chambers.



Summary of how we did

We achieved all targets for the 2011-12 year. We achieved three of the three targets associated with the key performance indicators (KPIs).



Budget ~

Spending exceeded budget by 6%.



Craig and Ting Thompson and their daughters Tara and Jasmine at the February 2012 citizenship ceremony.

Budget key, operating plus capital expenditure:

✓	Within 20% below and 5% above budget	~	Within 40% below and 10% above budget	✗	More than 40% below or 10% above budget
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Key Achievements and Performance Overview

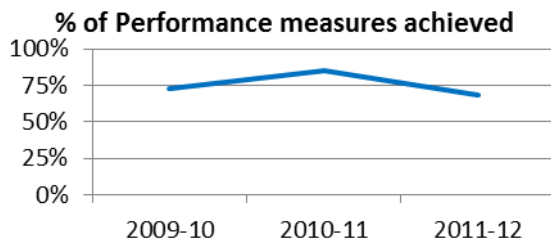
People

Activities in this Group:

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

Achievements

- Supporting 15 arts and heritage projects with grant funding totalling \$40,544, 12 community projects with grant funding of \$39,901 and 10 sport and recreation projects with grants of \$16,113.
- Supporting energy efficiency, energy conservation and the use of renewable energy sources through the Heat Smart programme by providing loan funding for installations at 68 properties.



Summary of how we did

Overall we achieved most of our targets for the 2011-12 year. We achieved 17 and almost achieved six of the 25 targets associated with the key performance indicators (KPIs).



Budget ~

Spending was 22% less than budgeted mainly due to a delay in making the Civic Theatre payment.



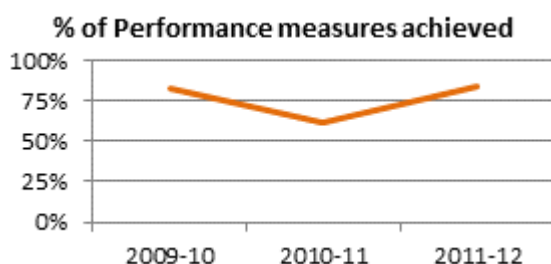
Emergency Management

This activity group comprises a single activity; Emergency Management.

Achievements

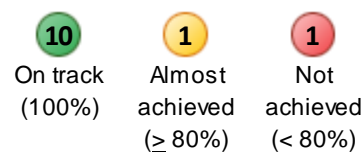
- Preparation for the Enlarged Rural Fire District that commenced on 1 July 2012.
- MV Rena and Karikari wildfires emergency response.

Our progress over the last three years



Summary of how we did

Overall we achieved 10 and almost achieved one of the 12 targets associated with the key performance indicators (KPIs).



Budget ✓

Spending was 5% less than budgeted.



Budget key, operating plus capital expenditure:

✓	Within 20% below and 5% above budget	~	Within 40% below and 10% above budget	✗	More than 40% below or 10% above budget
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Key Achievements and Performance Overview

Land and Water Services

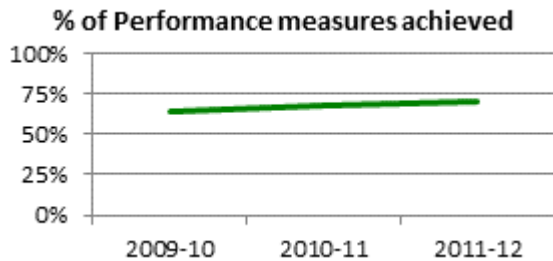
Activities in this Group:

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

Achievements

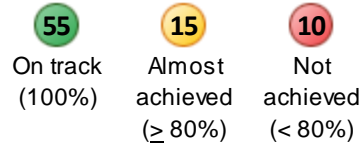
- Completion of Aquatic Centre development in Blenheim.
- Marlborough Outdoor Facilities Plan was adopted.
- Alfred Street car park was completed.
- Waste Management and Minimisation Plan was adopted.
- Blenheim water treatment plant and Awatere MIOX.

Our progress over the last three years



Summary of how we did

Overall we achieved most of our goals for the 2011-12 year. We achieved 55, and almost achieved 15 of the 80 targets associated with the key performance indicators (KPIs)



Budget ✓

Spending was 6% less than budgeted due to delays in the Picton sewer outfall and Blenheim sewerage treatment projects.



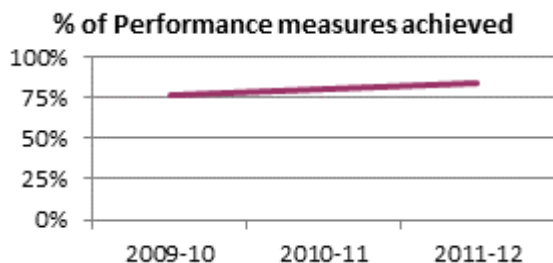
Environmental Policy and Information

Activities in this Group:

- Environmental Policy.
- Environmental Science and Monitoring.
- Animal and Plant Pests (Biosecurity).

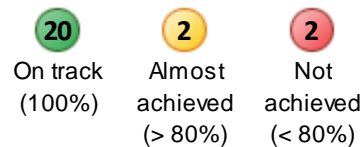
Achievements

- Further development of Regional Policy Statement and Resource Management Plans.
- Progression of urban growth strategies through consultation phases.



Summary of how we did

Overall we achieved most of our targets for the 2011-12 year. We achieved 20 and almost achieved two of the 24 targets associated with the key performance indicators (KPIs)



Budget ✓

Spending in this area was 5% higher budget.



Budget key, operating plus capital expenditure:

✓	Within 20% below and 5% above budget	~	Within 40% below and 10% above budget	✗	More than 40% below or 10% above budget
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Key Achievements and Performance Overview

Regulatory

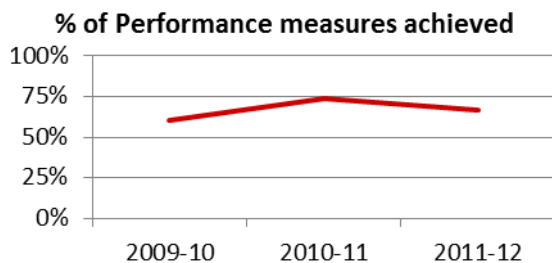
Activities in this Group:

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

Achievements

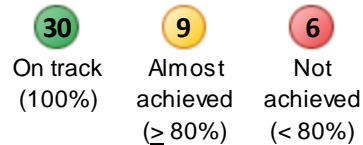
- Successful Building Consent Authority reaccreditation.
- 99% of resource consent applications processed within statutory timeframes.
- Harbourmaster involvement in MV Rena emergency response.

Our progress over the last three years



Summary of how we did

Overall we achieved most of our targets for the 2011-12 year. We achieved 30 and almost achieved nine of the 45 targets associated with the key performance indicators (KPIs)



Budget ✓

Spending exceeded budget by 4%.



Regional Development

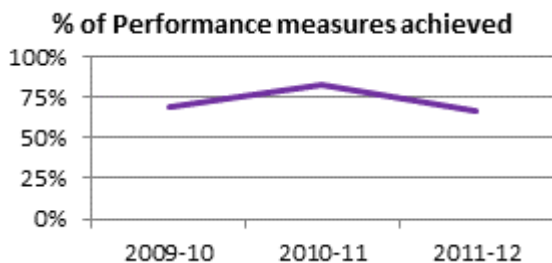
Activities in this Group:

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

Achievements

- Development of the Smart and Connected vision.
- Completion of the new Blenheim i-SITE.
- Successful New Year's celebration in Picton and Blenheim with over 5,000 attendees.

Our progress over the last three years



Summary of how we did

Overall we achieved most of our targets for the 2011-12 year. We achieved eight and almost achieved two of the 12 targets associated with the key performance indicators (KPIs).



Budget ✗

Spending was 28% higher than budget mainly due to the new Blenheim i-SITE being completed in this year but the budget was all in 2010-11.



Budget key, operating plus capital expenditure:

✓	Within 20% below and 5% above budget	~	Within 40% below and 10% above budget	✗	More than 40% below or 10% above budget
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Key Achievements and Performance Overview

Financial Overview

This section gives an overview of Council's financial results - highlighting key achievements, showing trends and comparing actual results for the year to the budget set in the 2011-12 Annual Plan.

Go to pages 89 - 136, for detailed financial statements, policies and notes on:

"Council" – MDC plus its 88.5% share of Marlborough Regional Forestry (MRF).

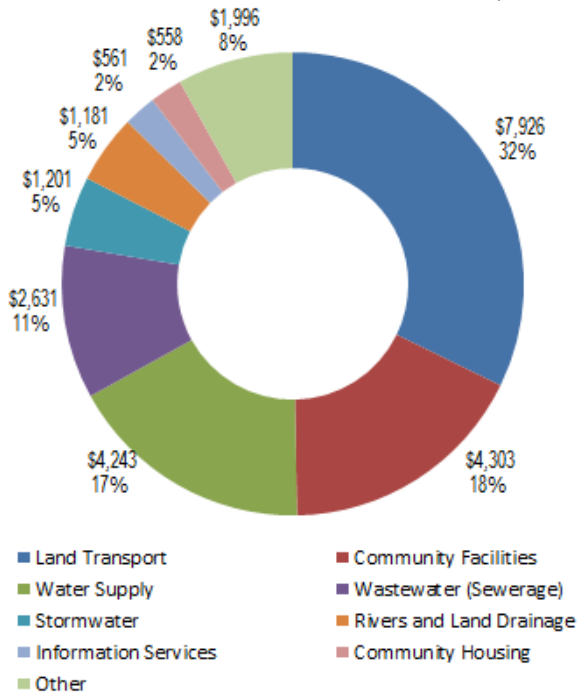
"Group" – Council plus Council's Holding Company, Port Marlborough and Marlborough Airport and Marlborough Housing for the Elderly Trust.

Go to the next section – "Our Business" - for a summary (Cost of Services statement) and explanation of major variances from budget for each of the 21 Activities of Council.

Capital spending

This is money spent to buy assets which Council will use for years to maintain or improve the service to ratepayers. Major projects are highlighted on the previous four pages.

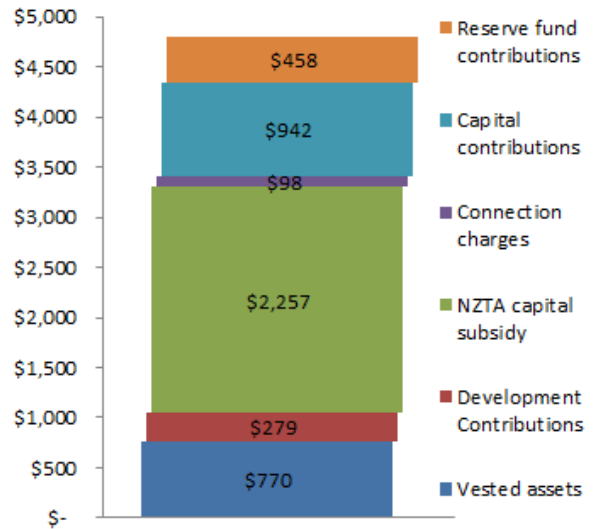
CAPITAL EXPENDITURE BY ACTIVITY 2011-12 \$000's



Budgeted capital expenditure for 2011-12 was \$29.7 million plus \$17.3 million carried forward from the previous year. Actual spending was \$24.6 million. Major projects delayed are the Picton sewer outfall renewal and the Blenheim sewage treatment upgrade.

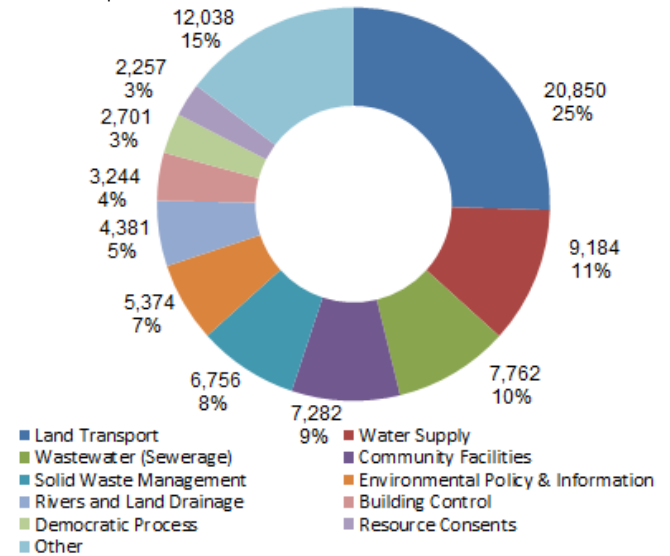
Capital expenditure is mainly funded by loans and reserves, particularly depreciation reserves. The difference is the amount funded by other revenue sources, as displayed in the following table. This revenue is the reason Council usually shows a surplus in its income statement which cannot be used to reduce rates.

INCOME FOR CAPITAL SPENDING 2011-12 \$000's



Other spending

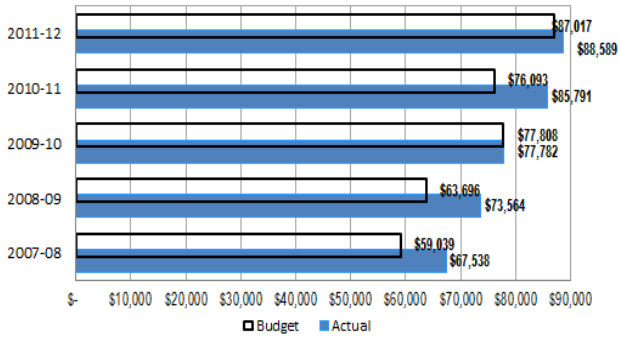
OPERATING EXPENDITURE BY ACTIVITY 2011-12 \$000's



Budgeted operating expenditure was \$87.0 million and actual \$88.6 million – a \$1.6 million overspend. MRF's spending was \$3.5 million more than budget (its revenue was \$6.1 million greater than budget, see below). The MRF overspending masks the saving in interest paid (budget \$2.7 million actual \$1.9 million – saving \$0.8 million). Insurance costs have increased \$1.3 million to more than double in the aftermath of the Christchurch earthquakes, this increase was budgeted.

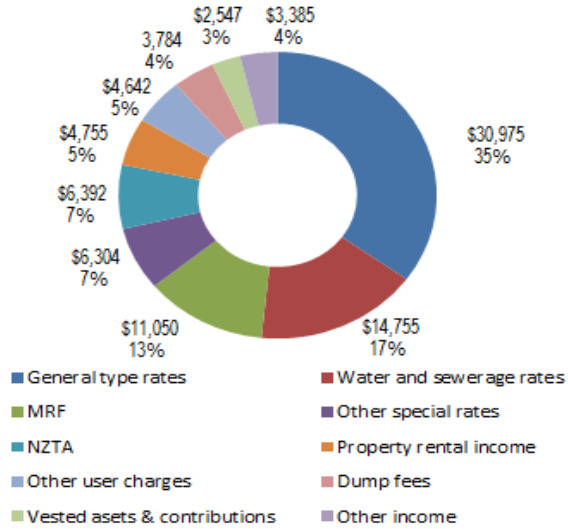
Financial Overview

ACTUAL & BUDGETED OPERATING EXPENDITURE FOR THE LAST FIVE YEARS \$000's



Where do the funds come from?

REVENUE SOURCES 2011-12 \$000's



Budgeted revenue was \$89.9 million and actual \$95.0 million – an extra \$5.1 million. MRF's income was \$6.1 million more than budget which masks the shortfall in several other revenue sources due to the ongoing slowness in the local economy. Much of the increase in MRF is a gain in the value of forestry assets as can be seen in the Income Statement, however this will not produce extra cash until the trees are harvested.

While rates make up around half of Council's income each activity has its own mix of sources of income. This is explained in the "Funding Impact Statement" section of each of Council's Annual/Long Term Plans.

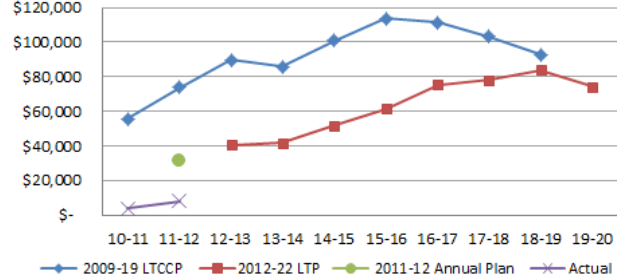
RATES REVENUE BY ACTIVITY showing daily requirement 2011-12

Rates required by each activity group per ratepayer per day			
Activity Group	Rates required per year \$000,s	Cost per ratepayer per year \$s	Cost per ratepayer per day \$s
Land and Water Services	\$ 37,993	\$ 1,469	\$ 4.03
Regulatory	\$ 3,075	\$ 119	\$ 0.33
Environmental Policy & Information	\$ 4,479	\$ 173	\$ 0.47
People	\$ 2,445	\$ 95	\$ 0.26
Democratic Process	\$ 2,329	\$ 90	\$ 0.25
Regional Development	\$ 1,055	\$ 41	\$ 0.11
Emergency Management	\$ 649	\$ 25	\$ 0.07
	52,025	2,012	5.51

Is this sustainable?

In recent years there has been a lot of concern about Council debt levels. This graph shows the level of net debt forecast in Council's 2009-2019 Plan and the level reforecast in the recently adopted 2012-22 Plan. The actual debt at 30 June 2012 and the budget are also highlighted. Net debt is borrowing less the amount invested in bonds and term deposits. Council maintains these investments to provide for urgent cash requirements in the event of a disaster.

NET DEBT LEVELS \$000's



Council also sets and annually reviews guidelines to ensure debt levels are reasonable.

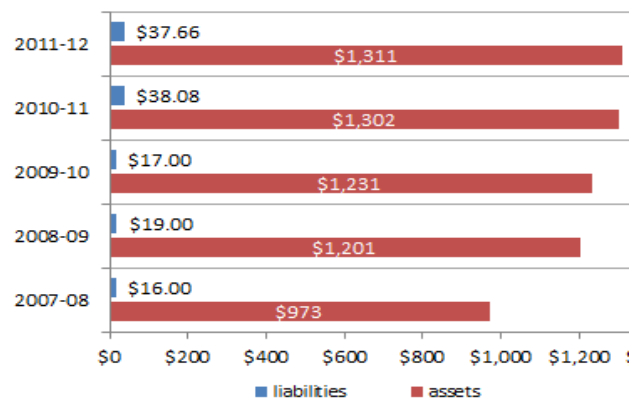
PERFORMANCE COMPARED TO COUNCIL'S TREASURY MANAGEMENT POLICY 2011-12

	Policy limit	Actual	Compliance
Earnings before interest and tax divided by net interest	≥2.25	11.00	yes
Interest expense as a % of total expenditure	≤12.5%	2.1%	yes
Interest expense as a % of cash from operations	≤50%	9%	yes

Council borrows to invest in assets that will enable it to provide services to ratepayers for many years to come. Most of Council's assets are revalued annually and their current value is over \$1.2 billion. The 2011-12 revaluation increase was less than budgeted due to a one off change in the way the roading valuation is calculated.

Council's net worth, the difference between the assets it owns and the liabilities it owes, continues to increase.

COMPARING THE VALUE OF ASSETS OWNED AND LIABILITIES OWED OVER FIVE YEARS \$MILLIONS





Part 2: Our Business

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

Top: Wairau, Blenheim

Left: Taylor River Track (Meadowbank), Blenheim

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.

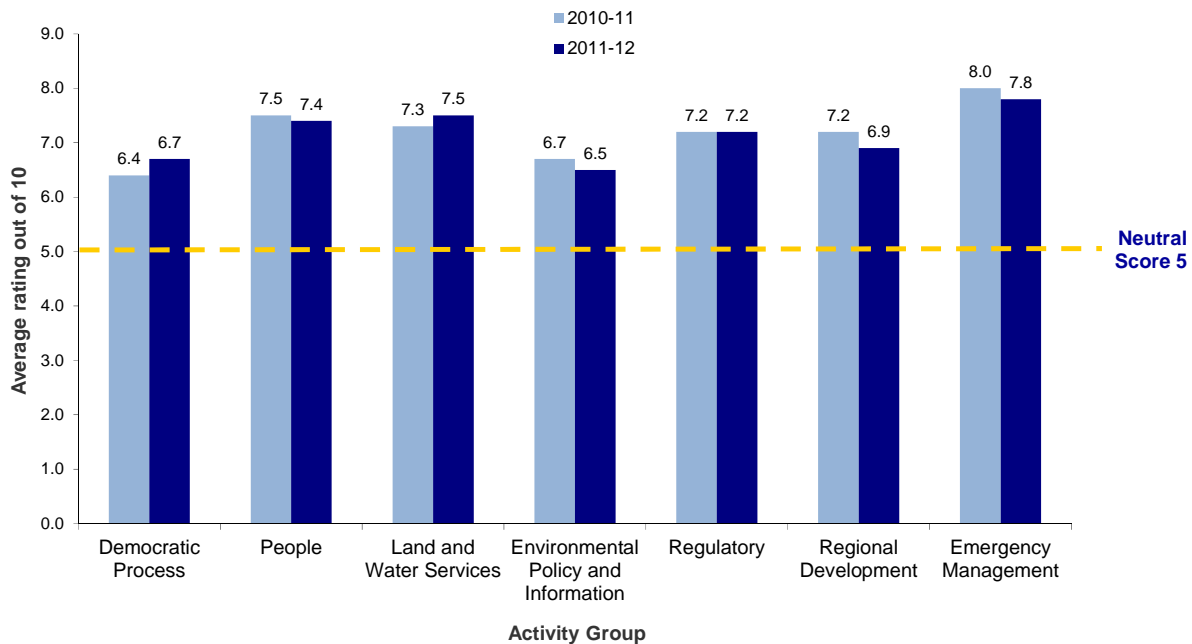
Resident Satisfaction Survey

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 601 people participated in the survey this year with a maximum margin of error of 3.9% which is considered to be an acceptable margin for this type of survey. The survey was undertaken by telephone in June 2012. 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 identified in the 2006 Census eg; age, sex, location. The survey identifies a headline satisfaction score for each of the services in question, analyses trend information and collects specific comments from residents about our services and asks residents to rate the priority of each service.

In general, responses across the district were highly positive, and in many instances overall ratings were marginally higher than the results of 2011. The Council's performance increased by 0.1 to 7.0 compared to 2011 and overall 74% of respondents were satisfied with Council performance.

The most highly rated services were the Library Services, Sewerage and, Drinking water supply which all scored eight or above whilst the most lowly rated services were Regional Development and Animal and Plant Pests Control which scored 6.1 and 6.3 respectively. No activity received an overall dissatisfied rating.

Resident Satisfaction Survey



Activity Group: Democratic Process

Democratic Process

2011-12

Activities in this group

This activity group comprises a single activity; Democratic Process.

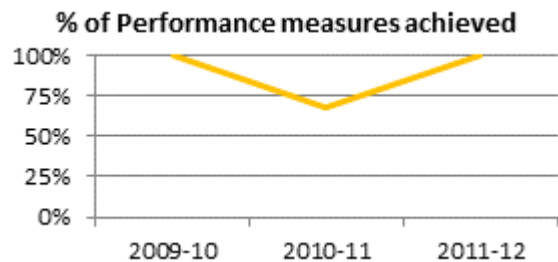
What is this group about?

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.

Identified effects on community well being

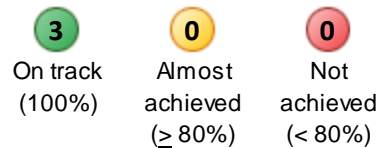
The next Local Body elections will be held in October 2013. In the 2010 election there was evident interest and awareness of the election process as there was a marked increase in the number of votes cast. This reflected a positive sense of the value of the democratic process and the importance on participation, which has direct impact on social wellbeing.

Our progress over the last three years



Summary of how we did

We achieved all goals for the 2011-12 year. We achieved three of the three targets associated with the key performance indicators (KPIs).



During the 2011-12 there were five citizenship ceremonies at the Council with 114 people gaining citizenship.

Democratic Process

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- The District's communities are able to participate in the decision-making processes that affect them.
- Full participation of our community.

Operating Costs

Operating Costs of this activity represents 3.3% of total activity expenditure.

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 (The Act).

The 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 Act and under the Resource Management Act. The Council supports the Sounds Advisory Group, Landscape 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.

Levels of Service: Democratic Process			
Key Performance Indicators	Target	How did we do?	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".	6.5		Actual score: 6.7 (Last year: 6.4).
Provide a service that is timely and responsive to residents needs.			
% of agendas and attachments available to the public at least three working days prior to meetings.	100%		Actual score: 100% (Last year: 100%).
% of Council meetings advertised in the local media no less than five working days prior to meeting date.	100%		Actual score: 100% (Last year: 100%).

Activity: Democratic Process	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$'000's	\$'000's	\$'000's
Operating costs	2,701	2,542	2,483
Funded by			
Rates	2,329	2,293	2,193
General revenues applied	249	247	243
Other revenue	1	2	1
Total revenue	2,579	2,542	2,437
Operating deficit - funded from reserves	122	-	46
	2,701	2,542	2,483
Capital expenditure	-	-	40
Funded by			
Depreciation reserve transfer	-	-	25
Asset disposals	-	-	15
	-	-	40

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

Activity Group: People

People

2011-12

Activities in this group:

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

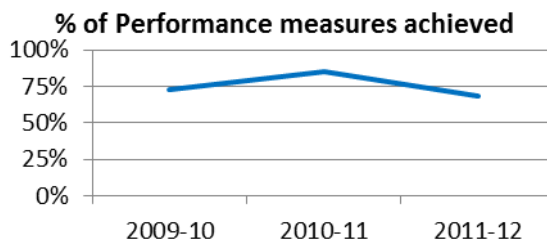
What is this group about?

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.

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.

Our progress over the last three years



Summary of how we did

Overall we achieved most of our goals for the 2011-12 year. We achieved 17 and almost achieved six of the 25 targets associated with the key performance indicators (KPIs).

<p>17</p> <p>On track (100%)</p>	<p>6</p> <p>Almost achieved (≥ 80%)</p>	<p>2</p> <p>Not achieved (< 80%)</p>
---------------------------------------------	--------------------------------------------------------	--------------------------------------------------------

Culture and Heritage

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

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

Operating Costs

Operating Costs of this activity represents 1.9% of total activity expenditure.

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 continuing balance between the old and the new.

The Council's Arts and Culture Strategy, and its Heritage Strategy, sets out the roles played by Council in detail, and the ways in which it proposes working with the community to achieve positives outcomes for culture and heritage. These include:

- Forming partnerships with organisations and institutions that contribute to cultural wellbeing (eg; Marlborough Museum, Past Perfect museums database project).
- Supporting projects that reflect and strengthen Marlborough cultural identity
- 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

Key Performance Indicators	Target	How did we do?	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		Actual score: 6.9 (Last year: 6.9). The 2011-12 Resident Satisfaction score has been maintained at the same level as 2011 and is still a comparatively high score. There are no clear themes from the comments provided by respondents.
Manage relationships with third party providers to ensure service quality and value including: - Identify programmes and proposals to increase the provision and preservation of art and culture. - Review existing programmes to ensure still addressing art and cultural issues.			
% of proposed programmes approved by Council and external funding providers.	100%		Actual score: 100% (Last year: 100%). The Creative Communities Arts Funds were fully allocated and reported within set criteria and timeframes.
% of programmes reviewed, with results presented to, and recommendations endorsed by Council.	100%		Actual score: 100% (Last year: 100%).
% of grants allocated and reports provided to the relevant committee of Council.	100%		Actual score: 42% (Last year: 100%). Underspent due to Civic Theatre payment deferment (See Cost of Services note 1) . Arts & Heritage grants were processed within set criteria and timeframes. 15 grants approved for the year totalling \$40,544.
% acceptance by Council of the achievements reported annually.	90%		Actual score: 100% (Last year: 100%).

Activity: Culture and Heritage	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs			
Arts	946	3,205	195
Heritage	474	375	316
Memorials	103	93	78
Total operating costs	1,523	3,673	589
Operating surplus - transferred to reserves	-	-	135
	1,523	3,673	724
Funded by			
Rates	608	604	647
General Revenues Applied	69	69	77
Subsidies and grants	25	-	-
Other revenue	74	-	-
Total revenue	776	673	724
Operating deficit - funded from reserves	747	3,000	-
	1,523	3,673	724
Capital expenditure			
Memorials	-	48	-
Funded by			
Depreciation reserve transfer	-	8	-
Other reserve transfers	-	40	-
	-	8	-

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 2012-13. Carry overs have been approved to cover the expenditure in 2012-13.
- Arts includes actual payments (\$744,000) made to the Marlborough Civic Theatre Trust towards the cost of the new Civic Theatre. Of the remainder of the total \$1.073 M is carried over to 2012-13 and \$3.57 M is included in the Long Term Plan budget for 2012-13.

Note 2: Significant Capital Expenditure and variances – Memorials budgeted pump replacement for Seymour Square fountain was not required.

Community Housing

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Marlborough residents have access to affordable housing options.
- Affordable housing and Positive ageing for our community.

Operating Costs

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

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.

Improvements



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

Maintenance is kept up-to-date through a combination of using proactive asset management planning and responding to tenant notifications.

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 as frequently.

This in turn had put pressure on Council to provide more one bedroom units, with bedsits not being a first option for new and existing tenants even though they are desperate to obtain housing. This pressure has reduced in recent months.

Levels of Service: Community Housing			
Performance Targets (for the financial year)			
Key Performance Indicators	Target	How did we do?	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		Actual score: 7.2 (Last year: 7.3).
Provide a community housing service that is sustainable.			
% of planned maintenance for the housing for elderly portfolio completed.	90%		Actual score: 73% (Last year: 72%). Three maintenance programmes were not completed during this financial year due to timing to fit in with other projects. No significant impact on levels of service.

Activity: Community Housing	2011-12	2011-12	2010-11
Cost of Services	Actual	Budget	Actual
	\$000's	\$000's	\$000's
Operating costs	1,051	1,161	1,032
Operating surplus - transferred to reserves	2	-	-
	1,053	1,161	1,032
Funded by			
Other revenue	1,053	1,037	1,032
Total revenue	1,053	1,037	1,032
Operating deficit - funded from reserves	-	124	-
	1,053	1,161	1,032
Capital expenditure	558	170	82
Funded by			
Depreciation reserve transfer	558	170	82
	558	170	82

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

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

Community Safety

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- People in Marlborough enjoy personal safety and security and are free from victimisation, abuse, violence and avoidable injury.
- Safety and security, Positive ageing and Positive youth in our community.

Operating Costs

Operating Costs of this activity represents 0.4% of total activity expenditure.

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.

Community Safety Projects

This activity operates a number of projects in partnership with government and other bodies 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. In 2011-12 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.

The present truancy service contract ends at the end of the 2012 school year. There will be a new service for the 2013 school year. It is presently unknown if Safer Communities Marlborough will be awarded the contract for the new service.

Marlborough Youth Transition Service

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

As of the 20 August 2012 this service was changed to Youth Services NEET (not in employment, education or training). This service focuses on assisting 16-17 year

olds with enrolling into study with the aim of achieving NCEA level 2.

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.

Neighbourhood Support Marlborough

Operated in partnership with the 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) – Street Intensive Projects

Operated in partnership with Ministry of Justice. The following street intensive projects were undertaken in 2011-12:

- Elizabeth Street, September 2011
- Henderson and Gardiner Streets, November 2011.
- Stephenson Street and Taylor Crescent, March 2012.
- Planning is well underway for projects in September 2012 and March 2013.







World Health Organisation (WHO) International Safe Community Accreditation

Safer Communities Marlborough has worked alongside Nelson Marlborough District Health Board and ACC to form a working party to explore and manage the project for Marlborough working towards WHO safe community accreditation. Significant support has been obtained from the Marlborough community for this project.

Te Kura – The Correspondence School

Safer Communities Marlborough provides Te Kura with the service to offer correspondence students with support with their study. Referrals are received from Te Kura and Ministry of Education.

Levels of Service: Community Safety

Key Performance Indicators	Target	How did we do?	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".	6.5		Actual score: 7.3 (Last year: 7.3).
% of residents that perceive of safety after dark as measured by survey in their: - Neighbourhood, and - Town.	85% 61%		Actual score: Not surveyed in 2011-12. (Last year: Not surveyed in 2010-11). See note 1 below.
Manage relationships with third party providers to ensure service quality and value including identifying programmes and proposals to address safety issues.			
% of proposed programmes approved by Council and external funding providers.	100%		Actual score: 100% (Last year: 100%).
Review existing programmes to ensure still addressing safety issues.			
% of programmes reviewed, with results presented to, and recommendations endorsed by Council.	100%		Actual score: 100% (Last year: 100%).
Programmes delivered within agreed timeframes and budgets.			
% of grants allocated and reports provided to the relevant committee of Council.	100%		Actual score: 100% (Last year: 80%).
% acceptance by Council of the achievements reported annually.	90%		Actual score: 100% (Last year: 100%).

1. The source report for this indicator was not run in 2011-12 due to other changes to Long Term Plan reporting requirements. Total recorded crimes in Tasman Police district fell in 2011 (16,695) compared to 2010 (17,318), and more recorded crimes were resolved in 2011 (60%) compared to 2010 (57%). Source: New Zealand Recorded Crime Tables (NZ Police/Statistics NZ).

Activity: Community Safety	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs			
Safer Communities	260	224	377
Security	35	68	35
Total operating costs	295	292	412
Operating surplus - transferred to reserves	46	-	18
	341	292	430
Funded by			
Rates	96	95	82
General Revenues Applied	11	11	10
Subsidies and grants	216	184	220
Other revenue	18	2	118
Total revenue	341	292	430
Capital expenditure			
Security	-	50	-
Funded by			
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 in 2012-13 with the wi fi installation.

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- 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 for our community.

Operating Costs

Operating Costs of this activity represents 0.9% of total activity expenditure.

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 Tasman, its support for Stadium 2000, Endeavour Park Pavilion 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 Youth Council meetings 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 have 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.

Levels of Service: Community Support

Key Performance Indicators	Target	How did we do?	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".	≥ 7.2		Actual score: 7.2 (Last year: 7.2). Many positive comments continue to be made reflecting the same score as in 2011. Some residents however expressed a desire for greater youth funding and a greater focus on youth along with Positive Ageing.
Manage Council Community Grants and third party providers to ensure service quality and value.			
% of grants administered, allocated and accounted for within timeframes.	≥ 90%		Actual score: 100% (Last year: 100%).
Outputs and outcomes of programmes reported to Council annually.	100%		Actual score: 100% (Last year: 100%).
Implement Positive Ageing Accord.			
Number of Older Peoples Forums held annually with minimum 90% attendance.	10		Actual score: 11 (Last year: 11).
Review and implement Youth Initiative Plan annually.			
Number of Youth Forums held annually with minimum 90% attendance.	10		Actual score: 10 (Last year: 10).
% of Actions in Youth Initiatives Plan completed each year.	90%		Actual score: 100% (Last year: 93%).
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		Actual score: 3 (Last year: 4). A Partnership Agreement has been established with Volunteer Marlborough to undertake this work to build the capacity of the sector. A report is provided annually.

Activity: Community Support	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs			
Grants and Donations	427	396	386
Energy Efficiency	208	169	175
Recreation	97	95	72
Total operating costs	732	660	633
Funded by			
Rates	479	473	492
General Revenues Applied	50	50	56
Subsidies and grants	10	-	2
Other revenue	(12)	(16)	-
Total revenue	527	507	550
Operating deficit - funded from reserves	205	153	83
	732	660	633

Note 1: Explanation of cost of service variance:

- Grants and Donations included some grants carried over from 2010-11.
- 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 and transferred to reserves.

Library Services

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Lifelong learning opportunities and improved knowledge, literacy and information skills for Marlborough's residents.
- Full participation; Creativity; Heritage; Knowledge and learning of our community.

Operating Costs

Operating Costs of this activity represents 2.0% of total activity expenditure.

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. Library services are consistently rated the highest Council provided service in the annual Resident's Satisfaction Survey.

The Council provides library services to all Marlborough residents through a network of library facilities. These comprise of a District Library in Blenheim and a Branch Library in Picton (a combined Library and Council Service Centre) which are open seven days. 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 promotion of literature and literacy is the main focus of library services to children across the District, including Picton project 'Library on Wheels', which aims to take the library into the community by visiting schools and preschools in the District.

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 and Wi-Fi access is provided to all library visitors through the Aotearoa People's Network Kaharoa with a maximum 25% contribution from Council. The internet connection is filtered with an emphasis on protecting users of the service, rather than restricting it. It has become an integral part of the service the libraries offer.

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

What is new for 2011-12

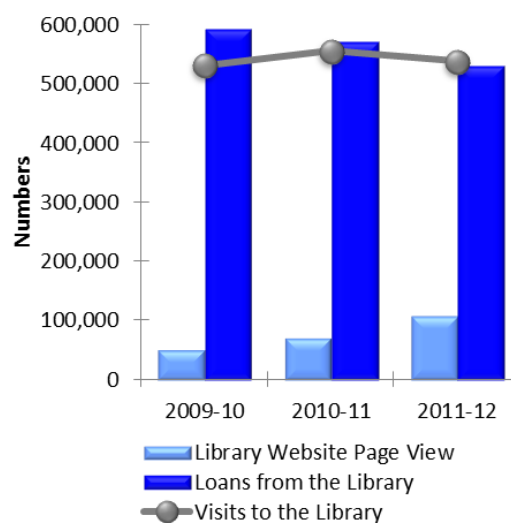
A new library management system was implemented in September 2011 as part of a New Zealand wide Public Library consortium called Kotui. The catalogue now provides a discovery layer allowing greater access to the electronic databases the libraries subscribes to.

In addition, downloadable eBooks and eAudio Books were made available to library members in early 2012 through another New Zealand wide Public Libraries consortium project called South Island Downloadable Zone. This service is provided through the OverDrive Digital Library. OverDrive is a free digital media platform which allows library customers to download eBooks and eAudio books. Titles include fiction and non-fiction items for adults, young adults and children, with regular additions of new material.

Activity levels






Issues have been dropping for the last few years after a number of years of recorded increases. The drop in issues was exacerbated by the libraries closing for two days while the data for the new Library Management System was converted.

Visits to the library remained a similar levels while library website page views have increased by 53% since 2010-11:



The libraries' collection consists of over 135,000 items, covering a wide range of general interest and popular titles.

Levels of Service: Library Services

Key Performance Indicators	Target	How did we do?	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		Actual score: 8.3 (Last year: 8.6). Comments in survey mostly complementary however overall score slightly lower than last year.
A range of current resources supporting the tastes, interests and reading levels of users is provided.			
Average age of library resources (years).	< 10		Actual score: 9 (Last year: 8.5).
Frequency of books being taken out (times per year).	4		Actual score: 3.85 (Last year: 4.5). A decrease in issues resulted in a drop in the turnover rate.
% of books requested, not currently available, provided within five days.	95%		Actual score: 94% (Last year: 98%). A programme change in the new Library Management System temporarily stopped identifying items requested.
Provide access to information electronically.			
% year on year growth in users accessing library services electronically.	10%		Actual score: 109% (Last year: 22%). 174,878, being 106,369 page views and 68,509 searches (2010-11: 83,425, being 69,630 page views and 36,015 searches).

Activity: Library Services

Cost of Services

	2011-12 Actual \$000's	2011-12 Budget \$000's	2010-11 Actual \$000's
Operating costs	1,595	1,532	1,449
Funded by			
Rates	1,262	1,254	1,138
General Revenues Applied	136	135	126
Subsidies and grants	-	-	7
Other revenue	129	143	156
Total revenue	1,527	1,532	1,427
Operating deficit - funded from reserves	68	-	22
	1,595	1,532	1,449
Capital expenditure	344	251	196
Funded by			
Depreciation reserve transfer	-	251	172
Other reserve transfers	344	-	24
	344	251	196

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 Capital Expenditure relating to upgrading the Library Management System and aligning it with the National Library Management System was budgeted in 2010-11 but was deferred until 2011-12.

Activity Group: Emergency Management

Emergency Management

2011-12

Activities in this group

This activity group comprises a single activity; Emergency Management.

What is this group about?

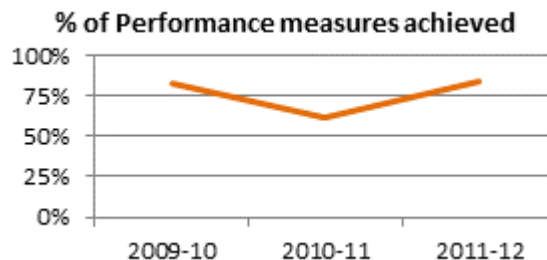
The Civil Defence and Emergency Management Act 2002 imposes statutory obligations on Council to carry out hazard-based risk management in four areas: reduction of risk, readiness for events, response, and recovery after an event. The Act requires an "all hazards" approach- this includes earthquakes,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

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

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.

Our progress over the last three years



Summary of how we did

Overall we achieved 10 and almost achieved one of the 12 targets associated with the key performance indicators (KPIs).

10	1	1
On track (100%)	Almost achieved (≥ 80%)	Not achieved (< 80%)

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- The region is well prepared for emergency events and any harm or loss from emergency events is minimised.
- Safety and security of our community.

Operating Costs

Operating Costs of this activity represents 0.9% of total activity expenditure.

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 Earthquakes , Human Disease Epidemic, Biological pests and new organisms, Flooding, Wildfire/Rural Fire, Dam Failure, Drought and Electricity Failure.

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

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

On 1 July 2012 Council ceased to be a Rural Fire Authority and a new Fire District (FD) was established incorporating the Department of Conservation, Kaikoura District Council, Marlborough North Rural Fire District,

and the territorial area of Council at the south of the Wairau River.

The new FD is a stand alone entity administered by a board. The new entity is known as the Marlborough Kaikoura Rural Fire Authority and is formed pursuant to section 4 of the Forest and Rural fires Act 1977.

As gazetted, Council has one member on the FD board nominated by Council's Chief Executive Officer.

Council is a stake holder and retains the responsibility for permit issue and response to fires in the Marlborough South Zone, but now under the control of the new Fire Authority.

Vision

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

Emergency Management





Preparedness for Major Hazards and Events

- The Marlborough CDEM 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 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 the 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.









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.

Risk Reduction

The 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.

Levels of Service: Emergency Management			
Key Performance Indicators	Target	How did we do?	Comments
Provide an overall level of service that meets or exceeds resident's expectations.			
Resident satisfaction with this service as measured by survey, where 10 = "service delivered extremely well".	7.4		Actual score: 7.8 (Last year: 8).
Provide a planned, tested capability to respond to major Civil Defence and Emergency Events.			
Timeliness of the completion of the annual update to the CDEM Plan, including contact details.	October		Actual score: October (Last year: November).
Level of compliance with the 10 year exercise programme for testing the CDEM Plan.	100%		Actual score: 100% (Last year: 100%).
% compliance with testing programme for radios, sector kits and emergency generator.	100%		Actual score: 100% (Last year: 100%).

Emergency Management

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		Actual score: October (Last year: October).
Timeliness of the Rural Fire Fighting Plan's approval by the Authority (biennially).	September		Actual score: October (Last year: N/A). Completed in September 2011 and signed off at earliest opportunity (13 October 2011).
% of Rural Fire Force members who have attended at least 50% of training events.	70%		Actual score: 45% (Last year: 45%). Our fire force members are volunteers whose family and work commitments must take precedence. This issue has increased with the downturn in the economy. Volunteers are finding it harder to find time attend training events.
Number of registered Rural Fire force members.	46		Actual score: 46 (Last year: 51).
% of registered Rural Fire force members who have completed their Fire Fighter Unit Standards.	75%		Actual score: 75% (Last year: 70%).
% of three monthly checks on water way equipment and vehicles completed.	75%		Actual score: 75% (Last year: 50%).
Timeliness for completion of the annual vehicle maintenance.	November		Actual score: November (Last year: December).
% of changes in Fire Season status advertised.	100%		Actual score: 100% (Last year: 100%).

Activity: Emergency Management	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs	703	729	671
Operating surplus - transferred to reserves	75	40	60
	778	769	731
Funded by			
Rates	649	645	568
General Revenues Applied	76	76	69
Subsidies and grants	50	18	33
Other revenue	3	30	61
Total revenue	778	769	731
Capital expenditure	21	31	9
Funded by			
Depreciation reserve transfer	-	31	9
Other reserve transfers	21	-	-
	21	31	9

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

Land and Water Services

2011-12

Activities in this group

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

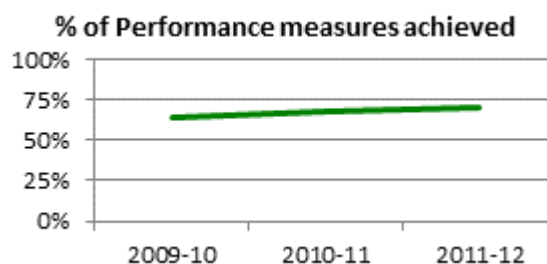
What is this group about?

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.

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.

Our progress over the last three years



Summary of how we did

Overall we achieved most of our goals for the 2011-12 year. We achieved 55, and almost achieved 15 of the 80 targets associated with the key performance indicators (KPIs).

55	15	10
On track (100%)	Almost achieved (\geq 80%)	Not achieved ($<$ 80%)

Land and Water Services Infrastructural Assets

Roading Assets

		30/06/2012	30/06/2011
		Length (km)	
Urban Roads	Sealed	182.8	181.9
	Metalled	0.7	0.7
Rural Roads	Sealed	697.8	694.1
	Metalled	643.1	643.5
Totals		1,524.4	1,520.2
		Number / Length (m)	
Bridges	One Lane Bridges	281 / 5,085	283 / 5,015
	Two Lane Bridges	71 / 956	59 / 822
	Footbridges	7 / 214	7 / 214
Totals		359 / 6,255	349 / 6,051
		Number	
Street Lighting	Lights	4,578	4,535
Totals		4,578	4,535

Other Assets

	30/06/2012	30/06/2011
Wharves	14	13
Water Supply Schemes	7 schemes, 441 kms of reticulation	7 schemes, 441 kms of reticulation
Sewerage Schemes	4 schemes, 304.7 kms of reticulation	4 schemes, 304.7 kms of reticulation
Stormwater System	11 schemes, 164 kms of reticulation	11 schemes, 161.3 kms of reticulation
Irrigation Schemes	2 schemes, 64.7 kms of reticulation	2 schemes, 64.7 kms of reticulation

Community Facilities

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Marlborough's communities and visitors experience the District's open spaces and recreation facilities for recreation, relaxation and physical activity.
- Marlborough people have a respectful and comforting environment to remember those they have lost.
- Fun and recreation, Physical activity and Heritage in our community.

Operating Costs

Operating Costs of this activity represents 8.8% of total activity expenditure.

What is this activity about?

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 Reserves

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 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.

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 according to Council policy. The quality of this service has recently been assessed and feasible improvements have been planned with implements underway.

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. The Aquatic Centre in Blenheim is operated by the Stadium 2000 Trust. 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.

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.






What we did in 2011-12

- Marlborough Aquatic Centre upgrade project is now complete. With a new Indoor 25 metre lane, a separate leisure pool, toddlers' pool and lazy river. The new features are a sauna and a special spa/hydrotherapy pool.
- A concept from the Street Scape Design Strategy to develop a Pocket Park in the Queen Street car park has been designed and consulted through out the year and construction started in September 2012.
- Endeavour Park Pavilion began construction in July and will be completed by July 2013. The Endeavour Park Pavilion Incorporated Society is managing and raising funds for this project. It will be run as a "Sports Ville" model whereby all user groups have been responsible for the design and development and will then manage the facility once built.
- The first way-finding signs have been installed with additional signs underway for key locations throughout the CBD and street trees have been planted down Seymour Street.
- The feasibility study for an Equestrian Park at Botham's Bend has been completed and was approved by Council. The feasibility study for the multi sport use of Lansdowne Park is near completion.
- The Marlborough Outdoor Sports Facilities Plan was undertaken to look at the current and future needs of sporting codes within Marlborough and the ability of current sports parks to meet that need. Three recommendations were prioritised from the plan and are currently being carried out.
- Smoke free parks and playgrounds Policy was passed on 2011-12 to actively promote smoke free parks, sports fields and playgrounds by positive affirmation through signage, sponsorship and sporting group relationships.
- Travel Planning for Marlborough Secondary Schools, involving changing existing sole travel ways to more environmentally sustainable, safe and physically active travel behaviour for all members of the school community.
- Cycle skills training has been offered to several schools through the Marlborough Active Cycle

Education programme over recent months primarily to 10 - 13 year olds.

- Freedom Camping continues to Challenge Marlborough but with guidance from national level Council has been working on a proposed By Law to legislate Freedom Camping under the Freedom Camping Act. A public consultation process will be undertaken and a new By Law is expected later in 2012.

Marlborough's first on-road cycle lanes went in on Maxwell Road and Seymour street in 2011-12.

Levels of Service: Community Facilities			
Key Performance Indicators	Target	How did we do?	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".	7.7		Actual score: 7.9 (Last year: 7.8).
Provide up to date relevant information to residents.			
Number of newspaper articles initiated by staff.	> 12		Actual score: 42 (Last year: 21).
% of changes to sport park availability advertised by 11.00 am each day.	98%		Actual score: 64% (Last year: 40%). A wet winter meant closures and cancellations in the sport parks frustrating users. Following discussions with sports associations, decisions 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.	90%		Actual score: Not achieved (Last year: Not achieved). The request dates for change were not measured. Where responses can be actioned immediately the dates of requests for change are not recorded. For other changes that require alterations to published documents, these requests are pooled before update to reduce costs. However, as staff consider this a priority and as such will update in-house publications on the same day and send through alterations to outsourced publications on the same day, however printing may be delayed.
% of public maps and brochures are restocked within 24 hours of request from agencies.	90%		Actual score: Not achieved (Last year: 100%). The request date for restocking could not be measured. Those maps that are kept in-house or online are changed immediately, however outsourced printing is delayed depending on importance of change.

Community Facilities

Number of bimonthly audits undertaken on the relevancy of web pages and brochures.	6		Actual score: 12 (Last year: 10).
Provide a selection of cemetery services that meet the commemorative needs of the community.			
Number of plots available annually for burials.	≥ 300		Actual score: >300 (Last year: 2217). Number of plots not measured as at 30/6/12 but significantly in excess of 300.
% compliance with maintenance contract specifications.	95%		Actual score: 100% (Last year: 95%).
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%		Actual score: 98% (Last year: 98%).
% of CBD and urban public toilet that are disabled accessible as measured by Accessibility Audit.	100%		Actual score: 85% (Last year: 79%). 11 out of 13 Blenheim toilets are compliant. Upgrades are scheduled in 2012-13 for the two non compliant toilets.
Maintenance of the District's reserves, gardens and amenities.			
% compliance with the maintenance contract specifications.	95%		Actual score: 100% (Last year: 100%).
Provide reserves and amenities which are perceived as "Safe".			
% of graffiti at reserves and amenities removed within three days of identification.	95%		Actual score: 98% (Last year: 89%).
% of new reserves, public conveniences and reported problem areas that receive a Crime Prevention through Environmental Design (CPTED) Audit.	100%		Actual score: No Crime Prevention Audit received. (Last year: 100%). See note 1 below.
Number of material (i.e.; moderate probability of injury) deficiencies identified by Playground Safety audits.	< 5		Actual score: 3 (Last year: 1).
% of significant Playground Safety audit recommendations actioned within one month.	90%		Actual score: 96% (Last year: 100%).
Provide strategic planning for reserves and amenities within the District.			
% of reserves with Management Plans as required under the Reserves Act.	60%		Actual score: 51% (Last year: 51%). See note 2 below.
% of any newly acquired reserves that require management plans, have a plan adopted within five years of their establishment.	100%		Actual score: 100% (Last year: 100%).
Deliver an ongoing improvement programme for reserves and amenities.			
% of programmed maintenance and renewal works in the Annual Plan achieved.	90%		Actual score: 86% (Last year: 77%). Endeavour Park Pavilion Society grant not fully paid.
% of improvement works included in the Annual Plan achieved.	80%		Actual score: 173% (Last year: 38%). Unbudgeted capital contributions towards the completion of the Aquatic Centre contribute to the target over achievement .

1. One reserve and one public convenience were recently created, but as there is no qualified CPTED auditor in Marlborough these have not been audited. However, an audit is scheduled for the end of 2012.

2. This measure was achieved last year as the target was 40%. The 50% increase in target from 2010-11 to 2011-12 has overestimated the potential achievements. It is expected that by 2013-14 the current 60% target will be met, and that by 2015-16 70% of reserves will have Management Plans.

Community Facilities

Activity: Community Facilities	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$'000's	\$'000's	\$'000's
Operating costs			
Cemeteries	411	468	430
Halls	347	275	200
Public Conveniences	677	682	612
Reserves	4,257	6,107	4,065
Swimming Pools	1,590	1,102	2,274
Total operating costs	7,282	8,634	7,581
Funded by			
Rates	5,237	5,201	4,708
General Revenues Applied	574	575	534
Subsidies and grants	137	10	15
Other revenue	848	191	221
Total revenue	6,796	5,977	5,478
Operating deficit - funded from reserves	486	2,657	2,103
	7,282	8,634	7,581
Capital expenditure			
Cemeteries	56	56	192
Halls	-	10	-
Public Conveniences	20	170	225
Reserves	516	2,101	2,002
Swimming Pools	3,711	20	7,075
Total capital expenditure	4,303	2,357	9,494
Debt repayment	201	150	109
	4,504	2,507	9,603
Funded by			
Depreciation reserve transfer	637	528	113
Other reserve transfers	1,555	117	9,216
New loans	2,312	1,862	274
	4,504	2,507	9,603

Note 1: Explanation of cost of service variance:

- o Reserves operating variance due to unpaid grant for Endeavour Park Sports Pavilion – construction commenced June 2012 (\$1.968 M)
- o Swimming pools operating variance due to insurance (\$94,000), depreciation (\$136,000) and debt servicing (\$212,000).
- o Other revenue variance due to capital contribution for Marlborough Aquatic Centre upgrade (\$600,000) and insurance disbursement recoveries \$83,000.

Note 2: Significant Capital Expenditure:

- o Swimming pools – Capital Expenditure on Marlborough Aquatic Centre upgrade (\$3.691 M).

Note 3: Significant Capital Expenditure variances:

- o Swimming pool capital variance due to final construction costs of the Marlborough Aquatic Centre upgrade including funding from reserves, carry overs from 2010-11 (\$2.112 M) and a capital contribution received from the Stadium Trust (\$600,000).
- o Reserves variance due to a reduction in Capital Expenditure programme because of reduced funding available from Land Subdivision Reserve.

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

Land Transport

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Marlborough's land transport system is integrated, safe, responsive and sustainable.
- Essential services, Prosperity; Physical activity and Environmental sustainability of our community.

Operating Costs

Operating Costs of this activity represents 25.1% of total activity expenditure.

What is this activity about?

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

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. Council provides support to a bus service around Blenheim and has also been emphasising alternate modes such as walking and cycling.

The Council has developed a contract with the Marlborough Roads to manage Council's roads on its behalf. This is achieved through a formal contract and a close management relationship between the parties. 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 NZ Police on road safety issues maintaining annual reviews of the road safety strategy for the District.

Standards

Council in its Asset Management Plan (AMP) identifies standards and guidelines for all activities undertaken to manage the road infrastructure.

The roading AMP comments on the Quality and Level of Service to be provided. Council has adopted a best practice approach common to Road Controlling Authorities throughout NZ to ensure compliance with NZTA requirements. Marlborough's roads compare favourably with peer authorities and NZTA requirements.

Safety

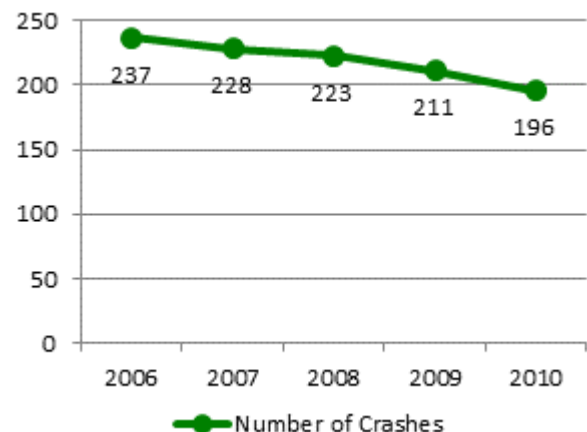
Council each year receives a Road Safety Report (RSR) from NZTA which analyses all crashes in the District and makes comparison with peer authorities throughout NZ. The report includes both State Highways and local roads.

The 2006-10 RSR 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 RSR is integrated into the maintenance contracts providing a methodology to enhance safety on the network.

In addition, each year Council receives funding assistance from NZTA to undertake physical safety improvements to the value of 8% of the basic programme, around \$808,000 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, focusing on "best safety" outcomes within the budgeted funds 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.

The overall number of crashes are showing a reducing trend from 2006 to 2010 in both rural and urban areas; however the ratio of fatal and serious crashes has increased:



There were nine serious crashes reported in 2011-12, of these only three were caused by a roading condition, two caused by wet surface and one by frost or ice on the road.

Smooth Travel Exposure (STE) for Sealed Roads

STE 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 roading 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.

Quality of Roads

Council maintains the quality of its roads by monitoring trends in pavement condition, the age of surfacing and by undertaking 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 NZTA requirements through annual programme reviews and compared with peer Councils.

The 2011-12 significant renewal activities were:

- Resealing which restores waterproofing and skid resistance (planned 337,500 m² and delivered 316,081m²) offset by an increased need for thin asphaltic surfacing (TAS).
- TAS which is used to resurfacing high use urban streets and provides a smooth, quiet, more pedestrian friendly surface (planned 6,330m² and delivered 29,040m² - increased from trade off of resealing).
- Area-wide treatments or pavement rehabilitation which extends pavement life and maintains pavement integrity and ride (programmed 57,000m² and delivered 58,890m² with slight increase due to width of some sites).
- Metalling of unsealed roads (planned 17,750m³ and delivered 17,490 m³).

Marlborough Roads also monitor unsealed roads. They are challenging to manage being changeable and influenced by weather and traffic environment.

Marlborough Roads now routinely measures roughness to assist in determining the need for intervention treatments, eg: grading.

In addition to our significant renewal activities during 2011-12 we have also:

- Completed the Kenepuru seal extension with nearly 3km of new seal laid.



Figure 1: Kenepuru seal extension after construction

- Initiated repairs to damage caused by the December 2011 flood event, which substantially damaged our road network in and around the Marlborough North contract area.













Figure 2: Typical road subsidence damage

Council owns and maintains 1,524 kilometres of roading of which 58% is sealed.

Levels of Service: Land Transport

Key Performance Indicators	Target	How did we do?	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	●	Actual score: 6.5 (Last year: 6.7). Resident satisfaction sub-scores: Sealed roads 6.6 Unsealed roads 6.0 Footpaths 6.3 Street lighting 7.0 Car parking 6.8
Provide a safe transport infrastructure.			
Number of vehicle crashes per year involving injury where contributing factor is 'Road Conditions' ¹ .	< 4	●	Actual score: 3 (Last year: 2).

Land Transport

Provide a quality transport infrastructure.			
Average road roughness ² standards for:			
1. Urban sealed roads.	< 110		Actual score: 108 (Last year: 109).
2. Rural Sealed roads.	< 95		Actual score: 88 (Last year: 96).
Smooth Travel Exposure ³ for:			
1. Urban Sealed roads	> 80%		Actual score: 89% (Last year: 95%).
2. Rural Sealed roads	> 94%		Actual score: 95% (Last year: 96%).
District Surface Condition Index ⁴ .	< 20		Actual score: 24 (Last year: 22.5). SCI is partially calculated using the age of the seal. Some aged seals are still giving a good LOS. Future KPI will report on CI only.
Provide a service that is timely and responsive to community needs.			
% of minor faults on footpaths repaired within 20 working days of detection.	100%		Actual score: 93% (Last year: 100%). During 2011-12 there were 15 footpaths to be repaired, 1 repair was completed after 28 days due to additional advice required from MDC arborist.
Overall parking occupancy rate for:			
1. Kerbside	< 70%		Actual score: 68% (Last year: 65%).
2. Off Street	< 85%		Actual score: 65% (Last year: 70%).
Provide a sustainable land transport infrastructure.			
% of programmed maintenance works in the Land Transport Asset Management Plan achieved.	100%		Actual score: 106% (Last year: 100%). The reason for the over achievement was that the underspent capital from the renewals and improvements programme was transferred into the maintenance programme enabling us to carry out additional maintenance works.
% of renewal and improvement works included in the Land Transport Asset Management Plan achieved.	95%		Actual score: 93% (Last year: 95%). All programmed work packages were achieved. However target was measured as a % of capital spent. Under spent mainly due to the competitive rates. The under expenditure arose because of the very good prices received at tender. Underspent capital was transferred to the maintenance programme enabling additional work to be carried out.

1. 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 are 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 for the 2011-12 year showed that there had been three crashes where road condition was determined as a causative factor, two caused by wet surface and one by frost or ice on the road.

2. 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.

3. This measure takes roughness and adjusts it for traffic volumes.

4. The Surface Condition Index is a weighted derivation from pavement defects e.g.; number of potholes, amount of flushing, etc and the age of the surfacing treatment. Lower values indicate a higher standard.

Activity: Land Transport	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$'000's	\$'000's	\$'000's
Operating costs			
Parking	2,608	2,253	1,710
Roading	18,242	16,951	21,230
Total operating costs	20,850	19,204	22,940
Operating surplus - transferred to reserves	-	99	-
	20,850	19,303	22,940
Funded by			
Rates	9,307	9,246	9,027
General Revenues Applied	1,121	1,123	1,129
Subsidies and grants	6,469	6,044	8,908
Other revenue	1,991	2,890	2,457
Total revenue	18,888	19,303	21,521
Operating deficit - funded from reserves	1,962	-	1,419
	20,850	19,303	22,940
Capital expenditure			
Parking	1,250	675	8,329
Roading	6,676	8,060	6,402
Total capital expenditure	7,926	8,735	14,731
Debt repayment	562	544	416
	8,488	9,279	15,147
Funded by			
Depreciation reserve transfer	3,323	6,726	3,152
Other reserve transfers	1,853	618	5,716
New loans	3,312	1,935	6,279
	8,488	9,279	15,147

Note 1: Explanation of cost of service variance:

- o Parking operating costs include write off of demolished facilities for the new Alfred Street carpark building.
- o Roothing operating costs include additional emergency reinstatement works (\$1.41 M) which has attracted additional subsidy revenue of \$710,000. Other expenditure variation due to network and asset management (\$290,000).

Note 2: Significant Capital Expenditure:

- o Parking includes Alfred Street carpark ticketing system and CCTV (\$260,000), carpark developments in Grove Road/Sinclair Street, Wynen Street and Kinross Street (\$720,000) and Alfred Street streetscaping (\$340,000).
- o Roothing includes renewals as per Asset Management Plan (\$5.08 M), seal extensions, (\$328,000), wharves (\$263,000) and vested assets (\$300,000).

Note 3: Significant Capital Expenditure variances:

- o Parking variances relate to carpark developments and Alfred Street streetscaping.
- o Roothing variations are due to deferrals of bridge renewals (\$436,000), CBD works (\$464,000), footpath renewals (\$200,000) and vested assets (\$324,000).

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

Rivers and Land Drainage

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- 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 and Prosperity of our community.

Operating Costs

Operating Costs of this activity represents 5.4% of total activity expenditure.

What is this Activity About?

The activity is primarily about managing flood hazard and drainage focussed on the more developed areas of Marlborough. Requirements in different areas have developed according to the history of flood risks, development of drainage improvements and more recent assessment of flood risks as land uses have changed and development occurred. The areas of activity can be summarised as follows:

Lower Wairau Flood Protection

To maintain and upgrade the main Wairau floodplain floodways below the Waihopai confluence to provide a capacity for flood sizes up to a 1 in 100 year return period. These floodways include the Wairau (below Waihopai), the Wairau Diversion, and tributaries including the Opawa, Taylor, Omaka, Riverlands Co-op Floodway and others.

Wairau Floodplain Tributaries

To keep key Wairau River tributary (including the Wairau above the Waihopai confluence) channels clear of trees and debris as economically practical, to maintain flood capacity and minimise the risk of changes to channel alignment.

Sounds Watercourses Flood Management

To develop and maintain 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. Similarly to consider waterway improvements in other built up Sounds areas including Havelock to protect houses.

Blenheim, Riverlands and Renwick Stormwater Outfalls

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

Lower Wairau Floodplain 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 excavated drains or natural watercourses, maintaining floodgated culverts into the major rivers, and providing pumping stations generally with a capacity of removing 15mm 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 to ensure that the extraction of this valuable economic resource is managed in a sustainable manner consistent with good river management. This requires limiting gravel extraction to specific amounts and locations.

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 to ensure a continuous flow in the Gibsons Creek/Opawa system for environmental objectives including groundwater recharge.

Soil Conservation

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

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.

Flood Hazard and River Management 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 section also provides direct advice to landowners on flooding and erosion risks, and mitigation options, throughout the District.










Flood Response

To monitor key river systems during a flood event, provide advice and undertake emergency repairs as appropriate. Advice of potential flood danger is directed at the public and public agencies such as police, civil defence etc.

What we did in 2011-12






- The region experienced no significant flood events in the year that caused significant concerns, follow up or reporting.
- Good progress was made in following up the December 2010 Canvastown flood event. This included analysis of the flood, a community meeting in February 2012 and an agreed series of actions from that meeting. The agreed actions including Racecourse Creek improvements, Wakamarina Road protection works and providing assistance for three landowners to bund protect their properties are either complete or well advanced.
- Similarly a report was submitted to the Assets & Services Committee on rock repair works required within the Wairau Scheme. This work was approximately 70% complete at year end.
- The Waitohi inlet and Kent Street drain improvement works in Picton were completed. This finishes the major waterway improvements in Picton for the present. Council will consider what further upgrades to the Waitohi culvert are appropriate once Kiwi Rail's plans for the Picton rail yard are known.
- A comprehensive programme of asset and drain maintenance work was completed. Also a number of minor renewals and upgrades were completed including to the Spring Creek outlet floodgates and at the Marris Creek outlet.
- The section contributed to the Blenheim revised growth strategy by indentifying suitable land that is not encumbered by flood risk or drainage issues. Similarly the section has initiated a detailed investigation of the Old Fairhall/ Yelverton/Osgoods Drain system, and in Caseys Creek. Some upgrades and easement purchases will be required before further development can proceed in these areas.
- An investigation was also completed on the source of flooding in Wairau Valley township and at Wilson Street, Havelock with options for mitigation considered.
- The three yearly gravel bed survey of the Wairau River bed was undertaken and analysis completed. A proposed new extraction policy is being developed for Council approval. It is proposed to be effective from 1 March 2013.

Levels of Service: Rivers and Land Drainage

Key Performance Indicators	Target	How did we do?	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".	6.9		Actual score: 7.1 (Last year: 5.8).
Provide a sustainable flood protection service.			
% of programmed maintenance and renewal works in the Rivers Asset Management Plan achieved.	90%		Actual score: 95% (Last year: 98%).
% of improvement works included in the Rivers Asset Management Plan achieved.	80%		Actual score: 40% (Last year: 31%). See note 1 below.
River channels for tributaries of the Wairau Floodplain will be kept as clear of trees and debris as economically practical.			
% of significant tributaries inspected annually.	90%		Actual score: 90% (Last year: New measure for 2011-12).
% of significant tributaries inspected within two weeks of being impacted upon by a major flood event.	90%		Actual score: 100% (Last year: New measure for 2011-12). No flood events requiring formal inspections.
% of courses of action agreed post investigation, implemented in the timeframe agreed.	90%		Actual score: 100% (Last year: 100%). No significant flood events.
To monitor, maintain and upgrade flood-ways to provide a capacity for a flood size up to 1 in 100 year return event for Wairau Plains and 1 in 50 year return event for Blenheim Stormwater Outfalls and Waitohi and Waikawa Rivers.			
% of the floodway network inspected within 2 weeks of a flood event.	100%		Actual score: 100% (Last year: Not achieved). No flood events requiring formal inspections.
% of the floodway network inspected by way of routine inspection annually.	90%		Actual score: 90% (Last year: Not achieved).
% of remedial works post a flood event completed within 6 months of the event.	95%		Actual score: 70% (Last year: 95%). See note 2 below.

- Picton complete but progress on other key projects including Lower Wairau stopbank upgrade and Rileys Drain slow due to complex design and site access.
- Completion of the Wairau River rock protection works was delayed by rock supply and weather.

Rivers and Land Drainage

% of serious deficiencies identified as part of a routine inspection addressed within 1 month of identification.	95%		Actual score: 100% (Last year: 100%). Marris and Spring Creek repairs completed.
Effective Drains and Pumping stations are maintained.			
% of drains and pumping stations inspected at least annually.	100%		Actual score: 100% (Last year: 100%).
% of serious deficiencies identified as part of a routine inspection addressed within one month of identification.	90%		Actual score: 50% (Last year: 100%). See note 3 below.
% of routine weed control management carried out within six months of identification	90%		Actual score: 100% (Last year: New measure for 2011-12).
Appropriate 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 and LIMs.	< 5		Actual score: 0 (Last year: 0).

3. Rarangi Road drain slumping repaired. New motor was ordered for Casey's pump station and installed September 2012.

Activity: Rivers and Land Drainage	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs			
River Leases	223	209	212
Rivers Outside Wairau Floodplain	265	281	230
Wairau Floodplain Drainage	735	790	716
Wairau Floodplain Rivers	3,158	3,073	2,984
Total operating costs	4,381	4,353	4,142
Operating surplus - transferred to reserves	3,068	2,878	3,061
	7,449	7,231	7,203
Funded by			
Rates	3,581	3,537	3,532
General Revenues Applied	37	37	33
Other revenue	3,831	3,657	3,638
Total revenue	7,449	7,231	7,203
Capital expenditure			
Rivers Outside Wairau Floodplain	437	20	389
Wairau Floodplain Drainage	154	470	184
Wairau Floodplain Rivers	590	560	407
Total capital expenditure	1,181	1,050	980
Debt repayment	9	55	6
	1,190	1,105	986
Funded by			
Depreciation reserve transfer	-	85	35
Other reserve transfers	813	607	533
New loans	377	413	418
	1,190	1,105	986

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

Note 2: Significant Capital Expenditure and variances:

- o Rivers outside Wairau floodplain – Waitohi culvert entry improvements funded by carry over from 2010-11 year (\$0.43 M).
- o Wairau floodplain drainage – town branch drain upgrade delayed while landowner negotiations and design is finalised – works scheduled to commence 2012-13 summer.

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

Note 4: This activity has a significant surplus due to lease revenue (included in other revenue) which is used to fund the Infrastructure Upgrade reserve, the Wairau Flood Damage reserve and the Wairau Operating reserve. The infrastructure upgrade reserve has been allocated to fund major sewerage and water upgrades.

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- 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 and Essential services for our community.

Operating Costs

Operating Costs of this activity represents 9.5% of total activity expenditure.

What is this activity about?

Collection, treatment and disposal of wastewater to provide sanitary living conditions, protect the public health and minimise damaging discharges to the environment is an essential service that contributes to:

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

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

What we did in 2011-12

Major capital investment works continue to improve the capacity and quality of wastewater management in the region. Final design and preliminary construction has begun on a wetland and new




sewage outfall for the Blenheim STP. The wetlands tertiary treatment will improve effluent quality and in particular problems of a high Biochemical Oxygen Demand (BoD) and suspended solids carried in the final effluent. On completion a proportion of the final effluent will be used to irrigate land adjacent to the plant. The remainder will be discharged through a new sea outfall on the out going tide.

Work has commenced on a new sea outfall for the Picton STP which is due for completion in 2012-13. The new outfall will permit the removal of the existing pipeline that is conspicuously strapped above the waterline along Kaipupu point and has failed repeatedly in the past.

The Picton sewage reticulation is vulnerable to inflow and infiltration of stormwater causing surcharging and occasional overflows in wet weather. Detailed mathematical models are being developed to examine the options between upgrading the capacity of the reticulation and remedying the stormwater ingress. The work has been nationally recognised by winning two prizes at the Water NZ 2011 conference.






Inflow and infiltration of stormwater to the sewers is an increasing problem for all the sewage networks causing peak surges and potential overflows. Programmes to remedy these problems are likely require more resources in the future. The reticulation has been extended to existing properties in areas of St Andrews, David Street and Severne Street through the installation of individual grinder pump units.

An electrical power supply is being installed to the Havelock STP to facilitate aeration on the treatment ponds and improved capacity and quality of the final effluent. Staff continue to be involved in the development of North and South Marlborough Urban Growth Strategies to assist with planning wastewater service for the next thirty years.

Levels of Service: Sewerage			
Key Performance Indicators	Target	How did we do?	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".	6.9		Actual score: 8.1 (Last year: 8.2).
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.	100%		Actual score: 93% (Last year: 95.8%). See note 1 below.
Provide a reliable wastewater service with adequate system capacity and performance.			
Number of overflows in the entire system resulting from a 1 in 2 year storm.	0		Actual score: 1 (Last year: 15). One incident was recorded as result of heavy rain.

1. 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.

Wastewater (Sewerage)

Number of identified blockages occurring per 100 km of sewer main per year (main pipeline blockages only).	< 34		Actual score: 6 (Last year: 7). 19 blocks were identified over 304.7kms of sewer main.
Provide a service that is timely and responsive to customer needs.			
% of unplanned service interruptions or blockages responded to within two hours.	98%		Actual score: 95.7% (Last year: 52%). 44 out of 46 incidents were responded within two hrs.
% of toilet facilities restored to all customers affected by unplanned interruptions within six hours of notification or alternative facilities provided.	100%		Actual score: 83.3% (Last year: 100%). 25 out of 30 unplanned interruptions were restored within six hours.
Provide a sustainable wastewater service.			
% of programmed maintenance and renewal works in the Wastewater Asset Management Plan achieved.	90%		Actual score: 97% (Last year: 92.2%).
% of improvement works included in the Wastewater Asset Management Plan achieved.	80%		Actual score: 28% (Last year: 50%). See note 2 below.

2. Two contracts were awarded in May 2012 with work scheduled to commence at the beginning of 2012-13. One contract's tender was advertised in September with work planned to be undertaken during 2012-13 and one contract design is currently under peer review with work planned for the 2012-13 summer.

Activity: Wastewater (Sewerage)	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$'000's	\$'000's	\$'000's
Operating costs			
Combined scheme	6,699	6,559	6,660
Riverlands Industrial	899	1,333	930
Picton - loan rate	21	21	-
Grovetown - loan rate	123	98	-
Renwick - loan rate	20	20	-
Total operating costs	7,762	8,031	7,590
Operating surplus - transferred to reserves	417	685	476
	8,179	8,716	8,066
Funded by			
Rates	6,548	6,510	6,616
Other revenue	1,631	2,206	1,450
Total revenue	8,179	8,716	8,066
Capital expenditure			
Combined	2,239	7,814	2,327
Riverlands	392	1,457	231
Total capital expenditure	2,631	9,271	2,558
Debt repayment	846	849	858
	3,477	10,120	3,416
Funded by			
Depreciation reserve transfer	2,236	2,317	2,092
Other reserve transfers	661	3,605	1,093
New loans	580	4,198	231
	3,477	10,120	3,416

Note 1: Explanation of cost of service variance:

- o Operating cost variation is due to reduced debt servicing costs for the Riverlands Industrial sewer scheme due to deferred Capital Expenditure.
- o Other revenue variation is due to reduced development contributions (\$234,000) and tradewaste charges (\$207,000).

Note 2. Two contracts were awarded in May 2012 with work scheduled to commence at the beginning of 2012-13. One contract's tender was advertised in September with work planned to be undertaken during 2012-13 and one contract design is currently under peer review with work planned for the 2012-13 summer.

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Residents and their property are protected from the risk of stormwater flooding.
- Environmental sustainability and Essential services for our community.

Operating Costs

Operating Costs of this activity represents 1.9% of total activity expenditure.

What is this activity about?

Urban stormwater systems can be categorised in two parts:

- Natural system of waterways and ponding areas (including improved open drains), and;
- 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.

A regime 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 Management Centre (IMC) 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 reliability or consistently recorded.

Similar to 2010-11 a number of short duration, high intensity storms were also experienced in 2011-12, particularly affecting northern Marlborough. A significant storm on the 30th December 2011 chiefly affected the rural area in north Marlborough but not the urban stormwater areas.

The Blenheim Stormwater Strategy is a major new initiative, presented and approved by the Assets and Service committee in March 2012. It provides a structure for improvement to the management of the quantity and quality of stormwater for the future.

Stormwater

Levels of Service: Stormwater			
Key Performance Indicators	Target	How did we do?	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		Actual score: 6.8 (Last year: 6.9).
Minimise the environmental risks of stormwater discharge.			
Discharges to the aquatic environment that have been reported by the public or other that has caused a deterioration to the receiving water and has been conveyed by the Council stormwater system.	< 25		Actual score: 5 (Last year: 2).
Provide a reliable stormwater service.			
% of properties that meet the following stormwater system capacity targets, excepting flooding that results from poor management of the overflow path on private property. - No surface flooding with a five year return period causing nuisance to property, roads and public open space. - No surface flooding with a 10 year return period causing nuisance to important recreational fields and roads without alternative access. - No flooding with a 50 year return period that floods residential property, commercial and industrial buildings. - No flooding with a 100 year return periods that floods major communal facilities related to supply of electricity and telephone, water and sewage disposal. - No more than one blockage per 15 km of stormwater main per year.	96%		Actual score: 100% (Last year: 99%). No storm of this magnitude.
	96%		Actual score: 100% (Last year: 98%). No storm of this magnitude.
	92%		Actual score: 100% (Last year: No storm of this magnitude). No storm of this magnitude.
	82%		Actual score: 100% (Last year: No storm of this magnitude). No storm of this magnitude.
	1		Actual score: 0.83 (Last year: 0.65).
Provide a service that is timely and responsive to current needs.			
% of complaints responded to within: - One hour if floodwater is a threat to a dwelling.	95%		Actual score: 100% (Last year: Not achieved). No complaints of flood affecting dwellings were received during the 2011-12 year.
			- 48 hours for other complaints.
	95%		Actual score: 93.2% (Last year: 100%). 41 out of 44 complaints were responded within 48 hours.
Provide a stormwater service that is sustainable.			
% of programmed maintenance and renewal works in the Stormwater Asset Management Plan achieved.	90%		Actual score: 99% (Last year: 64.3%).
% of improvement works included in the Stormwater Asset Management Plan achieved.	80%		Actual score: 100% (Last year: 50%).

Activity: Stormwater	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs			
Blenheim	1,067	1,052	993
Picton	304	323	328
Other Schemes	213	231	169
Total operating costs	1,584	1,606	1,490
Operating surplus - transferred to reserves	422	396	193
	2,006	2,002	1,683
Funded by			
Rates	1,439	1,431	1,401
General Revenues Applied	176	175	178
Other revenue	391	396	104
Total revenue	2,006	2,002	1,683
Capital expenditure			
Blenheim	1,097	1,130	73
Picton	104	34	54
Other Schemes	-	32	35
Total capital expenditure	1,201	1,196	162
Debt repayment	232	226	225
	1,433	1,422	387
Funded by			
Depreciation reserve transfer	1,019	1,027	287
Other reserve transfers	414	395	100
New loans	-	-	-
	1,433	1,422	387

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

Note 2: Significant Capital Expenditure – Westwood combined stormwater, Middle Renwick Road (\$644,000) and vested assets (\$427,000).

Note 3: Significant Capital Expenditure variances in Picton are due to pipeline renewals (\$99,705) being funded by 2010-11 carry over. Other stormwater upgrades in Havelock have been delayed pending finalisation of subdivision.

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

Water Supply

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Residents have access to a safe and reliable water supply.
- Environmental sustainability and Essential services for our community.

Operating Costs

Operating Costs of this activity represents 11.3% of total activity expenditure.

What is this activity about?

Council drinking water supplies are necessary so that larger communities can receive an adequate supply of potable, i.e.; drinkable water thereby contributing cost effectively to:

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

Around 82% of the population of Marlborough are supplied from Council reticulated supplies. Council operates seven drinking water supply systems:

Location	New Zealand Drinking Water Standards Met?	Adequate Capacity?
Blenheim	Yes	Yes
Awatere	No (compliance required by 2014 but delayed ¹).	Yes
Picton	No (compliance required by 2014).	Based on historical peak day demand patterns water sources could not support the estimated Picton population in 2011-12.
Havelock	No (compliance required by 2014 but delayed ¹)	Yes.
Renwick	No (compliance required by 2014 but delayed ¹)	Yes
Riverlands	Yes: microbiological No: aesthetic	Yes
Wairau Valley	No (compliance required by 2015 but delayed ¹)	Yes

Note: 1. Continuing problems with small communities meeting the costs of compliance with the New Zealand Drinking Water Standards has led to the Council petitioning the Ministry of Health on the communities behalf. Dates for achieving compliance will be delayed whilst affordable solutions are sought.

What we did in 2011-12

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.

The completion of the new Central Water Treatment Plant (CWTP) in Blenheim in the spring of 2011 has resulted in the Blenheim water supply meeting the requirements of the Drinking Water Standards.

The Essons Valley Treatment Plant, Picton was upgraded and commissioned in September 2011 to meet drinking water standards.

A MIOX water disinfection system has been installed on the Awatere Water Supply system near the Blarich Station. The plant has been commissioned and final adjustments to the control system is underway. It 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 full 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 light of the general increase in 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.

During 2011-12 the average water consumption remained in excess of 600 litres per person per day and on peak days this increased to over 1,000 litres per person per day.

Levels of Service: Water Supply

Key Performance Indicators	Target	How did we do?	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		Actual score: 8 (Last year: 8).
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). Measured by number of samples required by the DWSNZ.	99%		Actual score: 100% except for Awatere Valley, Seddon and Dashwood (Last year: 99.9%). See note 1 below.
Provide a reliable water supply service.			
% compliance with the following water system capacity and peak demand targets: - 4 m ³ /day per property. - 4 m ³ /day per 800 m ² for commercial and industrial zones where the section size is greater than 800 m ² . - An additional 50 l/ha/day for rural schemes for stock. - A minimum water pressure of 300 kPa for new subdivisions .	98%		Actual score: 99.7% (Last year: 99.7%). The 2010-11 result was based on hydraulic modelling of the whole system as compared to physical measurement systems. System operation in 2011-12 was similar to 2010-11 but with lower peak demand for water. However, minimum pressure of 300kPa was achieved in Picton and Blenheim for at least 99.7% of properties.
The water reticulation system shall be able to provide the following fire fighting flows from hydrants*: - Residential Zone: 25 l/s. - Commercial Zone: 50 l/s. - Industrial Zone: 100 l/s. (*) Renwick, Awatere Valley and Wairau Valley are excluded from the calculations. General fire conditions as per the New Zealand Fire Service Code of Practice (NZPAS 4509:2008).	98%		Actual score: 84% (Last year: 97%). The result was calculated using a weighted average based upon % of compliance and number of households for Blenheim, Picton and Havelock. Percentage of hydrants within the reticulation that deliver a minimum of 25l/sec on peak demand* day: Blenheim = 86%, Picton = 70% and Havelock = 100% (*)In Blenheim there were three days when demand was in excess of double the average demand. Commercial and Industrial zones fire fighting supplies are from multiple hydrants and have not been calculated.
Provide a service that is timely and responsive to customer needs.			
% of service interruptions responded to within: - 30 minutes for major loss of supply creating a situation causing or likely to cause damage to persons or property.	98%		Actual score:100%(Last year:98.2%). 12 out of 12 incidents were responded within 30 minutes.
- 60 minutes for substantial leaks not falling into the first priority.	98%		Actual score: 95.9% (Last year: 98%). 47 out of 49 incidents were responded within 60 minutes.
% of supplies restored to customers affected by an interruption within eight hours of notification.	100%		Actual score:94.4%(Last year:100%). 17 out of 18 incidents were restored within eight hours of notification.
Provide a sustainable water supply.			
% of programmed maintenance and renewal works in the Water Supply Asset Management Plan achieved.	90%		Actual score: 100% (Last year: 92%).
% of improvement works included in the Water Supply Asset Management Plan achieved.	80%		Actual score: 117% (Last year: 58%). The reason for the overspending was due to funds carried over from prior year (some carry forward work not completed in 2011/12)

Water Supply

1. No E.coli detected in the water supply, however five out of nine plants and two out of six zones samples exceeded the maximum interval between samples in November 2011, as determined by DWSNZ. Samples from Awatere Valley, Seddon and Dashwood are excluded from the calculation. Water boil notice was given for the three regions.

Activity: Water Supply	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs			
Awatere	678	582	544
Blenheim	4,510	4,713	4,035
Have lock	231	233	284
Picton	1,654	1,530	1,369
Renwick	382	367	374
Riverlands	298	320	259
Southern Valleys	1,395	1,444	1,380
Wairau Valley	36	41	36
Total operating costs	9,184	9,230	8,281
Operating surplus - transferred to reserves	864	837	814
	10,048	10,067	9,095
Funded by			
Rates	9,443	9,465	8,694
Other revenue	605	602	401
Total revenue	10,048	10,067	9,095
Capital expenditure			
Awatere	268	337	136
Blenheim	3,059	1,554	6,220
Have lock	2	25	414
Picton	852	1,299	1,208
Renwick	5	77	2
Riverlands	57	238	204
Southern Valleys	-	69	-
Wairau Valley	-	21	-
Total capital expenditure	4,243	3,620	8,184
Debt repayment	1,350	1,430	1,118
	5,593	5,050	9,302
Funded by			
Depreciation reserve transfer	2,515	2,433	1,798
Other reserve transfers	1,520	1,839	1,676
New loans	1,558	778	5,828
	5,593	5,050	9,302

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

Note 2: Significant Capital Expenditure – Blenheim Central water treatment upgrade (\$2.275 M), Awatere MIOX treatment (\$250,000), Essons Valley water treatment plant upgrade (\$486,000) and vested assets (\$414,000).

Note 3: Significant Capital Expenditure variances – completion of Blenheim central water treatment plant (\$2.275 M) funded by 2010-11 carry over, Speeds Road (Picton) water treatment upgrade deferred to 2013-14 and seismic strengthening to Riverlands water reservoir deferred to 2012-13.

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

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Public and environmental health risks of solid and hazardous waste are minimised.
- Essential services and Environmental sustainability for our community.

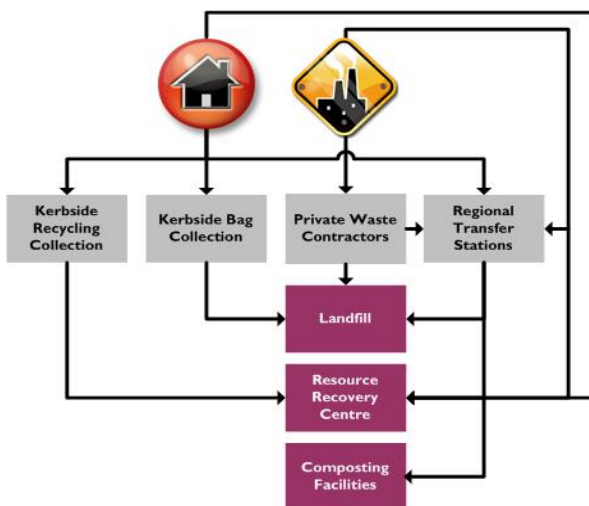
Operating Costs

The solid waste management operating expenditure for the period July 2011 to June 2012 was \$6,755,320.

Operating Costs of this activity represents 8.3% of total activity expenditure.

What is this activity about?

Council provide a range of waste management and minimisation services across the region. These include the provision of a kerbside collection service to Blenheim and Picton, the operation of seven transfer stations, the operation of the regional landfill and composting facilities, the provision of the Blenheim resource centre for processing diverted materials, and the provision of a hazardous waste collection and storage service.



Compliance

During the 2011/12 period there have been no breaches of any resource consents that are issued against the waste management and minimisation facilities.

Recycling

The main hub for recycling is the resource centre based in Blenheim. During the 2011/12 period this facility processed 3,864 tonnes of materials that had been diverted away from landfill.

The resource centre also has a reuse shop which receives donations from the community and sells them on. During the 2011/12 period this facility generated \$181,718 from 32,342 paying visitors.

In May 2012 an E-waste collection facility was opened on a three month trial basis. To the end of June 2012

this facility had collected 1,070 items diverting 11.3 tonnes of materials away from landfill.

Kerbside Collections

During the period 2011/12 this service collected 3,592 tonnes of rubbish in 596,081 bags with a further 104,669 bags being delivered through the transfer stations.

During the same period this service emptied in the region of 676,000 recycling crates, diverting 1,310 tonnes of material away from landfill.

Landfill

During the period 2011/12 the regional landfill received 38,299 tonnes of waste from 13,886 vehicle deliveries generating an income of \$3,097,075.

Composting facilities

Council provide leased land to Greenfingers Limited for the collection and processing of Greenwaste into compost. During the 2011/12 period this site processed 15,937 m³, diverting approximately 8,000 tonnes away from landfill.

During the 2012/13 period work will be undertaken to develop a long term compost strategy including the grape marc produced by the wine industry each year.

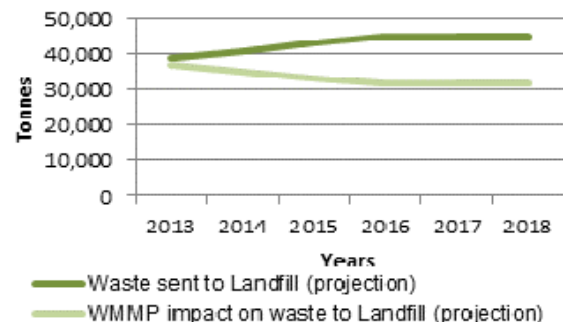
Transfer Stations

During the period 2011/12 these facilities generated \$860,750 in gate fees from 115,154 site users.

During the same period 10,500 m³ of materials were diverted from landfill. These included, plastics, cardboard, paper, metals, whiteware, and electronic goods. The sites processed 7,117 tonnes of waste to landfill.

Waste Management and Minimisation Plan (WMMP)

Council adopted the new WMMP in May 2012. This document sets out the vision, objectives and targets for the period 2012 to 2018. The following graph illustrates the reduction in waste to landfill as the WMMP targets and projects are achieved.



Solid Waste Management

Future Projects

During the 2012/13 period Council will be looking at the following projects highlighted in the WMMP:

- Kerbside collection route expansion
- Compost strategy
- Skip sorting facility
- Home composting trial
- Schools recycling

Contractors

During the period 2011/12 new contracts were awarded for the waste and recycling activities. The current contractors are listed below:

- The transfer stations and resource centre are operated by Metallic Sweeping (1998) Limited.
- The kerbside collections are provided by Earthcare Environmental Limited.
- The landfill is operated by Roding and Asphalt Limited.
- The collection and storage of hazardous waste materials continues to be provided by JBL Environmental Limited.
- Greenfingers Limited continues to provide a green waste composting operation on Council leased land in Blenheim.








Emissions Trading Scheme

With effect from January 2013 the landfill will be required to purchase carbon credits to offset its emissions of landfill gas (methane). The costs of these credits will be recovered through an increase to the landfill gate fee.

To mitigate this increase work is being undertaken to establish a unique emission factor (UEF) for the site. This UEF will reduce our carbon credit liability and therefore limit any potential rise in landfill gate fee. These credits are a commodity driven item whose price varies considerably dependant on supply and demand. To avoid this uncertainty and allow forward budgeting of the landfill gate fee Council have already purchased 35,000 carbon credits.

During the 2011-12 period the region diverted 11,864 tonnes of material away from landfill. This equates to 24% of the overall known regional waste total of 50,163 tonnes.

Levels of Service: Solid Waste Management

Key Performance Indicators	Target	How did we do?	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		Actual score: 7.9 (Last year: 7.9). Resident satisfaction sub-scores: Kerb-side 7.7 Waste transfer 7.8 Resource Recovery Centre 8.2
Reduce environmental and public health risks of waste.			
% of organic wastes in landfill.	< 10%		Actual score: 21.6% (Last year: 24%). See note 1 below.
Number of transfer stations not having hazardous waste collection facilities transfer stations.	1		Actual score: 1 (Last year: 1).
% compliance with resource consent conditions for landfill sites.	99%		Actual score: Almost achieved (Last year: Not achieved). All resource consent conditions met, except leachate monitoring for 12 months as the monitoring equipment was installed during the year (in October 2011).
% of plastics in landfill.	< 5%		Actual score: 8% (Last year: 8%). See note 2 below.
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%		Actual score: 92% (Last year: 90%).
% of improvement works included in the Marlborough Waste Strategy and Plans and Asset Management Plan achieved.	95%		Actual score: 95% (Last year: No major capital work done).

Solid Waste Management

1. Almost 60% of the organic waste being sent to landfill is made up of food scraps which cannot currently be diverted because local composting facilities do not have the capacity to process them. The WMMP has targeted the introduction of a home composting trial to reduce this material at source during the 2012/13 period.

2. Target assumed the adoption of kerbside recycling. The plastics received at the landfill are arriving in mixed general waste skip loads. The WMMP has targeted the development of a skip sorting facility adjacent to the resource recovery centre to divert these loads away from landfill. The intention is to have this facility, subject to funding, operational by 2014. This will divert an estimated 430 tonnes of plastics from landfill.

Activity: Solid Waste Management	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$'000's	\$'000's	\$'000's
Operating costs			
Landfills	2,756	2,955	3,758
Transfer Stations	1,504	1,316	330
Refuse Collections	1,422	1,721	1,393
Waste Minimisation	1,074	1,395	1,491
Total operating costs	6,756	7,387	6,972
Operating surplus - transferred to reserves	116	655	-
	6,872	8,042	6,972
Funded by			
Rates	2,438	2,390	2,500
General Revenues Applied	106	106	131
Subsidies and grants	93	150	134
Other revenue	4,235	5,396	2,915
Total revenue	6,872	8,042	5,680
Operating deficit - funded from reserves	-	-	1,292
	6,872	8,042	6,972
Capital expenditure			
Landfills	245	222	333
Refuse Collections	-	-	180
Transfer Stations	-	-	57
Waste Minimisation	12	-	-
Total capital expenditure	257	222	570
Debt repayment	460	445	425
	717	667	995
Funded by			
Depreciation reserve transfer	599	441	438
Other reserve transfers	115	131	166
Asset disposals	3	-	-
New loans	-	95	391
	717	667	995

Note 1: Explanation of cost of service variance:

o Waste minimisation savings due to reduced contract costs for recycling (\$332,000).

o Other revenue variation due to reduced regional landfill fees (\$689,000) and transfer station fees (\$277,000).

Note 2: Significant Capital Expenditure – Purchase of carbon credits under the Emission Trading Scheme (\$239,000).

Note 3: Significant Capital Expenditure variances – There has been no significant variance.

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

Activity Group: Environmental Policy and Information

Environmental Policy and Information

2011-12

Activities in this group

- Environmental Policy.
- Environmental Science and Monitoring.
- Animal and Plant Pests (Biosecurity).

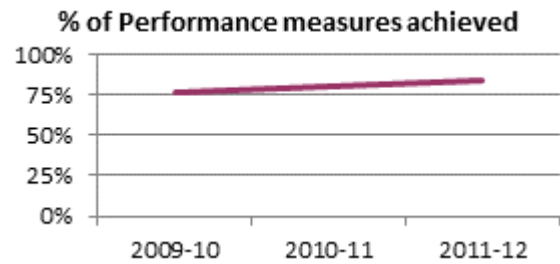
What is this group about?

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

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.

Our progress over the last three years



Summary of how we did

Overall we achieved most of our goals for the 2011-12 year. We achieved 20 and almost achieved two of the 24 targets associated with the key performance indicators (KPIs)

20	2	2
On track (100%)	Almost achieved (≥ 80%)	Not achieved (< 80%)

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Sustainable management of Marlborough's natural and physical resources.
- Environmental sustainability and Prosperity of our community.

Operating Costs

Operating Costs of this activity represents 1.9% of total activity expenditure.

What is this activity about?


This activity involves the development and review of environmental policy and planning provisions under the Resource Management Act (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.

What we did in 2011-12

A priority has been the review of the Marlborough Regional Policy Statement, Marlborough Sounds Resource Management Plan and Wairau Awatere Resource Management Plan.

The review has progressed, although the completion of the review has been delayed as a result of, amongst other things, plan change requests. Significant progress has been made, including:

- The completion of a draft reviewed Marlborough Regional Policy Statement, with the exception of provisions relying on other processes (see below),
- The completion of draft regional coastal plan provisions for the new Marlborough Resource Management Plan.
- Consultation with affected landowners on significant landscapes and wetlands.
- An investigation into the potential of land identified as suitable for residential growth around Blenheim to liquefy in the event of an earthquake.
- The completion of investigations that demonstrate that many water resources in Marlborough are at, or exceed, a state of full allocation.
- Holding a Water Forum to commence the process of addressing a state of full allocation of water resources and the establishment of an advisory group to oversee initiatives to resolve and manage the issues created by this status.

Levels of Service: Environmental Policy			
Key Performance Indicators	Target	How did we do?	Comments
A reviewed resource management policy framework. A resource management framework that reflects current and emerging issues.			
Timeliness of review and adoption of key strategy documents.	December		Actual score: Not achieved (Last year: New measure for 2011-12). See note 1 below.








1. Council has extended the target for this document to December 2012. However, during 2011-12 the Council received two requests to change the provisions of the Wairau/Awatere RMA. These requests had to be processed in accordance with the provisions of the First Schedule of the RMA 1991.

The Environmental Protection Agency also received a request from the New Zealand King Salmon Company Ltd to change the provisions of the Marlborough Sounds Resource Management Plan to enable the expansion of salmon farming operations in the Marlborough Sounds. The Council was required to provide support to the Environmental Protection Agency up until the notification of the plan change requests and thereafter the Council has participated in the process as a submitter.

Each of the above processes is a significant undertaking and, as a result, has diverted staff resource away from the review process. This target was reviewed and amended as part of the 2012-22 Long Term Plan process.

The Council's Southern Marlborough Growth Strategy, which feeds into the review process, was also delayed when investigations undertaken in late 2011/early 2012 established that land identified for residential growth adjoining Blenheim was vulnerable to liquefaction. This has had a significant effect on the completion of the Strategy. A process is now underway for identifying new land to meet the demand for residential growth.

Environmental Policy

The sustainable management of natural and physical resources.			
Physical, chemical and biological soil parameters.	Baseline established		Actual score: Baseline established (Last year: New measure for 2011-12). A total of 84 soil quality monitoring sites have been established up until October 2011. These sites represent a combination of the main soil types and land use activities in Marlborough. Baseline soil quality has been established at each of the 84 sites and over the course of the next 10 – 15 years soils will be periodically re-sampled and analysed to determine changes in soil quality over time.
Physical, chemical and biological freshwater quality parameters.	Baseline established		Actual score: Baseline established (Last year: New measure for 2011-12). A total of 85 sites are monitored annually in 55 representative catchments. A range of chemical, physical and biological parameters are measured and analysed to determine water quality grades. Baseline monitoring targets have been established for all sites.
Freshwater and coastal water bathing sites gradings.	Grades established		Actual score: Grades established (Last year: New measure for 2011-12). 31 popular swimming locations have been monitored for the presence of the bacteria E.coli in freshwater and Enterococci in coastal waters. Of these sites grades have been established as an indicator to reflect the general water at the site.
Average Groundwater Nitrate levels.	Positive long term (5yrs+)trend		Actual score: Positive trend (Last year: Positive trend). See note 2 below.
Average winter concentration of PM10 (µg/m3) at: – Redwoodtown	< 37		See note 3 below. Actual score: 27.9 (Last year: 23.4).
– Middle Renwick Road	< 27		Actual score: 14.4 (Last year: 15.4).
The ecological condition of Significant Natural Area (SNA) sites.	Baseline established		Actual score: Not achieved (Last year: New measure for 2011-12). See note 4 below.

2. The monitoring programme measures nitrate-nitrogen levels against the New Zealand Drinking Water Standard (DWSNZ-2005), and the Ecological Habitat Guideline (Ecan- 2009).

Council monitors 23 sites which are representative of 12 main aquifer systems.

None of the sites monitored had median concentrations of nitrate above the maximum allowable value (>11.3ppm) for human health.

Five of the monitored sites exceeded the ecological threshold level of 1.7g/m³ in 2012 which remain unchanged from 2011.

The concentrations of nitrate-nitrogen remain stable since 2010. Trends indicate that there has been a slight fall in levels since 2010 which corresponds with rainfall pattern over that time.

3. Air Quality monitoring of the Blenheim air shed during 2011 resulted in average winter concentrations recorded at Redwoodtown monitoring site of 27.9 µg/m³ and Middle Renwick Road 14.4µg/m³. Despite the average winter PM10 concentrations being below these targets the Blenheim air shed was non-compliant with the National Environmental Standard (NES). The NES for PM10 allows the threshold of 50 µg m⁻³ to be exceeded on no more than one day per year. The NES has been breached on 8 occasions in Blenheim for the year from 17 June 2011.

4. Baselines were not established due to technical difficulties associated with the variability in the types of ecological sites and methods required to produce robust monitoring results. Additionally monitoring of biodiversity outcomes at a national and regional scale is still under development. These may provide a selection of adequate baseline performance monitoring indicators in the future to assist in measuring state and condition in the Marlborough context.

However, a limited monitoring programme carried out at 2 yearly intervals has been established to assess the condition of the 74 sites protected through the Landowner Assistance Programme. The purpose of the monitoring is threefold, firstly to check of the actual protection work carried out, secondly, to assess the condition of the site and record changes and thirdly to maintain a relationship with the landowners and talk through any issues that have arisen in terms of on going management of the areas. So far three monitoring rounds have been undertaken with 12 sites visited over the 2006-07 summer, 24 sites visited over the summer of 2009-10 and 19 sites visited over the 2011/12 summer.

From the 19 sites visited over the 2011-12 summer, 15 were fencing projects, 8 native planting projects and 7 weed control projects being that some sites have more than one type of management project going on at the time.

Cost of Services – refer page 66.

Environmental Science and Monitoring

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Knowledge, information and services to enable the management of Marlborough's natural and physical resources in a sustainable way.
- Environmental sustainability and Prosperity of our community.

Operating Costs

Operating Costs of this activity represents 3.3% of total activity expenditure.

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 its policies and methods contained in the RMA policy and planning documents.

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

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

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

What we did in 2011-12

Environmental Data - Web Site Upgrade

Council completed a upgrade of the environmental monitoring network software and web page design which display our river, groundwater, rainfall and climate information. The upgrade provided an

enhancement and a refresh of our real time monitoring information to help the community and stakeholders gain easier access to key information.

Irrigation Water Metering

Council has been charged with implementing the Resource Management Regulations 2010 (Measurement and Reporting of Water Takes). In response Council has increased its resourcing to progress the implementation of the regulations and to ensure that the requirements are understood and adopted by the permit holders. Understanding water use is a key component of future water management in the District.







Ground Waters of Marlborough

The "Groundwaters of Marlborough" publication has received praise from consultants, water users, and the general public a year after it was published by Council in mid 2011. Feedback from many sources has shown its usefulness for understanding the regions groundwater resources, clarifying issues as a source of aquifer hydraulic properties for predicting effects of proposals and a reference for other publications.

Working Towards Improved Environmental Sustainability in the Dairy Industry

The Council adopted a strategy with a goal towards working closer to the dairy industry in Marlborough to improve environmental performance, particularly in relation to water quality outcomes in our local waterways and coastal areas. The strategy has elements of education and communication programmes supported by assisting with the preparation of environmental farm plans.

Environmental Science and Monitoring

Levels of Service: Environmental Science and Monitoring			
Key Performance Indicators	Target	How did we do?	Comments
Effective Environmental Monitoring Network is operated.			
% of availability of the Environmental Monitoring network.	99%		Actual score: 99.78% (Last year: 99.3%). Council's environmental Monitoring Network performance target for the 2011-12 year was to make available at least 99% of the 6.5 million data points that were scheduled to be collected.
Monitor, undertake investigations, gather and analyse information, and report on the state of Marlborough's natural resources including: Soil quality, contaminated sites, water quality, water quantity and air quality.			
Timeliness of completion of data integrity audit.	June		Actual score: June (Last year: June). A data audit of rainfall, water level, river flow and groundwater level data collected during the 2011-12 year was completed. Quality coding of data has started to be implemented in line with the National Environmental Monitoring Standard Quality Coding scheme.
Number of technical monitoring report cards completed.	5		Actual score: 6 (Last year: 5). Six State of the Environment Annual Report Cards have been completed during 2011-12.
Timeliness of completion of resource investigations and reporting to the Environment Committee.	June		Actual score: June (Last year: June).
Encourage the community and industry to look after and restore the environment through communication, education and advocacy.			
% of planned educational programmes (including public campaigns, fact sheets, web site) are completed annually.	90%		Actual score: 100% (Last year: 100%). A number of public and targeted primary school educational initiatives occurred during the year, including ; 155 primary school classes which participated in Wai Korero waterways, pest fish and pest weeds, living landscape, and mountains to the sea educational programmes.
Restoration and protection of indigenous biodiversity on private land.			
Long-term (5yr +) trends in number of protected Significant Natural Areas biodiversity sites.	60		Actual score: 74 (Last year: 67). As of June 2012 a total of 74 sites have had protection projects undertaken. In 2011-12 six new projects and ten ongoing projects were undertaken. The six new projects involved several hundred hectares of land, including fencing, wetland restoration, weed and wilding pine control. The ten ongoing projects involved some native planting and animal and plant pest control.

Cost of Services – refer page 66.

Animal and Plant Pests (Biosecurity)

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- The economic and ecological threats of animal and plant pests in the District are minimised.
- Prosperity and Environmental sustainability of our community.

Operating Costs

Operating Costs of this activity represents 1.4% of total activity expenditure.

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, however council intervention may be justified for certain pests.

Surveillance Pests - pests which have significance but where the only control is the banning of sale, propagation and distribution.

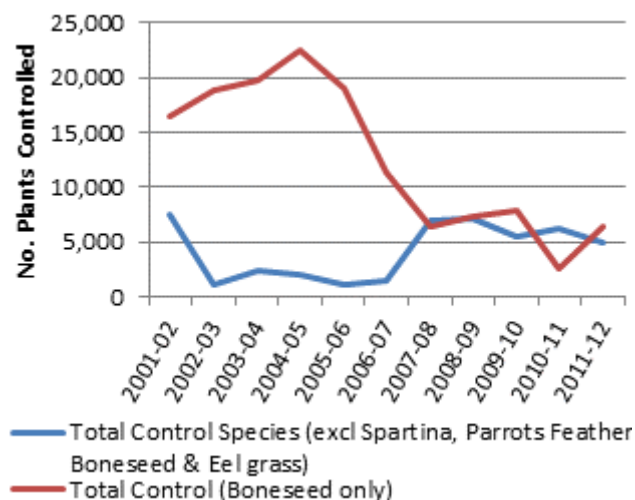
Council provides advice and education as well as carrying out monitoring to determine impacts and distribution. A major part of Council's pest management activity is therefore directed towards providing advice to land occupiers on identifying and controlling pests and monitoring to ensure compliance with pest control programmes. Council also has an active service delivery role in controlling pests that are classified as total control.

Total Control pest plant programme

The Total Control pest plant programme continues to be a strong focus of Council's Biosecurity programme. Some major gains have been achieved over the last 2-3 years with both a reduction in plants controlled and the number of active sites for many of the target species.

Moth plant is a Total Control pest plant which saw a reduction in the number of plants controlled in 2011/12 – down from 2,824 plants in 2010/11 to 879 in 2011/12. Increased feedback from the community along with an increase in surveillance effort by Council is proving a great help.

The graph below shows the Total Control Pest Plant trend over the last 10 years:












Taskforce Herbicide Registration

The Council successfully gained approval for registration of the herbicide 'Taskforce' for the control of Chilean Needle Grass, Nassella Tussock and Kangaroo Grass. The registration provides landowners an effective new control tool to manage these invasive species.


Further information related to the progress made implementing the Regional Pest Management Strategy is available at: <http://www.marlborough.govt.nz/Environment/Biosecurity/Regional-Pest-Management-Strategy-and-Operational-Plan.aspx>

Animal and Plant Pests (Biosecurity)

Levels of Service: Animal and Pest Plants (Biosecurity)			
Key Performance Indicators	Target	How did we do?	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		Actual score: 6.3 (Last year: 6.6). While the target has not been achieved the result demonstrates that there is only a marginal variation in the long term perceptions of Council pest management services.
Prepare and publish a Regional Pest Management Strategy Operational Plan annual report.			
Timeliness of completion of annual report to Environment Committee.	Oct-11		Actual score: July (Last year: July).
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).	100%		Actual score: 100% (Last year: 99.3%).
Number of hours spent looking for plant pest spread outside of known sites.	≥ 500		Actual score: 521 (Last year: 919).
Number of Total Control pests as measured by plant numbers destroyed (excluding bone seed, spartina and eelgrass).	< 4,500		Actual score: 4922 (Last year: 8791). While there has been a reduction on plants controlled on 2010-11, the exceedance of the target is primarily the result of the amount of Cathedral Bells and Evergreen Buckthorn controlled. This can be attributed mostly to the increased surveillance effort. A major reduction was seen in the amount of Moth Plant controlled.
Level of land occupier compliance with Regional Pest Management Strategy rules as measured by the number of directions issued.	< 50		Actual score: 34 (Last year: 24). A total of 33 Notices of Direction were issued for containment pest plants and one Notice of Direction for feral rabbits.
Number of properties where the maximum allowable level (MAL) of rabbit population, as measured by RPMS Modified Mclean Scale indices, are exceeded for:			Actual score: 2 (Last year: 2). Two properties in the Upper Awatere area were identified as having rabbit levels above the MAL of four during 2011-12. Both of these properties subsequently carried out control and further inspections found them to be well below MAL by the year end.
- Upper Awatere/Clarence, level 4.	< 10		
- Remainder of District, level 3.	< 15		Actual score: 7 (Last year: 13).
% of properties issued with a containment pest control programme that have undertaken control actions, without enforcement, as verified by inspection and audit regimes.	85%		Actual score: 89% (Last year: 89%). A total of 480 Containment pest control programmes were issued in 2011-12. All of these were issued for Containment plant pests. No control programmes were required for feral rabbits. 428 of these programmes were assessed as being compliant through inspection or through an audit regime resulting in 89.2% compliance.

Animal and Pest Plants (Biosecurity)

Provide community and industry awareness of pest management responsibility through communication, education and advocacy.

<p>% of planned educational programmes (including public campaigns, fact sheets, web site) are completed annually.</p>	<p>90%</p>		<p>Actual score: 100% (Last year: 100%). The planned Rabbit Focus Group was initiated in August 2011. There were two meetings held will excellent progress on information transfer and forward planning, particularly for the rabbit-prone areas of the Awatere Valley.</p>
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Activity: Environmental Policy and Information Cost of Services	2011-12 Actual \$000's	2011-12 Budget \$000's	2010-11 Actual \$000's
Operating costs			
Environmental Policy	1,559	1,374	1,675
Environmental Science and Monitoring	2,669	2,462	2,360
Biosecurity (Pest Management)	1,146	1,253	1,400
Total operating costs	5,374	5,089	5,435
Operating surplus - transferred to reserves	-	-	139
	5,374	5,089	5,574
Funded by			
Rates	4,479	4,450	4,548
General Revenues Applied	537	538	566
Subsidies and grants	49	-	91
Other revenue	239	25	369
Total revenue	5,304	5,013	5,574
Operating deficit - funded from reserves	70	76	-
	5,374	5,089	5,574
Capital expenditure			
Environmental Policy	-	-	1
Environmental Science and Monitoring	108	109	59
Total capital expenditure	108	109	60
Funded by			
Depreciation reserve transfer	108	85	47
Other reserve transfers	-	24	13
	108	109	60

Note 1: Explanation of cost of service variance:

- o Environmental Policy increased costs include Regional Policy Statement review, Resource Management Plan review and private plan change processes.
- o Environmental Science and Monitoring increased costs include \$175,000 of monitoring projects carried forward from 2010-11.
- o Other revenue includes increased private plan processes revenue (\$142,000) and significant natural areas biodiversity funding (\$46,000).

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

Activity Group: Regulatory

Regulatory

2011-12

Activities in this group:

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

What is this Group about?

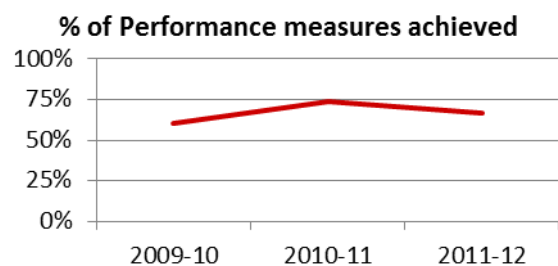
Council is charged with a number of statutory responsibilities administered on behalf of the Crown. As a Unitary Authority, Council is responsible for both regional and District functions. It has obligations, and powers under various Acts of Parliament, notably the Resource Management Act 1991, the Building 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.

Identified effects on community well being


The Council's Regulatory function ensures that an enabling approach is taken to economic activity and that any negative effects are minimised or mitigated.

Our progress over the last three years



Summary of how we did

Overall we achieved most of our goals for the 2011-12 year. We achieved 30 and almost achieved nine of the 45 targets associated with the key performance indicators (KPIs).

 30 On track (100%)	 9 Almost achieved (≥ 80%)	 6 Not achieved (< 80%)
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Resource Consents

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for the Council and our community:

- 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 and Prosperity of our community.

Operating Costs

Operating Costs of this activity represents 2.8% of total activity expenditure.

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.

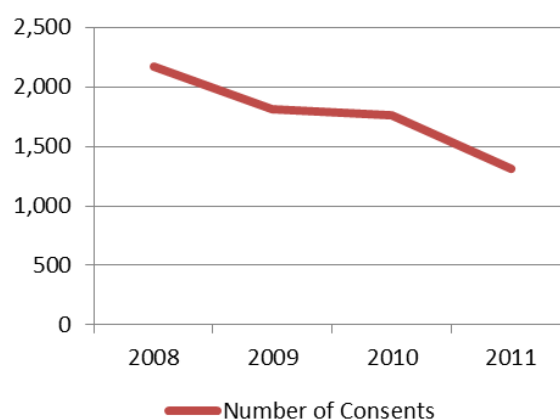
The Act's purpose is to promote sustainable management of natural and physical resources. This Activity is about the promotion of the sustainable management of natural and physical resources and the administration of the Marlborough Sounds and the Wairau/Awatere Resource Management Plans. Specifically 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. Within each year there are also daily, weekly and monthly fluctuations in the number and types of application received. The graph below shows there has been a general decline in numbers since the peak times (for a calendar year from January to December).



Levels of Service: Resource Consents

Key Performance Indicators	Target	How did we do?	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	●	Actual score: 6.2 (Last year: 6).
Provide a consent processing service that is timely and responsive to customer needs.			
% of resource consent applications processed within statutory timeframes.	95%	●	Actual score: 99% (Last year: 97%).
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%	●	Actual score: 0.4% (Last year: None).
% of resource conditions upheld following appeal.	> 75%	●	Actual score: 100% (Last year: 86%).
Educate applicants on the RMA and the resource consent application and approval process.			
% of incomplete applications rejected.	16%	●	Actual score: 3.4% (Last year: 7.6%).

Resource Consents

Activity: Resource Consents	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs	2,257	2,666	3,085
Operating surplus - transferred to reserves	-	2	-
	2,257	2,668	3,085
Funded by			
Rates	989	984	1,093
General Revenues Applied	119	119	136
Other revenue	1,078	1,565	1,399
Total revenue	2,186	2,668	2,628
Operating deficit - funded from reserves	71	-	457
	2,257	2,668	3,085
Capital expenditure	-	3	1
Funded by			
Depreciation reserve transfer	-	1	-
Other reserve transfers	-	2	1
	-	3	1

Note 1: Explanation of cost of service variance:

- Operating cost reductions resulting from lower staff costs (\$257,000) resource consent hearing costs and legal fees.
- Lower user charges have been recovered as a result of decreased numbers of resource consent applications (72% of previous year) and a reduction in hearings revenue due to hearings taking less time than last year.

Building Control

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Residents and visitors live and work in buildings that are healthy and safe.
- Affordable housing and Energy efficiency for our community.

Operating Costs

Operating Costs of this activity represents 4.0% of total activity expenditure.

What is this activity about?

This activity is important for safety and health of the residents, workers and visitors to the Marlborough District because the main thrust of the Building Act and Regulations is the health and safety of building users. The efficient processing of Building Consents is a key focus of this activity to ensure we are responsive to customer needs.

This activity involves giving effect to the Building Act 2004. This Act charges Council with several responsibilities which are set out in two separate categories: Territorial Authority and Building Consent Authority (BCA). The Council's role is to ensure compliance and to meet the relevant Acts and Regulations. During the past year the BCA was reassessed for its accreditation and has been granted renewal of its registration.

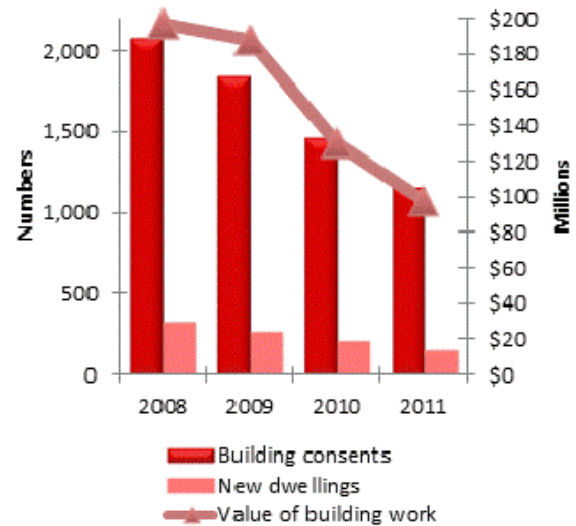
The most significant component of this activity is to receive, process, grant, and issue Building Consent applications, followed by inspecting work for compliance and issuing a Code Compliance Certificate. The standard of compliance required is set out in the Building Regulations and it's compliance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

This Activity also involves other functions under separate legislation including:





- Monitoring swimming pool fencing under the Fencing of Swimming Pools Act 1987.
- Investigating building related complaints under the Local Government Act and the Building Act.
- The Council is required to have an accredited Building Consent Authority.

Activity Levels

The activity level of the group varies from year to year. Overall the activity remains at low levels with the exception of Commercial and Industrial work which is presently at high levels including several significant projects. The following graph shows the numbers of Building Consents handled during the past few years (for a calendar year from January to December).



Levels of Service: Building Control			
Key Performance Indicators	Target	How did we do?	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.	80%	●	Actual score: 86% (Last year: 96%). The results indicate that regular customers are satisfied with the service provided by Building Control.

Provide a consent processing service that is timely and responsive to customer needs.			
% of applications processed within 15 working days of receipt.	80%		Actual score: 56% (Last year: 90%). This target was not met. It is an ambitious target but wasn't helped by the section getting behind with consent processing for two separate peak periods of a couple of months each due to the numbers of applications received and staff leave. The average processing time for all consents was 12.5 days and 89% of applications were within statutory time frames.
Provide a service that minimises risks to public safety.			
% of swimming pools inspected annually.	> 15%		Actual score: 8% (Last year: 20%). Staff were withdrawn from this activity to focus on processing of building consent applications. This resulted in fewer audits than anticipated.
% of building warrants of fitness audited annually.	≥ 20%		Actual score: 9% (Last year: 16%). Staff were withdrawn from this activity to focus on processing of building consent applications. This resulted in fewer audits than anticipated.
% of inspections requested by applicants are attended to ensure that Code Compliance is achieved.	100%		Actual score: 100% (Last year: 100%). All requested inspections were attended.

Activity: Building Control	2011-12	2011-12	2010-11
	Actual	Budget	Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs	3,244	2,317	2,380
Operating surplus - transferred to reserves	-	1	-
	3,244	2,318	2,380
Funded by			
Rates	367	365	354
General Revenues Applied	45	45	45
Other revenue	1,296	1,908	1,494
Total revenue	1,708	2,318	1,893
Operating deficit - funded from reserves	1,536	-	487
	3,244	2,318	2,380
Capital expenditure	-	1	-
Funded by			
Depreciation reserve transfer	-	1	-

Note 1: Explanation of cost of service variance:

- Operating costs include provision for Weathertight Home settlements (\$866,000) either paid or provided for and mediation legal fees (\$123,000). It is considered the value of this claims has now peaked and will reduce in future especially as the 10 years limitation period applies and improved construction technique are in operation.
- Lower user charges have been recovered as a result of lower numbers of building consents issued (90% of previous year) and inspections (85% of previous year) and the lower value of building consents issued.

Environmental Protection

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Ensuring statutory compliance with the Resource Management Act 1991 and/or Resource Management Plans.
- Environmental sustainability and health choices for our community.

Operating Costs

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

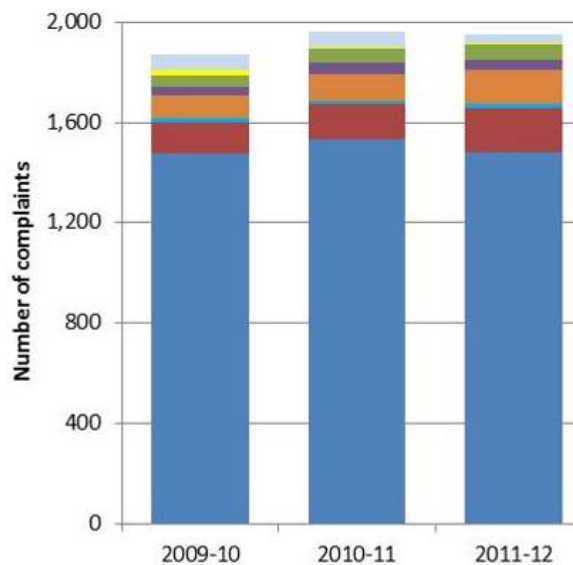
What is this activity about?

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.

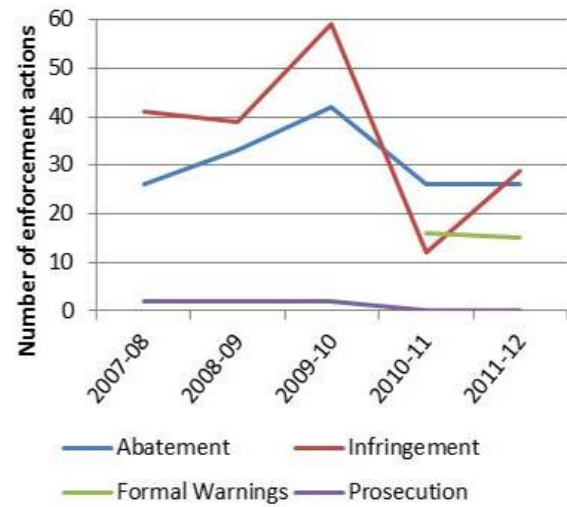
Activity Levels

During 2011-12, Council received 1,949 complaints (2010-11: 1,960 and 2009-10: 1,870), a small overall reduction compared to prior year. Noise complaints are the most common complaint received, however the numbers have declined since last year. Council Environmental Health staff investigates complaints of unreasonable noise. Complaints of excess noise are investigated by Council contractor.











- Other
- Land and waterbody disturbance
- Water take
- Discharge to land
- Discharge to fresh and marine water
- Land use
- Coastal
- Discharge to air
- Noise

The total number of enforcement actions (70) was also kept below the last five years average of 74. The graph below shows the trends in different types of enforcement actions for the last five years. There were no prosecutions in 2011-12.



Formal warnings were introduced during 2010-11 to assist in building a record of non-compliance which strengthens any case for future enforcement action through the Environment Court. Environmental Protection Officers use formal warnings where there is insufficient evidence for, or doubt over, an offender's culpability.

Levels of Service: Environmental Protection			
Key Performance Indicators	Target	How did we do?	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		Actual score: 6.2 (Last year: 6).
Monitor resource consents to ensure the consent holder is in compliance.			
Annual dairy effluent and stream crossing survey undertaken between September and March each year.	100%		Actual score: 100% (Last year: New measure for 2011-12).
Annual winery waste survey undertaken during vintage each year (usually March to April).	100%		Actual score: 100% (Last year: New measure for 2011-12).
Annual survey of sewage discharges to the Marlborough Sounds land or coastal waters undertaken each year.	100%		Actual score: 100% (Last year: New measure for 2011-12).
% of resource consent non-compliance has follow up action taken.	100%		Actual score: 100% (Last year: 99.8%).
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.	95%		Actual score: 96% (Last year: 95%).
% of complaints, either resolved or had a resolution strategy, developed within 90 days of receipt.	95%		Actual score: 100% (Last year: 99.3%).
Effective enforcement action undertaken on breaches under the Resource Management Act 1991.			
% of abatement and infringement notices upheld on appeal.	95%		Actual score: 100% (Last year: 100%). Only one abatement notice was appealed. The Environmental Court granted a stay until they had heard the appeal. The decision was made in August 2012 and Council has since appealed the decision. The very small number of appeals is a good indicator that abatement notices are reasonable and well supported with evidence.

Cost of Services – refer to page 76.

Land Memoranda

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- Information provided on request and to the extent required by the relevant statutes and/or regulations.
- Essential services for our community.

Operating Costs

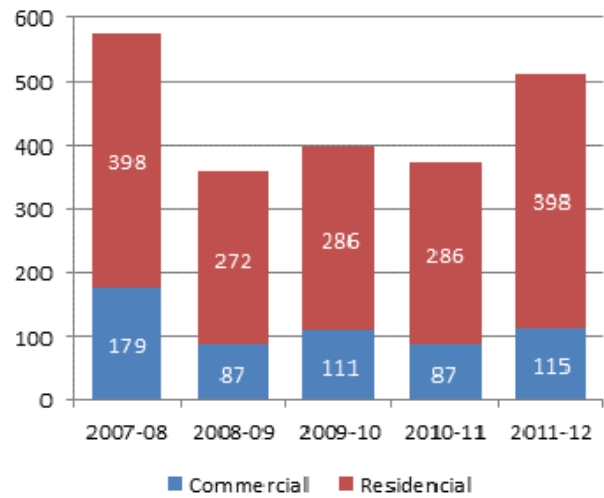
Operating Costs of this activity represents 0.2% of total activity expenditure.

What is this activity about?

The issuing of a Land Information Memorandum (LIM) involves the timely, accurate and complete supply of information Council either holds, or has been statutorily advised of, by means of a memorandum to the applicant. Council is required to hold LIM pursuant to section 44A of the Local Government Information and Meetings Act 1987. Council is also required to process all LIM requests within statutory timeframes.

Activity Levels

The following graph shows the total processed LIMs requests over the last 5 years:



Levels of Service: Land Memoranda			
Key Performance Indicators	Target	How did we do?	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".	6.9		Actual score: Not achieved (Last year: Not achieved). The small scale of this activity has lessened the need to separately measure resident satisfaction. This service was not included in the survey.
% of Land Information Memoranda requests processed within statutory timeframes.	100%		Actual score: 100% (Last year: 100%).
Number of liability claims made because of incomplete or inaccurate information supplied.	< 3		Actual score: 1 (Last year: 0).

Cost of Services – refer to page 76.

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- 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 for our community.

Operating Costs

Operating Costs of this activity represents 0.5% of total activity expenditure.

What is this activity about?

This activity provide services to protect the public health through registration and inspection of premises that prepare or sell food and the investigation of food complaints, as required by the Health Act 1956 and Food Act 1981. The activity also promotes public health and food safety by undertaking education activities and providing written information material to the public.

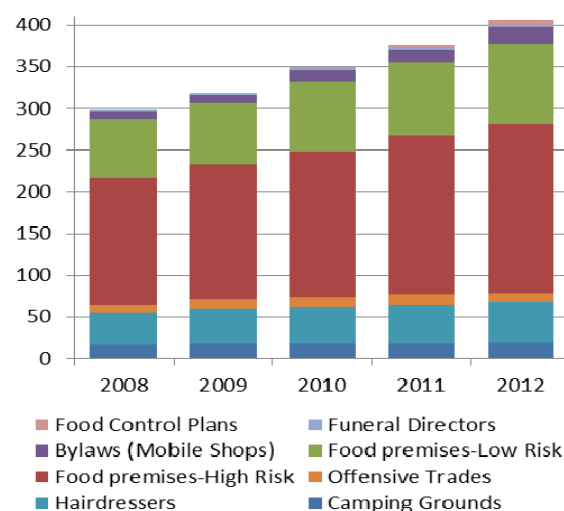
Further, our Environmental Health Officers administer the Sale of Liquor Act 1989, which requires the issuing of liquor licences and monitoring compliance with licence conditions. Staff also investigates nuisance complaints such as noise, smoke, odours, pest control and hazardous substances. In summary the main focus of this activity are:

- The licensing, inspection and enforcement of standards with regard to all premises (particularly food, hairdressers, camping grounds and offensive trades) to ensure compliance with the relevant legislative requirements.
- The licensing and inspection of premises that sell or supply liquor, to ensure compliance with the relevant legislative requirements and licence conditions.
- The licensing and inspection of markets, food stalls and other annual events.

- To investigate statutory nuisances and respond to noise complaints within seven working days.
- The assessment/granting of Class Four Gaming Consent applications.
- The response to complaints of critical nature (food poisoning) within one working day and of non-critical nature within seven working days.
- And in general, ensure that the health of the public of Marlborough is not put at risk from environmental influences by investigating conditions, with particular emphasis on statutory nuisances, bylaw, air quality and noise complaints, that may directly or indirectly have the potential to threaten public health. All complaints regarding these threatening conditions are responded within seven working days.

Activity Levels





The activity level of the group varies from year to year but has gradually increased over the last 5 years. The following graph shows the increase numbers of registered premises in Marlborough over the past few years (for a calendar year from January to December):



Levels of Service: Environmental Health

Key Performance Indicators	Target	How did we do?	Comments
To approve and monitor food safety generally encourage operators of food premises through education and enforcement to take responsibility for providing safe and suitable food.			
% of registered food premises inspected at least once per annum.	100%	●	Actual score:100%(Last year :100%). All 325 food premises were inspected.
% of other registered premises inspected at least once per annum.	100%	●	Actual score:100%(Last year: 100%). All 68 premises were inspected.
Number of random inspections made of all markets with 10 food stalls or more.	6	●	Actual score: 6 (Last year: 6).
Number of inspections of annual events having more than 10 food stalls.	6	●	Actual score: 7 (Last year: 6).

Environmental Health

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%		Actual score: 100% (Last year: 100%). No complaints of critical nature were received.
Number of food complaints relating to Council inspected premises.	≤ 29		Actual score: 27 (Last year: 16).
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%		Actual score: 99% (Last year: 100%). One application was processed outside of timeframes.
Proactively monitor and investigate environmental conditions that may directly or indirectly affect public health with particular emphasis on statutory nuisances, bylaw, air quality and noise complaints.			
% of incidents that potentially threaten public health that are responded to and investigated within seven working days of notification.	100%		Actual score: 99.8% (Last year: 98.4%). Three complaints out of 1,568 not responded to within timeframe.

Activity: Compliance	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs			
Environmental Health	403	411	336
Environmental Protection	985	947	835
Land Information Memoranda	183	170	162
Total operating costs	1,571	1,528	1,333
Operating surplus - transferred to reserves	4	-	-
	1,575	1,528	1,333
Funded by			
Rates	1,010	1,004	770
General Revenues Applied	120	120	95
Other revenue	445	404	405
Total revenue	1,575	1,528	1,270
Operating deficit - funded from reserves	-	-	63
	1,575	1,528	1,333
Capital expenditure			
Environmental Protection	-	4	-
Environmental Health	1	-	-
Total capital expenditure	1	4	-
Funded by			
Depreciation reserve transfer	-	4	-
Other reserve transfers	1	-	-
	1	4	-

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

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- 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 for our community.

Operating Costs






Operating Costs of this activity represents 0.7% of total activity expenditure.

What is this activity about?

The activity involves the promotion of responsible dog ownership and protection of the community from

danger, distress and nuisance caused by dogs. It is also responsible for providing services in relation to wandering livestock on public land and roads. The Dog Control Act is the primary legislative tool used in this activity, carrying out the majority of its functions together with related regulations, Impounding Act 1955 and Council Bylaws. Council oversees the effective delivery of this service, which is delivered on a day-to-day basis under contract by Maataa Waka Ki Te Tua Ihu Trust (MW).

The contract contains detailed performance measures on registrations, complaints, operation of the dog pound, education, enforcement, impounding, livestock, training and qualification.

Levels of Service: Animal Control			
Key Performance Indicators	Target	How did we do?	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		Actual score: 7.3 (2010-11: 7.2, 2009-10: 7.0). See note 1 below.
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.	100%		Actual score: 100% (Last year: 100%).
% of complaints regarding dog attacks, rushes and lost and found investigated within 24 hours of receipt.	100%		Actual score: 92.5% (Last year: 99.7%). See note 2 below.
To provide an effective education programme on dog safety and responsible dog ownership.			
Number of presentations undertaken to primary age groups of children.	30		Actual score: 37 (Last year: 31).
To provide an effective service for dealing with wandering livestock on public land and roads.			
% of complaints regarding wandering livestock investigated within 24 hours.	100%		Actual score: 97% (Last year: 100%).

- There has been a small improvement over last two years. Overall positive comments significantly outweighed the negative, including in the area where most negative responses were recorded i.e.: dog control.
- This measure hasn't been fully achieved due to delay in recording the after hours call outs into the system.

Activity: Animal Control	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs			
Dog Control	531	565	563
Other Animal Control	56	54	54
Total operating costs	587	619	617
Operating surplus - transferred to reserves	61	-	-
	648	619	617
Funded by			
Rates	41	41	42
General Revenues Applied	5	5	5
Other revenue	602	573	570
Total revenue	648	619	617

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

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for our community:

- 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 for our community.

Operating Costs

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

What is this activity about?

This activity involves ensuring safety in Marlborough's extensive marine waterways. The Marlborough Sounds comprises approximately 1,500 kms of coastline (which is 18% of New Zealand's entire coastline) and 4,136 km² 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:

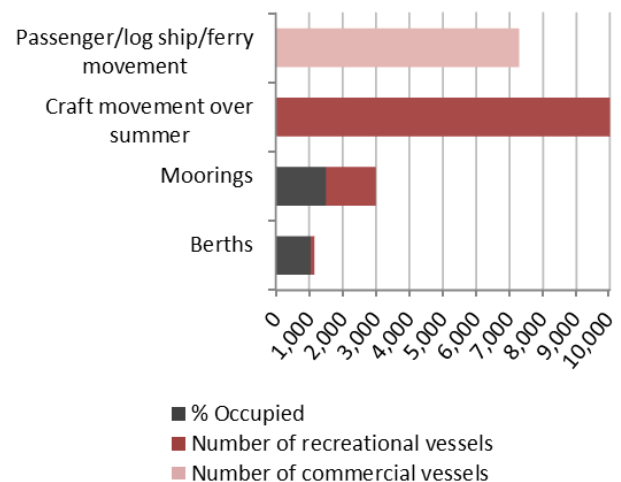
- Provide a 24/7 service, with a rostered system for after-hour call-outs.
- Provide the infrastructure and systems that allows all users to travel safely within the region. This includes the provision of all regional Aids to Navigation, maritime information and Vessel Traffic Monitoring Services.
- Monitor and manage compliance using statutes, bylaws and regulations that directly affects the Marlborough Sounds.
- Manage emergencies and risks that threaten people, the environment, property or economic benefits from the coastal regions of Marlborough.
- Protect Marlborough's coastal environment for this and future generations from pollution through the ability to respond and deal with oil spills or other environmental risks.
- Educate maritime users in particular, and the whole community in general, on the safe and sustained use of Marlborough's marine environment.

- Provide support to Council on decision and policy provisions related to the region's marine environment.
- Assist Central Government agencies and other Council departments in meeting their responsibilities within Marlborough's marine area.
- Promote the public image of the Council in the management of its marine responsibilities.












Activity Levels

The Marlborough Sounds are busy waterways, particularly during the summer months. According to the New Zealand Standards it is the second busiest harbour after Wellington.

The graph below provides a brief statistical overview of the estimated commercial and recreational vessels movement at the Sounds (a movement is defined as a transit inwards and outwards).



Levels of Service: Harbours

Key Performance Indicators	Target	How did we do?	Comments
Effective public education to provide a safe environment for all users.			
% of planned public education campaigns delivered per annum including having the annual review of a Safe Sounds Boating brochure ready for distribution by Labour week-end.	> 95%		Actual score: 100% (Last year: 100%).
Number of weekends in period commencing at Labour Weekend through to end of Easter of the following year where patrols undertaken.	> 20		Actual score: 20 (Last year: 13).
Number of daily patrols undertaken from mid-December through to end of January of the following year targeting known 'hot-spots'.	> 40		Actual score: 38 (Last year: 38). Two days were lost for required engine servicing.
% of navigation warnings issued within two hours of a reported event that may impact on navigation safety.	100%		Actual score: 100% (Last year: 100%).
Development and or review of the Harbour Safety Plan.	Annually		Actual score: Not achieved (Last year: Not achieved). Insufficient personnel resourcing due to Rena incident.
% of funded mitigation measures completed.	80%		Actual score: 50% (Last year: 83%). Staff absence due to staff participation on Rena incident.
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.	> 200		Actual score: 186 (Last year: 52). Insufficient personnel resourcing due to Rena incident.
% of accident and incident investigation, as appropriate, commenced within five working days.	100%		Actual score: 100% (Last year: 100%). 264 Incidents recorded. Investigations conducted as appropriate.
Navigation aids, swimming and water-ski lanes maintained effectively.			
% of time aids to navigation are working.	100%		Actual score: 99.91% (Last year: 97%). 13 failures recorded.
% of pre summer season inspections of swimming and water-ski lanes undertaken.	100%		Actual score: 100% (Last year: 100%). Eight lanes inspected and maintenance carried out as required.
Number of further inspections of swimming and water-ski lanes undertaken during the summer season.	> 2 of each		Actual score: 3 (Last year: 3).

Harbours

Activity: Harbour Control	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs	1,018	970	877
Operating surplus - transferred to reserves	111	203	-
	1,129	1,173	877
Funded by			
Rates	667	663	598
General Revenues Applied	82	82	76
Other revenue	380	428	195
Total revenue	1,129	1,173	869
Operating deficit - funded from reserves	-	-	8
	1,129	1,173	877
Capital expenditure	175	375	70
Funded by			
Depreciation reserve transfer	152	171	68
Other reserve transfers	23	204	2
	175	375	70

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

Note 2: Significant Capital Expenditure and variances – Of the \$375,000 budgeted Capital Expenditure for navigation aids, instruments and plant \$284,500 has been deferred to 2012-13.

Activity Group: Regional Development

Regional Development

2011-12

Activities in this group

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

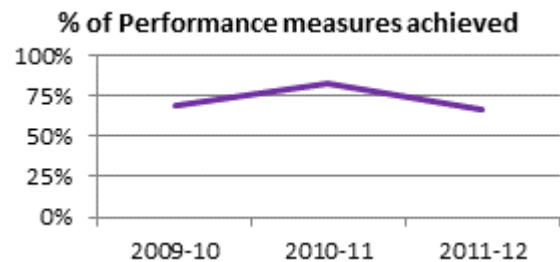
What is this group about?

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.

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, Marlborough Festival and Events Trust, and the Marlborough Research Centre. Economic indicators, and community feedback, reflect positive movements in all these dimensions.

Our progress over the last three years



Summary of how we did

Overall we achieved most of our goals for the 2011-12 year. We achieved eight and almost achieved two of the 12 targets associated with the key performance indicators (KPIs).

8	2	2
On track (100%)	Almost achieved (≥ 80%)	Not achieved (< 80%)

Regional Development

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for the Council and our community:

- Improved quality of life for all residents.
- Prosperity, Enterprise and endeavour of our community.

Operating Costs

Operating Costs of this activity represents 0.1% of total activity expenditure.

What is this activity about?

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. 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 and to benefit from the wealth created.

Economic Development

Council undertakes a strategic role by supporting and funding initiatives in our key sectors to help them grow, and encouraging and facilitating businesses to move to Marlborough. Recent examples include helping our smaller wineries to access new markets, helping our businesses benefit from the Rugby World Cup 2011, attracting new contracts in the aviation sector, and supporting our aquaculture companies to develop new products. Council is developing a new vision for Marlborough that will highlight the best prospects for regional growth. Future programmes will be guided by the direction set by the strategy.

Regional Economy

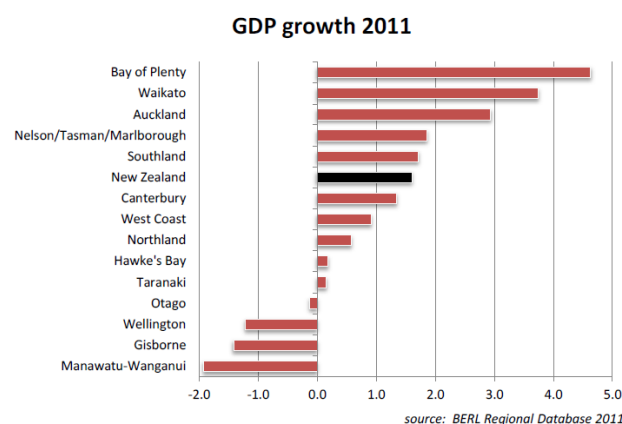
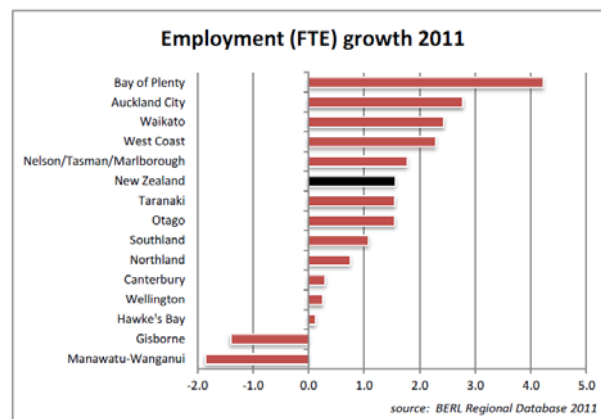
The following graph show that Nelson/Tasman/ Marlborough region moved up eight places from last place in 2010, to 6th in 2011, recording the 2nd fastest growth amongst the 14 regional council areas.

Table 5.1. Regional rankings

Region	Rank		
	2011	2010	
Auckland	1	3	↑2
Bay of Plenty	2	7	↑5
Taranaki	3	1	↓2
West Coast	4	12	↑8
Otago	5	5	→
Nelson/Tasman/Marlborough	6	14	↑8
Waikato	7	9	↑2
Southland	8	10	↑2
Haw ke's Bay	11	6	↓5
Canterbury	9	2	↓7
Wellington	10	4	↓6
Northland	12	13	↑1
Gisborne	13	8	↓5
Manaw atu-Wanganui	14	11	↓3

source: BERL Regional Database 2011




The region also performed well in population, GDP and employment in 2011, recording the 5th and 4th fastest growth amongst the regions:



What we did in 2011-12

- A 'Smart and Connected' vision for Marlborough. Council undertook some research into the regional economy, and identified the need for a vision to be established for Marlborough that will support the economic development of the region. Council will lead the discussions of the vision in the community, but its successful implementation will require the support of all sectors working together.
- Council undertook some research on the Blenheim Town Centre to establish a picture of its current status as a regional service centre. This research will be valuable as a reference point in future to test the impact of the implementation of the Blenheim Town Centre strategy, which is due to get underway in 2012/13.

Levels of Service: Regional Development

Key Performance Indicators	Target	How did we do?	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".	6.2		Actual score: 6.1 (Last year: 6.4). Most common reason for giving a low score was that Council's actions impede business development. Work is underway to address this.
Co-ordinate effective economic development delivery.			
Marlborough's GDP growth rate ranking amongst Local Authorities (BERL).	< 36		Actual score: 48 (Last year: 64). Improvement from 64 out of 72 in 2010 for GDP growth, which continues to reflect the slow recovery in the wine industry.
Unemployment rates are equal to or less than the national rate.	≤ 6.8%		Actual score: 4.7% (Last year: 4.2%). Marlborough/Nelson/Tasman/West Coast unemployment rate for June 2012 quarter was 4.7%, compared to 6.8% national average.

Cost of Services – see page 87.

Marketing and Tourism

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for the Council and our community:

- Marlborough is a preferred place for New Zealanders and people from overseas to visit, enjoy and experience.
- Prosperity, enterprise and endeavour of our community.

Operating Costs

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

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.

Activity Levels

Currently approximately 1.5 M travellers (75% domestic, 25% international) visit the District per year spending in excess of \$200M 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.

2011-12 Highlights

The new Blenheim i-site became fully operational in advance of the Rugby World Cup 2011, and was described by Tourism New Zealand as "cutting edge, one of the best, if not the best" (Source: *Marlborough Express* 10/9/2012). Marlborough hosted the Russian Rugby Team during the tournament.

Levels of Service: Marketing and Tourism			
Key Performance Indicators	Target	How did we do?	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".	6.9		Actual score: 7.1 (Last year: 7.5).
Manage third party providers to ensure service quality and value.			
% of achievement of reporting requirements.	100%		Actual score: 100% (Last year: 100%). Report provided to Council in November 2011.
Effective promotion of Marlborough as a destination.			
% change in visitor nights in Marlborough compared to national trends.	≥ -0.2%		Actual score:-1.9% (Last year:-1.5%). Marlborough guest nights were down 1.9% compared to the previous year. Nationally guest nights were down by 0.2% compared with the previous year.(Source: Statistics New Zealand Commercial Accommodation Monitor June 2012).

Cost of Services – see page 87.

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for the Council and our community:

- Marlborough is highly regarded nationally and internationally for the quality of its events and conference facilities.
- Prosperity and full participation of our community.

Operating Costs




Operating Costs of this activity represents 0.2% of total activity expenditure.

Activity Levels

Reports from Marlborough Festivals & Events Trust indicate that we are maintaining high levels of participation in contracted community events.

What is this activity about?

Provision of community based events makes a contribution to the wellbeing of the community as well as to the cultural identity, physical activity and social cohesion. Events have a role to play in attracting visitors to Marlborough along with showcasing and promoting the area. This activity is delivered by the Marlborough Festival and Events Trust and Go Marlborough under contract for provision of specific events. Marlborough Festivals and Events Trust deliver a range of events including the summer concert series, Blenheim Christmas parade, senior citizens concerts, Christmas festival, Southern Jam youth festival and Children's theatre – some of these events attract up to 5,000 attendees. The trust also maintains the calendar of events/events guide.

Levels of Service: Events Management			
Key Performance Indicators	Target	How did we do?	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		Actual score: 7.3 (Last year: 7.6). While the 2012 Resident Satisfaction is lower than 2011 it is still a comparatively high score. There are no clear themes from the comments provided by respondents.
Manage third party providers to ensure service quality and value.			
% of achievement of reporting requirements.	100%		Actual score: 100% (Last year: 100%).
Participation numbers at Blenheim Christmas Parade and the New Years Eve celebrations.	> 5,000		Actual score: >5,000 (Last year: >5,000). Numbers attending the Christmas Parade & New Years Eve events continue to be high reflecting strong community support for these events.

Cost of Services – see page 87.

Research Centre

Outcomes

Our 2009-19 Long Term Council Community Plan identified the following outcomes for the Council and our community:

- Marlborough's primary industries have access to world class research and advisory services that add value to their productivity and competitiveness.
- Prosperity, Environmental Sustainability, Enterprise and endeavour of our community.

Operating Costs




Operating Costs of this activity represents 0.1% of total activity expenditure.

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.

Levels of Service: Research Centre			
Key Performance Indicators	Target	How did we do?	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".	7.0		Actual score: 7 (Last year: 7).
Manage third party providers to ensure service quality and value.			
% of achievement of reporting requirements.	100%		Actual score: 100% (Last year: 100%). Report provided to Council in November 2011.
Number of published research papers.	> 20		Actual score: 100 (Last year: 72). 21 Marlborough Research Centre funded reports, 29 NZ Winegrowers funded reports, 47 Ministry of Business, Industry and Enterprise funded reports, 3 privately funded reports.

Cost of Services – see page 87.

Regional Development

Activity: Regional Development	2011-12 Actual	2011-12 Budget	2010-11 Actual
Cost of Services	\$000's	\$000's	\$000's
Operating costs			
Events and Conferences	167	163	167
Marketing and Tourism	1,040	780	673
Regional Development	102	207	299
Research Centre	70	70	136
Total operating costs	1,379	1,220	1,275
Funded by			
Rates	1,055	1,034	1,047
General Revenues Applied	105	105	110
Other revenue	24	18	41
Total revenue	1,184	1,157	1,198
Operating deficit - funded from reserves	195	63	77
	1,379	1,220	1,275
Capital expenditure			
Marketing and Tourism	206	-	1,276
Debt repayment	37	45	16
	243	45	1,292
Funded by			
Other reserve transfers	(200)	45	57
New loans	443	-	1,235
	243	45	1,292

Note 1: Explanation of cost of service variance:

- o Marketing and Tourism costs include a grant of \$237,000 for i-SITE furniture and fittings (originally budgeted as part of i-SITE Capital Expenditure in 2010-11).
- o Regional Development costs amounts carried forward to 2012-13 include Flaxbourne Community Irrigation Scheme (\$50,000) and Smart and Connected Economic Development projects (81,000).

Note 2: Significant Capital Expenditure and variance – Marketing and Tourism includes the final construction stages of the new Blenheim i-SITE carried forward from 2010-11.

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



Part 3: Financial Statements

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

Income Statement

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2011-12	2010-11	2011-12	2011-12	2010-11
		\$000's	\$000's	\$000's	\$000's	\$000's
Income:						
Rates revenue	3	51,670	49,696	52,034	51,695	50,062
Finance income	4	1,152	1,304	1,115	1,253	1,243
Other revenue	5	56,017	56,445	36,349	35,953	37,195
Gains	6	5,556	679	5,516	1,000	389
Total income	2	114,395	108,124	95,014	89,901	88,889
Expenditure:						
Personnel costs	7	20,922	21,246	16,202	16,217	16,727
Finance costs	4	6,164	3,610	1,869	2,706	598
Other expenses	8	60,461	58,913	54,150	51,428	53,232
Depreciation and amortisation	8	18,340	17,197	16,368	16,666	15,234
Total operating expenditure	2	105,887	100,966	88,589	87,017	85,791
Surplus before tax		8,508	7,158	6,425	2,884	3,098
Income tax expense / (credit)	9	1,113	(55)	-	-	-
Surplus after tax		7,395	7,213	6,425	2,884	3,098

Statement of Comprehensive Income

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2011-12	2010-11	2011-12	2011-12	2010-11
		\$000's	\$000's	\$000's	\$000's	\$000's
Surplus for the year		7,395	7,213	6,425	2,884	3,098
Other comprehensive income:						
Gain on property revaluations	25	2,569	46,301	2,569	29,746	46,301
Total other comprehensive income		2,569	46,301	2,569	29,746	46,301
Total comprehensive income		9,964	53,514	8,994	32,630	49,399

Statement of Changes in Equity

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2011-12	2010-11	2011-12	2011-12	2010-11
		\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July		1,319,939	1,266,425	1,264,157	1,222,272	1,214,758
Total comprehensive income for the year		9,964	53,514	8,994	32,630	49,399
Balance at 30 June	25	1,329,903	1,319,939	1,273,151	1,254,902	1,264,157

The accompanying notes form part of these financial statements.

Statement of Financial Position

Statement of Financial Position

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2011-12	2010-11	2011-12	2011-12	2010-11
		\$000's	\$000's	\$000's	\$000's	\$000's
Assets:						
Current assets:						
Cash and cash equivalents	10	4,364	8,527	3,736	5,762	6,111
Debtors and other receivables	11	9,539	9,902	7,766	6,912	8,534
Other financial assets	13	4,253	3,388	4,253	4,551	3,388
Inventory	14	682	574	418	262	310
Non-current assets held for sale	15	1,252	1,639	1,252	-	1,639
Total current assets		20,090	24,030	17,425	17,487	19,982
Non-current assets:						
Other financial assets	13	8,530	9,960	14,530	13,868	15,960
Property, plant and equipment	16	1,320,755	1,313,523	1,263,648	1,270,192	1,254,579
Intangible assets	17	1,170	709	1,133	549	685
Forestry assets	18	12,354	9,263	12,354	8,673	9,263
Investment property	19	62,663	54,859	1,720	1,743	1,770
Total non-current assets		1,405,472	1,388,314	1,293,385	1,295,025	1,282,257
Total assets		1,425,562	1,412,344	1,310,810	1,312,512	1,302,239
Liabilities:						
Current liabilities:						
Creditors and other payables	21	13,078	17,688	12,143	12,824	15,888
Derivative financial instruments	12	238	195	-	-	-
Provisions	24	1,119	376	1,492	-	749
Current tax liabilities	9	25	132	-	-	-
Employee entitlements	23	2,747	1,821	2,076	1,251	1,281
Borrowings	22	29,455	29,341	-	-	396
Total current liabilities		46,662	49,553	15,711	14,075	18,314
Non-current liabilities:						
Derivative financial instruments	12	3,872	1,810	927	-	155
Borrowings	22	37,450	32,910	19,000	42,149	17,000
Employee entitlements	23	-	831	-	796	831
Provisions	24	2,383	1,981	2,021	590	1,782
Deferred tax liability	9	5,292	5,320	-	-	-
Total non-current liabilities		48,997	42,852	21,948	43,535	19,768
Total liabilities		95,659	92,405	37,659	57,610	38,082
Net assets		1,329,903	1,319,939	1,273,151	1,254,902	1,264,157
Equity:						
Accumulated funds	25	578,311	574,357	550,172	562,081	547,188
Other reserves	25	751,592	745,582	722,979	692,821	716,969
Total equity	25	1,329,903	1,319,939	1,273,151	1,254,902	1,264,157

The accompanying notes form part of these financial statements.

Statement of Cashflows

	note:	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2011-12	2010-11	2011-12	2011-12	2010-11
		\$000's	\$000's	\$000's	\$000's	\$000's
Cash flows from operating activities:						
Receipts from rates revenue		51,584	49,434	51,948	51,695	49,800
Receipts from other revenue		55,695	54,400	35,758	33,285	34,261
Goods and services tax (net)		188	(529)	188	-	(529)
Interest received		1,152	1,362	1,115	1,051	1,243
Payments to suppliers and employees		(77,990)	(73,900)	(66,564)	(67,646)	(64,514)
Interest paid		(4,044)	(3,179)	(1,097)	(2,706)	(443)
Income tax paid		(1,225)	(55)	-	-	-
Net cash flow from operating activities	26	25,360	27,533	21,348	15,679	19,818
Cash flows from investing activities:						
Receipts from sale of property, plant and equipment		580	26	580	1,026	22
Sale / (acquisition) of investments		-	2,078	394	(1,720)	1,580
Dividends received		-	-	477	696	953
Receipts from sale of non-current property held for sale		401	403	1,776	-	403
Purchase of forestry assets		(453)	(327)	(453)	-	(327)
Purchase of intangible assets		(674)	(255)	(664)	-	(223)
Purchase of property, plant and equipment		(34,031)	(39,004)	(27,437)	(27,197)	(33,545)
Net cash flow from investing activities		(34,177)	(37,079)	(25,327)	(27,195)	(31,137)
Cash flows from financing activities:						
Proceeds from borrowings		5,300	18,000	2,000	6,227	17,000
Repayment of borrowings		(250)	(1,955)	-	-	(555)
Net cash flow from financing activities		5,050	16,045	2,000	6,227	16,445
Net increase / (decrease)		(3,767)	6,499	(1,979)	(5,289)	5,126
Cash, cash equivalents and bank overdrafts:						
At the beginning of the year		8,131	1,632	5,715	11,051	589
At the end of the year	10	4,364	8,131	3,736	5,762	5,715

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Statement of Accounting Policies for the year ended 30 June 2012

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 2012. The results for Marlborough Housing for the Elderly Trust which are consolidated into these accounts are for the year ended 31 March 2012.

The financial statements were authorised for issue by Council on 25 October 2012.

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.

The Council and group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

Amendments to NZIAS 1 presentation of financial statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. Council has decided to present this analysis in Note 25.

FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect

of the amendments on the Council and group is that certain information about property valuations is no longer required to be disclosed. Note 16 has been updated for these changes.

Amendments to NZ IFRS 7 Financial Instruments: Disclosures – The amendment reduces the disclosure requirements relating to credit risk. Note 11 has been updated for the amendments.

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

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

Provisions

Note 24 (page 122) 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

Provisions for sick, long service and retirement leave are based on estimates of extended leave required, the length of time existing employees will continue to serve and future increases in remuneration.

Contingent Liabilities

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

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

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

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 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.
- The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.
- Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

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 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.

Notes to Financial Statements

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: Asset	Life	Rate
Roads, Streets and Bridges		
- Land under roads and pavement formation	Not depreciated	
- Pavement layers	55 - 100 years	1 - 1.82%
- Pavement surface	13 years	7.692%
- Unsealed roads	10 years	10%
- Culverts	50 years	2%
- Kerb and channel	70 years	1.43%
- Concrete stormwater channels	50 years	2%
- Earth water channels	Not depreciated	
- Footpaths	20 - 70 years	1.43- 5%
- Bridges	50 - 100 years	1- 2%
- Footbridges	80 years	1.25%
- Retaining walls	50 - 80 years	1.25 - 2%
- Street berms	Not depreciated	
- Traffic signs	10 years	10%
- Street lighting	10 years	10%
- 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 - 60 years	1.67 - 2.5%
- Port Marlborough wharves and marinas	10 - 50 years	2 - 10%
Carparks		
- Parking meters	10 years	10%
- Land and formation	Not depreciated	
- Basecourse	50 years	2%
- Surfacing	25 years	4%
- Markings	5 years	20%
Buildings (excluding properties intended for sale)	100 years	1%
Council Computers	4 - 5 years	20 - 25%
Plant, equipment (excluding Council infrastructural assets)	5 - 13.33 years	7.69 - 20%
Mowers/chainsaws	1 - 2 years	50 - 100%
Sewerage		
- Pipes	43 - 128 years	0.78 - 1.25%
- Pump stations	25 - 100 years	1 - 5%
- Oxidation ponds:		
- Treatment plant	25 - 100 years	1 - 5%
- Grinder pump unit	10 - 40 years	
- Odour beds	25 - 40 years	
- Bores	60 years	

Stormwater		
- Pipes	50 - 128 years	0.78 - 1.25%
- Pump stations	25 - 100 years	1 - 5%
Water		
- Pipes	38 - 128 years	0.78 - 1.67%
- Reservoirs	35 - 80 years	1.25%
- Pumps	20 years	10%
- Pump stations	20 - 100 years	1.67 - 5%
- Treatment plant	20 - 100 years	1 - 5%
- Dams	150 years	.667%
Rivers and Drainage		
- Pump stations	35 - 100 years	1 - 2.86%
- Stopbanks/earthworks	Not depreciated	
- Rock and gabion protection	Not depreciated	
- Trees and tree retards	Not depreciated	
- Culverts and gates	Not depreciated	
- Channels	Not depreciated	
- Dam	100 years	1%
Library books	13.33 years	7.69%

Disposals

On the subsequent sale or retirement of a revalued asset, the attributable revaluation 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.

External expenditure on the development of Council's own website is capitalised.

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.

Notes to Financial Statements

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 in surplus or deficit 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:

Notes to Financial Statements

- 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 2011-12 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 are taken into consideration in determining the valuation of the forest estate.

Council's regional landfill has entered the ETS and will incur liabilities from 1 January 2013. NZU's purchased to meet these liabilities are recognised at cost and subsequently recognised 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.

Notes to Financial Statements

2. Summary Cost of Services

	Council		
	2011-12 Actual \$000's	2011-12 Budget \$000's	2010-11 Actual \$000's
Income:			
Democratic Process	2,579	2,542	2,437
Culture and Heritage	776	673	724
Community Housing	1,053	1,037	1,032
Community Safety	341	292	430
Community Support	527	507	550
Library Services	1,527	1,532	1,427
Emergency Management	778	769	731
Community Facilities	6,796	5,977	5,478
Land Transport	18,888	19,303	21,521
Rivers and Land Drainage	7,449	7,231	7,203
Wastewater (Sewerage)	8,179	8,716	8,066
Stormwater	2,006	2,002	1,683
Water Supply	10,048	10,067	9,095
Solid Waste Management	6,872	8,042	5,680
Environmental Policy and Information	5,304	5,013	5,574
Resource Consents	2,187	2,668	2,628
Building Control	1,708	2,318	1,893
Compliance	1,575	1,528	1,270
Animal Control	648	619	617
Harbour Control	1,129	1,173	869
Regional Development	1,184	1,157	1,198
Total activity income	81,554	83,166	80,106
Plus other income (including forestry)	19,250	12,719	13,891
Less internal income	(5,790)	(5,984)	(5,108)
Total income	95,014	89,901	88,889
Expenditure:			
Democratic Process	2,701	2,542	2,483
Culture and Heritage	1,523	3,673	589
Community Housing	1,051	1,161	1,032
Community Safety	295	292	412
Community Support	732	660	633
Library Services	1,595	1,532	1,449
Emergency Management	703	729	671
Community Facilities	7,282	8,634	7,581
Land Transport	20,850	19,204	22,940
Rivers and Land Drainage	4,381	4,353	4,142
Wastewater (Sewerage)	7,762	8,031	7,590
Stormwater	1,584	1,606	1,490
Water Supply	9,184	9,230	8,281
Solid Waste Management	6,756	7,387	6,972
Environmental Policy and Information	5,374	5,089	5,435
Resource Consents	2,257	2,666	3,085
Building Control	3,244	2,317	2,380
Compliance	1,571	1,528	1,333
Animal Control	587	619	617
Harbour Control	1,018	970	877
Regional Development	1,379	1,220	1,275
Total activity expenditure	81,829	83,443	81,267
Plus other expenditure (including forestry)	12,550	9,558	9,632
Less internal expenditure	(5,790)	(5,984)	(5,108)
Total operating expenditure	88,589	87,017	85,791

See next page:

Notes to the Financial Statements

The "other income" and "other expenditure" lines in the summary cost of services include income and expenditure of MRF and those areas of MDC which are not included in the activity grouping – specifically Property, Land Development and General Revenues. The latter captures all corporate financing income and expenditure and some other Council wide items eg; rates remission.

3. Rates Activity

Rates revenue:	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Democratic Process	2,329	2,193	2,329	2,193
Culture and Heritage	608	647	608	647
Community Housing	-	-	-	-
Community Safety	96	82	96	82
Community Support	479	492	479	492
Library Services	1,262	1,138	1,262	1,138
Emergency Management	649	568	649	568
Community Facilities	5,237	4,708	5,237	4,708
Land Transport	9,307	9,027	9,307	9,027
Rivers and Land Drainage	3,581	3,532	3,581	3,532
Wastewater (Sewerage)	6,548	6,616	6,548	6,616
Stormwater	1,439	1,401	1,439	1,401
Water Supply	9,443	8,694	9,443	8,694
Solid Waste Management	2,438	2,500	2,438	2,500
Environmental Policy and Information	4,479	4,548	4,479	4,548
Resource Consents	989	1,093	989	1,093
Building Control	367	354	367	354
Compliance	1,010	770	1,010	770
Animal Control	41	42	41	42
Harbour Control	667	598	667	598
Regional Development	1,055	1,047	1,055	1,047
Total activity rates	52,025	50,050	52,025	50,050
Plus non-activity rates	9	12	9	12
Less related party rates eliminated	(364)	(366)	-	-
Total gross rates revenue	51,670	49,696	52,034	50,062
Rates remissions (as below)	462	499	462	499
Rates revenue net of remissions	51,208	49,197	51,572	49,563

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	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Community sporting & other organisations	28	28	28	28
Protected land	2	3	2	3
Residential land in commercial/industrial areas	27	29	27	29
Single entity non-contiguous pastoral units & separate ownership contiguous units	20	21	20	21
Subdivisions creating four or more units	33	70	33	70
Subdivisions creating 10 or more units	31	25	31	25
Separately used/inhabited parts of rating unit	55	50	55	50
Rate penalties	61	50	61	50
Statute barred	-	7	-	7
Water remission	27	39	27	39
Multi-ownership Maori land	178	177	178	177
Total remissions	462	499	462	499

Notes to Financial Statements

4. Finance Income and Finance Costs

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Finance income:				
Interest income:				
Term deposits and bonds	1,056	1,295	1,019	1,234
Community Loans	91	-	91	-
Related party loans	5	9	5	9
Total finance income	1,152	1,304	1,115	1,243
Finance costs:				
Interest expense:				
Interest on bank borrowings	4,070	3,404	1,097	443
Interest other	(11)	(169)	-	-
Interest derivatives (presented net):				
Held for trading interest rate swaps	772	155	772	155
Ineffectiveness on cash flow hedges	1,333	220	-	-
Total finance costs	6,164	3,610	1,869	598
Net finance income / (costs)	(5,012)	(2,306)	(754)	645

5. Other Revenue

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
User charges	11,928	9,496	12,083	9,588
Regulatory revenue	3,583	3,691	3,749	4,028
Lump sum contributions	129	122	129	122
Land subdivision revenues	336	497	336	497
Development impact levies	279	644	279	644
Infringements and fines	464	536	464	536
Petrol tax	367	386	367	386
Rendering of services	13,362	13,768	-	-
Vested assets	770	316	770	316
Dividend in come related party	-	-	476	953
Rental income from investment properties	7,460	7,253	156	151
Marlborough Regional Forestry Revenue	7,594	7,447	7,594	7,447
NZTA roading subsidy	6,392	8,812	6,392	8,812
Other income	3,353	3,477	3,554	3,715
Total other revenue	56,017	56,445	36,349	37,195

Notes to the Financial Statements

6. Gains

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Non-financial instruments:				
Property, plant and equipment gains on disposal	444	1	416	1
Non-current assets held for sale gains on disposal	113	106	732	106
Investment property revaluation gain (note 19)	558	256	-	27
Forestry asset revaluation gain (note 18)	4,368	179	4,368	179
Other	73	61	-	-
Total non-financial instrument gains	5,556	603	5,516	313
Financial instruments:				
Gain on fair value of investments	-	76	-	76
Total financial instruments gains	-	76	-	76
Total gains	5,556	679	5,516	389

7. Personnel Costs

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Salaries and wages	20,026	20,319	15,492	15,976
Defined contribution plan employer contributions	770	755	584	579
Increase in employee entitlements	126	172	126	172
Total personnel costs	20,922	21,246	16,202	16,727

8. Other Expenses

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Fees to auditors:				
Audit New Zealand for:				
audit of Council's financial statements	110	104	110	104
audit of the 2012-22 LTP	73	10	73	10
audit of MDCH financial statements	15	13	-	-
Deloitte for audit of PMNZL and MAL financial statements	65	61	-	-
Grants	2,755	1,876	2,743	1,888
Insurance premiums	2,387	1,071	2,387	1,071
Impairment adjustment of receivables (note 11)	(52)	37	(20)	7
Councillors remuneration (note 30)	596	549	578	549
Directors fees	199	190	-	-
Property plant and equipment loss on disposal	640	1,853	640	1,853
Direct operating expenses of investment properties	2,695	2,609	1	10
Investment property revaluation loss (note 19)	50	-	50	-
Payments under operating leases	441	336	419	334
Loss on fair value of investments	171	-	171	-
Other operating expenses	50,316	50,204	46,998	47,406
Total other expenses	60,461	58,913	54,150	53,232
Depreciation and amortisation:				
Depreciation expense (note 16)	18,105	17,019	16,152	15,074
Amortisation of intangible assets (note 17)	235	177	216	159
Total depreciation and amortisation	18,340	17,196	16,368	15,234

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

Notes to Financial Statements

9. Tax

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
9.1 Components of tax expense				
Current tax expense	1,117	1,429	-	-
Adjustments to current tax in prior years	24	-	-	-
Deferred tax expense	(28)	(1,484)	-	-
Tax expense	1,113	(55)	-	-
9.2 Relationship between tax expense and accounting profit				
Surplus before tax	8,508	7,158	6,425	3,098
Tax at 28% (2011: 30%)	2,383	2,147	1,799	929
Plus / (less) tax effect of:				
Non-deductible expenditure	308	200	-	-
Non-taxable income	(1,489)	(647)	(1,799)	(929)
Deferred tax on building depreciation removal	(89)	(8)	-	-
Deferred tax on change in tax rate	-	(1,747)	-	-
Tax expense	1,113	(55)	-	-

Within the group tax losses to carry forward are \$16,072 (2011: \$8,398).

	Group		Council		
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's	
9.3 Income tax recognised in comprehensive income					
Deferred tax on property revaluations	-	-	-	-	
9.4 Current tax assets / (liabilities)					
Tax (payable) / receivable	(25)	(132)	-	-	
9.5 Deferred tax assets / (liabilities)					
	Property, plant & equipment	Investment property	Financial Instruments	Provisions	Total
Group	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2010	(4,751)	(2,647)	456	138	(6,804)
Charged to surplus / (deficit)	127	1,230	61	66	1,484
Balance at 30 June 2011	(4,624)	(1,417)	517	204	(5,320)
Charged to surplus / (deficit)	235	(649)	374	68	28
Balance at 30 June 2012	(4,389)	(2,066)	891	272	(5,292)

10. Cash and Cash Equivalents

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Cash at bank and on hand	4,364	8,527	3,736	6,111
Total cash and cash equivalents	4,364	8,527	3,736	6,111
Cash, cash equivalents and bank overdrafts include the following for the purpose of the Statement of Cashflows:				
Cash at bank and on hand	4,364	8,527	3,736	6,111
Bank overdrafts (note 22)	-	(396)	-	(396)
Total as per statement of cashflows	4,364	8,131	3,736	5,715

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	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Rates receivables	1,161	1,075	1,161	1,075
Other receivables				
Related party receivables	-	-	96	132
Goods and services tax (net)	600	670	726	914
Prepayments	407	572	407	572
Other	7,424	7,690	5,397	5,882
Gross debtors and other receivables	9,592	10,007	7,787	8,575
Less provision for impairment	(53)	(105)	(21)	(41)
Total debtors and other receivables	9,539	9,902	7,766	8,534

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 131).

Council has provided a sum of \$21,000 (2011 \$41,000) 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.

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	2011-12			2010-11		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Group						
Not past due	8,588	-	8,588	8,353	-	8,353
Past due 1-60 days	384	-	384	1,155	-	1,155
Past due 61-120 days	386	32	354	362	64	298
Past due >120 days	234	21	213	137	41	96
Total	9,592	53	9,539	10,007	105	9,902
Council						
Not past due	7,011	-	7,011	7,231	-	7,231
Past due 1-60 days	225	-	225	988	-	988
Past due 61-120 days	317	-	317	219	-	219
Past due >120 days	234	21	213	137	41	96
Total	7,787	21	7,766	8,575	41	8,534

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

Notes to Financial Statements

11.3 Impairment information	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Individual impairment	53	105	21	41
Collective impairment	-	-	-	-
Total provision for impairment	53	105	21	41
Past due 1-60 days	-	-	-	-
Past due 61-120 days	32	64	-	-
Past due >120 days	21	41	21	41
Total individual impairment	53	105	21	41
At 1 July	105	68	41	34
Additional provisions made during the year (note 8)	53	105	21	41
Provisions reversed during the year (note 8)	(105)	(68)	(41)	(34)
At 30 June	53	105	21	41

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	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Current asset portion:				
Interest rate swaps - cash flow hedges	-	-	-	-
Non-current asset portion:				
Interest rate swaps - cash flow hedges	-	-	-	-
Total derivative financial instrument assets	-	-	-	-
Current liability portion:				
Interest rate swaps - cash flow hedges	238	195	-	-
Non-current liability portion:				
Interest rate swaps - cash flow hedges	3,872	1,810	927	155
Total derivative financial instrument liabilities	4,110	2,005	927	155

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 (2011: \$14 M) and for the group were \$76.56 M (2011: \$75.06 M). At 30 June 2012 the fixed interest rates of cash flow hedge interest rate swaps (Council) varied from 4.45% to 4.89% (2011: 4.54% to 6.34%).

13. Other Financial Assets

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Current portion:				
Term deposits and bonds with maturities of 4-12 months	4,179	3,296	4,179	3,296
Community loans	29	35	29	35
Loan to joint venture MRF	45	57	45	57
Total current portion	4,253	3,388	4,253	3,388
Non-current portion:				
Term deposits and bonds with maturities 12 months plus	6,927	9,800	6,927	9,800
Community loans	1,517	32	1,517	32
Loan to joint venture MRF	-	53	-	53
Unlisted shares in subsidiaries	-	-	6,000	6,000
Shares: NZ Local Govt. Insurance Corp	85	74	85	74
Shares other	1	1	1	1
Total non-current portion	8,530	9,960	14,530	15,960
Total other financial assets	12,783	13,348	18,783	19,348

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

14. Inventory

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Held for distribution inventory:				
Goods held for maintenance	265	267	1	3
Commercial inventory:				
Quarry rock and gravel	417	307	417	307
Total inventory	682	574	418	310

15. Non-current Assets Held for Sale

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Non-current assets held for sale are:				
Buildings	765	1,509	765	1,509
Land	487	130	487	130
Total non-current assets held for sale	1,252	1,639	1,252	1,639

Included in these totals are:

- One building which was part of the Picton waterfront redevelopment.
- Residential sections subdivided from Council farmland. The sections included last year have been sold and there have been additions during the year as a result of further subdivision.

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) or from the cost price of the subdivision.

Included in 2010-11 but not 2011-12 are:

- Two buildings which were part of the Picton Waterfront redevelopment.
- The last two Rowan Place sections.

Notes to Financial Statements

16. Property, Plant and Equipment

2010-11 GROUP	Cost/	Accumulated	Carrying amount	WIP & other		Current year		Current year			Revaluation		Cost	Accumulated	Carrying amount	
	valuation	depreciation		reclassifications	Ac m	Disposals	Disposals	Impair-	Deprec-	Transfer	Deprec-	/revaluation	depreciation			
	1-Jul-2010	1-Jul-2010	1-Jul-2010	Cost	chn	Additions	Disposals	depreciation	ment	iation	adjust-	Cost	adjustment	30-Jun-2011	30-Jun-2011	30-Jun-2011
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
16.1 Operational Assets																
Work in Progress	7,292	-	7,292	(6,527)	-	5,693	-	-	-	-	(509)	-	-	5,949	-	5,949
Buildings	63,977	1,919	62,058	4,784	-	3,769	(2,055)	(490)	-	1,865	-	(344)	(685)	70,131	2,609	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	11,778	6,752	5,026	431	-	4,098	(732)	(586)	-	969	185	-	-	15,760	7,135	8,625
	213,802	20,080	193,722	(173)	-	17,643	(7,831)	(6,064)	-	4,566	(331)	(4,555)	(685)	218,555	17,897	200,658
16.2 Infrastructural Assets																
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,050,838	1,292	1,049,546	(10)	-	25,702	(93)	(3)	-	12,453	-	37,648	(12,522)	1,114,085	1,220	1,112,865
Total Operational and Infrastructural Assets	1,264,640	21,372	1,243,268	(183)	-	43,345	(7,924)	(6,067)	-	17,019	(331)	33,093	(13,207)	1,332,640	19,117	1,313,523

Notes to the Financial Statements

2011-12 GROUP	Cost/	Accumulated	Carrying amount 1-Jul-2011 \$000's	WIP & other reclassifications		Current year		Current year			Revaluation		Cost	Accumulated	Carrying amount 30-Jun-2012 \$000's	
	valuation	depreciation		Cost	Ac m	Additions	Disposals	Disposals	Impair-	Deprec-	Transfer	Deprec-	/revaluation	depreciation		
	1-Jul-2011	1-Jul-2011		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	adjust-	iation	30-Jun-2012	30-Jun-2012		
	\$000's	\$000's		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	ment	\$000's	\$000's	\$000's		\$000's
16.1 Operational Assets																
Work in Progress	5,949	-	5,949	(2,800)	-	783	(634)	-	-	-	(2,675)	-	-	623	-	623
Buildings	70,131	2,609	67,522	8,410	-	3,467	-	-	-	2,046	-	1,138	(653)	83,146	4,002	79,144
Forest Crops	543	-	543	-	-	-	-	-	-	-	-	-	-	543	-	543
Land and improvements	106,914	1,550	105,364	312	-	739	-	-	-	485	-	(12,369)	(1,225)	95,596	811	94,785
Landfill	4,620	1,046	3,574	-	-	-	-	-	-	329	-	(96)	-	4,524	1,375	3,149
Library Books	2,667	1,328	1,339	-	-	180	-	-	-	187	-	-	-	2,847	1,515	1,332
Other Structures and Improvements	5,914	403	5,511	194	9	459	(47)	(21)	-	103	-	-	-	6,520	494	6,026
Office Equip, Furnishings & Fittings	5,356	3,349	2,007	120	-	198	(94)	(93)	-	575	-	-	-	5,580	3,831	1,749
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	649	477	172	-	-	234	-	-	-	27	-	-	-	883	504	379
Plant, Machinery & Equipment	15,760	7,135	8,625	592	-	3,713	(506)	(464)	-	1,123	-	-	-	19,558	7,793	11,765
	218,555	17,897	200,658	6,828	9	9,773	(1,281)	(578)	-	4,875	(2,675)	(11,327)	(1,878)	219,872	20,325	199,547
16.2 Infrastructural Assets																
Work in Progress	18,278	-	18,278	(16,299)	-	2,293	(213)	-	-	-	-	-	-	4,059	-	4,059
Bridges	37,016	-	37,016	-	-	183	-	-	-	840	-	302	(840)	37,501	-	37,501
Car parks	12,893	12	12,881	(8)	(9)	717	(398)	(20)	-	119	-	503	(102)	13,707	-	13,707
Public Conveniences	3,156	43	3,113	-	-	19	-	-	-	48	-	(99)	(43)	3,076	48	3,028
Reserves and Parks	50,473	1,147	49,326	183	-	113	-	-	(506)	290	-	1,227	(113)	51,490	1,324	50,166
River Works	137,710	-	137,710	363	-	1,085	-	-	-	135	-	(204)	-	138,954	135	138,819
Roads and Streets	566,639	-	566,639	46	-	6,464	-	-	-	6,006	-	(5,831)	(6,006)	567,318	-	567,318
Sewerage Schemes	120,523	-	120,523	1	-	696	-	-	-	2,146	-	589	(2,146)	121,809	-	121,809
Stormwater Drainage Schemes	60,134	-	60,134	65	-	1,201	-	-	-	1,060	-	1,616	(1,060)	63,016	-	63,016
War Memorials	732	18	714	-	-	-	-	-	(100)	20	-	(8)	(9)	624	29	595
Water Supply Schemes	106,531	-	106,531	8,821	-	4,194	-	-	-	2,566	-	1,644	(2,566)	121,190	-	121,190
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,114,085	1,220	1,112,865	(6,828)	(9)	16,965	(611)	(20)	(606)	13,230	-	(261)	(12,885)	1,122,744	1,536	1,121,208
Total Operational and Infrastructural Assets	1,332,640	19,117	1,313,523	-	-	26,738	(1,892)	(598)	(606)	18,105	(2,675)	(11,588)	(14,763)	1,342,616	21,861	1,320,755

Notes to Financial Statements

2010-11 COUNCIL	Cos/V	Accumulated	Carrying amount 1-Jul-2010	WIP & other reclassifications		Current year		Current year			Revaluation		Cost	Accumulated	Carrying amount 30-Jun-2011	
	valuation	depreciation		Cost	Ac m	Additions	Disposals	Disposals	Impair-	Deprec-	Transfer	Deprec-	/revaluation	depreciation		
	1-Jul-2010	1-Jul-2010		\$000's	pn	\$000's	\$000's	depreciation	ment	iation	adjust-	iation	30-Jun-2011	30-Jun-2011		
	\$000's	\$000's		\$000's	Cost	\$000's	\$000's	adjustment			ment	adjustment	\$000's	\$000's		\$000's
16.1 Operational Assets																
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
	151,772	15,738	136,034	10	-	13,932	(7,755)	(5,984)	-	2,621	-	(4,555)	(685)	153,404	11,690	141,714
16.2 Infrastructural Assets																
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
Storm water 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,050,838	1,292	1,049,546	(10)	-	25,702	(93)	(3)	-	12,453	-	37,648	(12,522)	1,114,085	1,220	1,112,865
Total Operational and Infrastructural Assets	1,202,610	17,030	1,185,580	-	-	39,634	(7,848)	(5,987)	-	15,074	-	33,093	(13,207)	1,267,489	12,910	1,254,579

Notes to the Financial Statements

2011-12 COUNCIL	Cost/	Accumulated	Carrying amount 1-Jul-2011	WIP & other reclassifications		Current year		Current year			Revaluation		Cost	Accumulated	Carrying amount 30-Jun-2012	
	valuation	depreciation		Cost	Ac m	Additions	Disposals	Disposals	Impair-	Deprec-	Transfer	Deprec-	/revaluation	depreciation		
	1-Jul-2011	1-Jul-2011		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	adjust-	iation	30-Jun-2012	30-Jun-2012		
										ment	adjustment					
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
16.1 Operational Assets																
Work in Progress	2,318	-	2,318	(1,824)	-	484	(634)	-	-	-	-	-	344	-	344	
Buildings	37,275	652	36,623	8,282	-	3,465	-	-	-	875	-	1,138	(653)	50,160	874	49,286
Forest Crops	543	-	543	-	-	-	-	-	-	-	-	-	-	543	-	543
Land and improvements	83,925	1,028	82,897	30	-	739	-	-	-	196	-	(12,369)	(1,225)	72,325	-	72,325
Landfill	4,620	1,046	3,574	-	-	-	-	-	-	329	-	(96)	-	4,524	1,375	3,149
Library Books	2,667	1,328	1,339	-	-	180	-	-	-	187	-	-	-	2,847	1,515	1,332
Other Structures and Improvements	5,914	403	5,511	194	9	459	(47)	(21)	-	103	-	-	-	6,520	494	6,026
Office Equip, Furnishings & Fittings	5,277	3,286	1,991	120	-	194	(94)	(93)	-	570	-	-	-	5,497	3,763	1,734
Paintings	52	-	52	-	-	-	-	-	-	-	-	-	-	52	-	52
Parking Meters	649	477	172	-	-	234	-	-	-	27	-	-	-	883	504	379
Plant, Machinery & Equipment	10,164	3,470	6,694	26	-	1,223	(101)	(63)	-	635	-	-	-	11,311	4,041	7,270
	153,404	11,690	141,714	6,828	9	6,978	(876)	(177)	-	2,922	-	(11,327)	(1,878)	155,006	12,566	142,440
16.2 Infrastructural Assets																
Work in Progress	18,278	-	18,278	(16,299)	-	2,293	(213)	-	-	-	-	-	-	4,059	-	4,059
Bridges	37,016	-	37,016	-	-	183	-	-	-	840	-	302	(840)	37,501	-	37,501
Car parks	12,893	12	12,881	(8)	(9)	717	(398)	(20)	-	119	-	503	(102)	13,707	-	13,707
Public Conveniences	3,156	43	3,113	-	-	19	-	-	-	48	-	(99)	(43)	3,076	48	3,028
Reserves and Parks	50,473	1,147	49,326	183	-	113	-	-	(506)	290	-	1,227	(113)	51,490	1,324	50,166
River Works	137,710	-	137,710	363	-	1,085	-	-	-	135	-	(204)	-	138,954	135	138,819
Roads and Streets	566,639	-	566,639	46	-	6,464	-	-	-	6,006	-	(5,831)	(6,006)	567,318	-	567,318
Sewerage Schemes	120,523	-	120,523	1	-	696	-	-	-	2,146	-	589	(2,146)	121,809	-	121,809
Storm water Drainage Schemes	60,134	-	60,134	65	-	1,201	-	-	-	1,060	-	1,616	(1,060)	63,016	-	63,016
War Memorials	732	18	714	-	-	-	-	-	(100)	20	-	(8)	(9)	624	29	595
Water Supply Schemes	106,531	-	106,531	8,821	-	4,194	-	-	-	2,566	-	1,644	(2,566)	121,190	-	121,190
Wharves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,114,085	1,220	1,112,865	(6,828)	(9)	16,965	(611)	(20)	(606)	13,230	-	(261)	(12,885)	1,122,744	1,536	1,121,208
Total Operational and Infrastructural Assets	1,267,489	12,910	1,254,579	-	-	23,943	(1,487)	(197)	(606)	16,152	-	(11,588)	(14,763)	1,277,750	14,102	1,263,648

Property, Plant and Equipment (Ctd)

Land and Buildings

Council land was valued by QV Valuations (Registered Valuers) as at 1 July 2011. The basis of valuation is fair value with reference to highest and best use, as at 1 July 2011.

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 2011. 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 2012.

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 optimised depreciated replacement cost as at 30 June 2012 by John Vessey and Jaimie Cable of Opus International Consultants Limited.

River flood protection land was revalued by QV Valuations (Registered Valuers) as at 1 July 2011. The basis of valuation is fair value with reference to highest and best use. River control and drainage assets were valued at optimised 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 2012 by Opus International Consultants Ltd.

Water, Sewer and Stormwater assets were valued at DRC and ODRC where possible as at 30 June 2012. 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 2011.

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 2011.

Reserves also includes assets such as landscaping and walkways that are not revalued.

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

Impairment losses of \$2,004,304 (2011 \$nil) have been recognised for seismic strengthening of earthquake prone buildings, reservoirs and memorials. Of this \$606,000, arose from a review against Code of Buildings and Memorials and is shown in the impairment column, the balance being part of the regular revaluation is included in the revaluation cost adjustment column. All the assets identified are revalued annually and the movements have been treated as revaluation decreases. The decrease movements have been based on the estimated costs to repair the buildings, reservoirs and memorials to the required earthquake strengthening standard.

The impairment loss has been recognised in Other Comprehensive Income in the line item Gain on Property Revaluation.

17. Intangible Assets

	Group			Council		
	Group total \$000's	Carbon credits \$000's	Computer software \$000's	Council total \$000's	Carbon credits \$000's	Computer software \$000's
Cost:						
Balance at 1 July 2010	2,338	-	2,338	2,021	-	2,021
Additions	256	12	244	223	12	211
Balance at 30 June 2011	2,594	12	2,582	2,244	12	2,232
Additions	708	239	469	676	239	437
Disposals	(35)	(12)	(23)	(35)	(12)	(23)
Balance at 30 June 2012	3,267	239	3,028	2,885	239	2,646
Accumulated amortisation and impairment:						
Balance at 1 July 2010	1,708	-	1,708	1,400	-	1,400
Amortisation charge	177	-	177	159	-	159
Balance at 30 June 2011	1,885	-	1,885	1,559	-	1,559
Amortisation expense	235	-	235	216	-	216
Disposals	(23)	-	(23)	(23)	-	(23)
Balance at 30 June 2012	2,097	-	2,097	1,752	-	1,752
Carrying amount:						
Balance at 1 July 2010	630	-	630	621	-	621
Balance at 30 June 2011	709	12	697	685	12	673
Balance at 30 June 2012	1,170	239	931	1,133	239	894

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

Carbon Credits

All carbon credits are NZUs and all are valued at cost, in the case of Forestry NZUs this is \$nil. Council owns:

- 30,000 (2011: nil) NZUs which were purchased to fix the cost of operating Council's landfill when it comes into the Emissions Trading Scheme in 2013.
- 652 (2011: 652) post 1989 Forestry NZUs.
- 60,934 (2011: nil) pre-1990 Forestry NZUs.

18. Forestry Assets

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Balance at 1 July	9,263	10,000	9,263	10,000
Increase due to purchases	453	327	453	327
Gains arising from changes attributable to physical changes (note 6)	840	531	840	531
Gains / (losses) arising from changes attributable to price changes (note 6)	3,528	(351)	3,528	(351)
Decreases due to sales	(1,730)	(1,244)	(1,730)	(1,244)
Balance at 30 June	12,354	9,263	12,354	9,263

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 3,024 stocked hectares as at 30 June 2012 (2011: 2,993)

Notes to Financial Statements

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 2012 of the MRF estate ranges from 1-14 years 63%; 15-28 years 32% and 29-37 years 5% (2011: 1-14 years 57%, 15-28 years 35% and 29-37 years 8%).

Independent registered valuer Alexander Hayward Ltd has valued land and improvements as at 30 June 2012. Buck Forestry Service Ltd has prepared the forestry crop valuations as at 30 June 2012 based on methodology recommended by the New Zealand Institute of Forestry. A pre-tax discount rate of 8% has been used in discounting the present value of expected cash flows. The sensitivity of crop value to discount rate is shown below:

Discount rate:	as at 30 June 2012			as at 30 June 2011		
	7%	8% (as used)	9%	7%	8% (as used)	9%
Tree crop value (\$000's)	15,201	13,960	12,917	11,511	10,466	9,591
MDC's 88.5% share (\$000's)	13,453	12,354	11,432	10,187	9,263	8,488

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	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Balance at 1 July	54,859	52,407	1,770	1,743
Additions from acquisition	2,998	322	-	-
Additions from work in progress	4,298	1,874	-	-
Fair valuation gains (note 6)/(losses) (note 8)	508	256	(50)	27
Balance at 30 June	62,663	54,859	1,720	1,770

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 Andrew Hyder and Lex Hayward 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.

The fair value of the MDCH group's investment property at 30 June 2012 has been arrived at on the basis of a valuation carried out at that date by CrightonAnderson, independent registered valuers not related to the group. All investment properties were valued based on open market evidence including market rentals, land sales and yield information available to valuers.

20. Joint Venture

Council's interest in the Marlborough Regional Forestry joint venture is accounted for as a jointly controlled operation. The table shows Council's interest in the jointly controlled operation, these figures include transactions between Council and the Joint Venture.

	Council and Group	
	2011-12 \$000's	2010-11 \$000's
Current assets	1,345	1,608
Non-current assets	19,705	16,414
Current liabilities	1,199	1,256
Non-current liabilities	5,348	5,755
Income	11,997	7,681
Expenses	7,775	8,626

21. Creditors and Other Payables

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Trade payables	7,836	8,051	6,347	6,135
Accrued expenses	2,131	6,549	2,131	6,549
Income in advance	1,835	1,752	1,386	1,296
Deposits	1,000	1,021	1,000	1,021
Agency account	88	87	88	87
Trust funds	236	228	236	228
Amounts due to related parties (note 29)	(48)	-	955	572
Total creditors and other payables	13,078	17,688	12,143	15,888

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	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Current portion				
Bank overdraft (note 10)	-	396	-	396
Secured loans	29,455	28,945	-	-
Total current portion	29,455	29,341	-	396
Non-current portion				
Secured loans	37,450	32,910	19,000	17,000
Total non-current portion	37,450	32,910	19,000	17,000
Total borrowings	66,905	62,251	19,000	17,396

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 \$19 M (2011: \$17 M) of debt is issued at floating rates of interest. Council has interest rate swaps of \$14 M (2011: \$14 M) in place maturing between 2 May 2016 and 16 May 2018.

During the year interest rates ranged between 3.43% and 3.90% (2011: 3.51% and 4.17%).

MDC Holdings Limited

During the year interest rates ranged between 3.01% and 7.88% (2011: 3.06% and 8.17%).

Loan Maturities - Funds have been raised under a \$60 M multi-option facility agreement with the Bank of New Zealand (2011: \$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 2013.

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.

Notes to Financial Statements

23. Employee Entitlements

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Current portion				
Accrued pay	186	146	186	146
Annual leave	1,868	1,635	1,197	1,095
Sick leave	41	40	41	40
Retirement and long service leave	652	-	652	-
Total current portion	2,747	1,821	2,076	1,281
Non-current portion				
Retirement and long service leave	-	831	-	831
Total non-current portion	-	831	-	831
Total employee entitlements	2,747	2,652	2,076	2,112

24. Provisions

24.1 Balances

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Current portion:				
Weathertightness claims	940	376	940	376
Other	179	-	552	373
Total current portion	1,119	376	1,492	749
Non-current portion:				
Landfill aftercare provision	1,695	1,782	1,695	1,782
Weathertightness claims	326	-	326	-
Runway reseal provision	362	199	-	-
Total non-current portion	2,383	1,981	2,021	1,782
Total provisions	3,502	2,357	3,513	2,531

24.2 Movements

	Weather-tightness claims	Other	Landfill aftercare	Council	Runway reseal	Group
Balance at 1 July 2010	621	373	558	1,552	43	1,222
Additional provisions made	50	-	1,224	1,274	166	1,440
Amounts used	(295)	-	-	(295)	(10)	(305)
Balance at 30 June 2011	376	373	1,782	2,531	199	2,357
Additional provisions made	1,103	179	24	1,306	163	1,469
Amounts used	(213)	-	(111)	(324)	-	(324)
Balance at 30 June 2012	1,266	552	1,695	3,513	362	3,502

Weathertightness Claims

This provision recognises:

- o Three claims which have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2012 (2011: one).
- o Two claims which have been registered with the Government Financial Assistance Package (2011:nil).

These claims relate to weathertightness issues of homes in the Marlborough District Council area and name the Council as well as other parties. A current provision of \$776,276 for these claims has been established based on an assessment by Council's legal advisor.

- o Outstanding RiskPool of \$489,177 (2011: \$326,118) of which \$163,059 is current (2011:nil).

RiskPool provides public liability and professional indemnity insurance for its members, 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. RiskPool have advised a call in July 2012 of \$163,059, a likely call in 2013 for the same amount and then a likely final call in 2014.

Other

This provision recognises:

- 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.
- \$80,000 for earthquake strengthening a former Council building now in community ownership.
- \$99,775 assessed by Council's legal advisor as the likely cost of other current legal claims.

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 and:

- An inflation factor of 2.0%.
- A discount rate of 7.0%.

Current Landfill

Marlborough District Council gained a resource consent in November 1995 to operate the Bluegums 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 needing 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 2070). 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 1.92 (2011:1.95) M cubic metres (refuse, clean fill and cover).
- The estimated remaining life is 37 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 \$51,645.

Runway Reseal

To reflect the Company's obligation to maintain the runway under their licence agreement with New Zealand Defence Force the provision for resealing is reviewed each year.

Notes to Financial Statements

25. Equity

	Group		Council	
	2011-12	2010-11	2011-12	2010-11
	\$000's	\$000's	\$000's	\$000's
Accumulated funds				
Balance at 1 July	574,357	565,972	547,188	542,918
Transfers (to) / from reserves	(3,727)	(110)	(3,727)	(110)
Transfers (to) / from restricted reserves	(12)	1,181	(12)	1,181
Transfers from property revaluation reserves on disposal	298	101	298	101
Surplus for the year	7,395	7,213	6,425	3,098
Balance at 30 June	578,311	574,357	550,172	547,188
Ordinary and Council created reserves				
Balance at 1 July	31,993	31,883	29,377	29,267
Transfers (to) / from accumulated funds	3,727	110	3,727	110
Balance at 30 June	35,720	31,993	33,104	29,377
Restricted reserves:				
Balance at 1 July	1,243	2,424	1,243	2,424
Transfers (to) / from accumulated funds	12	(1,181)	12	(1,181)
Balance at 30 June	1,255	1,243	1,255	1,243
Restricted reserves consists of:				
Development contribution reserves	-	-	-	-
Land subdivision reserve	1,255	1,243	1,255	1,243
Property revaluation reserve:				
Balance at 1 July	712,346	666,146	686,349	640,149
Net revaluation gains	2,569	46,301	2,569	46,301
Transfers to accumulated funds on disposal of property	(298)	(101)	(298)	(101)
Balance at 30 June	714,617	712,346	688,620	686,349
Total other reserves	751,592	745,582	722,979	716,969
Total equity	1,329,903	1,319,939	1,273,151	1,264,157

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

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Surplus after tax	7,395	7,213	6,425	3,098
Add / (less) non-cash items:				
Depreciation and amortisation expense	18,340	17,197	16,368	15,234
Decrease in forestry value due to harvest	1,730	1,244	1,730	1,244
Vested assets	(770)	(316)	(770)	(316)
Movement in deferred tax	(28)	(1,484)	-	-
Runway seal provision	163	156	-	-
Landfill aftercare provision	(87)	1,224	(87)	1,224
Weathertight homes and other provisions	1,069	128	1,069	128
(Gains) / losses in fair value of biological assets	(4,368)	(180)	(4,368)	(180)
(Gains) / losses in fair value of investment property	(508)	(256)	50	(27)
(Gains) / losses on fair value of investments	171	(76)	171	(76)
(Gains) / losses on derivative financial instruments	2,105	375	772	155
	17,817	18,012	14,935	17,386
Add / (less) items classified as investing or financing activities:				
(Gains) / losses on disposal of property, plant and equipment and non-current assets held for sale	82	1,746	(508)	1,746
Other	(55)	49	-	-
Dividend in come	-	-	(477)	(953)
(Inc) / Dec in capital creditors	4,503	(3,737)	4,093	(3,737)
	4,530	(1,942)	3,108	(2,944)
Add / (less) movements in working capital items :				
(Inc) / Dec in debtors and other receivables	480	(2,244)	768	(2,379)
(Inc) / Dec in inventory	(108)	(5)	(108)	(48)
(Inc) / Dec in income tax receivable	-	1,063	-	-
Inc / (Dec) in creditors and other payables	(4,611)	5,063	(3,744)	4,640
Inc / (Dec) in income tax payable	(107)	308	-	-
Inc / (Dec) in employee entitlements	(36)	65	(36)	65
	(4,382)	4,250	(3,120)	2,278
Net cash inflow / (outflow) from operating activities	25,360	27,533	21,348	19,818

Notes to Financial Statements

27. Capital Commitments and Operating Leases

	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Capital commitments:				
Property, plant and equipment	14,930	12,276	8,846	11,390
Total capital commitments	14,930	12,276	8,846	11,390

Council's Long Term Plan 2012-22, which is available from Council offices, website and agencies, shows details of our intentions for the coming year.

Operating leases as lessee:

Not later than one year	189	232	178	230
Later than one year and not later than five years	503	6	495	1
Total non-cancellable operating leases	692	238	673	231

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 (2011 \$nil).

Operating leases as lessor:

Not later than one year	7,957	8,194	2,961	3,625
Later than one year and not later than five years	24,698	27,599	11,031	13,703
Later than five years	41,017	54,448	35,610	47,770
Total non-cancellable operating leases	73,672	90,241	49,602	65,098

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	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Uncalled capital in MDC Holdings Ltd	65,000	65,000	65,000	65,000
Financial guarantees	100	1,850	100	1,850
Other legal proceedings	607	60	607	60
Total contingent liabilities	65,707	66,910	65,707	66,910

Superannuation Schemes

The Council is a participating employer in the Defined Benefit Plan Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. If the other participating employers cease to participate in the scheme, the Council could be responsible for any 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 2011, the scheme had a past service surplus of \$37.6 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 remain at 1.0 x contributors' contributions.

Weathertight Homes

As disclosed in note 24 a provision of \$776,276 (2011: \$50,000) has been recognised for weathertightness claims where the Council has received notice of the claim. A further \$0.61 M is identified here as a contingent liability being the difference between the provision and Council's assessed maximum legal exposure. 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	
	2011-12 \$000's	2010-11 \$000's
Subsidiaries:		
MDC Holdings Limited		
Services provided to MDC	-	42
Interest received from MDC	11	169
Dividend paid to MDC	476	952
Loans receivable from MDC	939	544
Receivable from MDC	11	24
Marlborough Airport Limited		
Services provided to MDC	1	1
Rates paid to MDC	3	3
Services provided by MDC	40	37
Payable to MDC	49	25
Port Marlborough (NZ) Limited		
Services provided to MDC	42	42
Assets purchased from MDC	1,375	-
Rates paid to MDC	362	363
Services provided by MDC	354	506
Receivable from MDC	377	377
Payable to MDC	49	108
Marlborough Housing for the Elderly Trust		
Grants provided by MDC	9	39
Council		
29.2 Key management personnel	2011-12 \$000's	2010-11 \$000's
Compensation:		
Salaries and other short term employee benefits	1,949	1,679
Termination benefits	-	29
Total key management personnel compensation	1,949	1,708

Key management personnel includes the Mayor, Councillors, Chief Executive and other senior management personnel. The definition has included more senior management personnel than in previous years.

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.

Notes to Financial Statements

During the year Council contracted with:

- The domestic partner of a key management team member to the value of \$3,312 (2011: \$17,817), negotiated on normal commercial terms. There was no balance (2011: \$4,448) outstanding at year end.
- A company of which Jessica Bagge, a Councillor, is a director and shareholder for signage costing \$3,450 (2011: \$5,562) and supplied on normal commercial terms. There was no balance outstanding at year end (2011: \$nil).
- A business of which Terry Sloan, a Councillor, is a director and shareholder for accommodation costing \$318 (2011: \$138) and supplied on normal commercial terms. There was no balance outstanding at year end (2011: \$nil).

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2011: nil).

30. Remuneration

30.1 Chief Executive	Council	
	2011-12 \$000's	2010-11 \$000's
The Chief Executive received the following remuneration:		
Salary	287	278
Vehicle	16	16
Superannuation contribution	6	5
Total Chief Executive compensation	309	299

30.2 Elected representatives	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Elected representatives received the following remuneration:				
Mayor:				
Alistair Sowman*	133	123	124	114
Councillors:				
Jenny Andrews	41	41	41	41
Jamie Arbuckle	30	21	30	21
Jessica Bagge	28	19	28	19
Graeme Barsanti	35	31	35	31
David Dew	48	29	48	29
Geoff Evans	29	20	29	20
Trevor Hook	28	19	28	19
Peter Jerram	41	36	41	36
John Leggett	28	19	28	19
Francis Maher*	50	45	41	39
David Oddie	36	20	36	20
Terry Sloan	28	19	28	19
Graeme Taylor	41	39	41	39
Andrew Barker	-	7	-	7
Cliff Bowers	-	17	-	17
Warwick Brice	-	7	-	7
Jill Bunting	-	11	-	11
Liz Davidson	-	13	-	13
Tom Harrison	-	10	-	10
Gerald Hope*	-	14	-	11
Nigel Weetman	-	7	-	7
Total elected representatives' remuneration	596	567	578	549

Remuneration includes payment for attendance at resource consent hearings.

*The Mayor and Councillor Maher were directors of MDC Holdings Limited during the reporting periods 2010-11, 2011-12 and Councillor Hope during 2011 only and were paid Directors' fees by MDC Holdings Limited. A Sowman \$8,500 (2011: \$8,500), F Maher \$8,500 (2011: \$5,667), G Hope \$0 (2011: \$2,833).

Notes to the Financial Statements

30.3 Staff employed	Council			
	2011-12		2010-11	
	\$000's	\$000's	\$000's	\$000's
	Male	Female	Male	Female
General Management				
Management and Support	3.0	3.0	3.0	3.0
Assets and Services				
Development and Project Management	6.7	0.7	6.7	1.7
Engineering	13.0	5.0	13.0	5.0
Operations	10.7	-	11.7	-
Reserves and Amenities	9.4	5.3	10.4	3.9
Rivers and Land Drainage	7.0	-	7.0	-
Management and Support	3.0	1.0	3.0	0.8
Civil Defence/Emergency Management	2.0	-	2.0	-
Corporate Finance				
Management and Support	2.0	1.0	2.0	1.9
Treasury	2.0	7.6	3.0	6.6
Regulatory				
Animal and Plant Pests	5.0	-	5.0	-
Building Control	13.0	3.8	13.0	4.8
Environmental Health and Liquor	-	2.4	-	2.4
Environmental Unit	8.0	5.0	8.0	5.0
Environmental Policy	2.0	3.0	2.0	3.0
Harbour Functions	2.5	-	3.5	-
Resource Management Control	6.8	6.0	7.0	6.0
Compliance	4.0	2.4	3.0	3.4
Management and Support	2.0	1.0	2.0	1.0
Support Services				
Support Services Management	1.0	1.0	1.0	1.0
Community Development Management	-	1.0	-	1.0
Democratic Services Management	1.0	1.6	1.0	1.6
Office Services/Secretarial	-	12.0	-	11.5
Risk and Contracts Management	1.0	-	1.0	-
Human Resources	-	1.0	-	1.0
Information Services	7.0	13.4	7.0	14.1
Customer Service Centres	0.8	10.9	1.0	11.8
Libraries	3.6	13.9	5.0	14.1
Total	116.5	101.9	121.3	104.6
Staff in the Safer Community Area (on fixed term contracts whose employment is contingent upon continued Government funding)		6.0		7.0

30.4 Individuals receiving total annual remuneration of:

\$100,000 to \$119,999	9
\$120,000 to \$139,999	7
\$140,000 to \$159,999	2
\$160,000 to \$179,999	1
\$180,000 to \$199,999	1
\$200,000 to \$219,999	2
\$300,000 to \$320,000	1

31. Severance Payments

For the year ended 30 June 2012 Council made no payments to employees (2011: 19 payments totalling \$433,000) that required disclosure under the Local Government Act 2002.

Notes to Financial Statements

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:

Financial instrument categories	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Financial assets:				
Fair value through surplus or deficit:				
Term deposits and bonds	11,106	13,096	11,106	13,096
Loans and receivables:				
Cash and cash equivalents	4,364	8,527	3,736	6,111
Debtors and other receivables	8,992	9,337	7,061	7,661
Shares	86	75	86	75
Other financial assets				
Loans to related parties	45	110	45	110
Community loans	1,546	67	1,546	67
Total loans and receivables	15,033	18,116	12,474	14,024
Financial liabilities:				
Fair value through surplus or deficit - Held for trading				
Derivative financial liability instruments	4,110	2,005	927	155
Financial liabilities at amortised cost				
Creditors and other payables	13,078	17,688	12,143	15,888
Borrowings:				
Bank overdraft	-	396	-	396
Secured loans	66,905	61,855	19,000	17,000
Total financial liabilities at amortised cost	79,983	79,939	31,143	33,284

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.

Notes to the Financial Statements

Fair value hierarchy disclosures	<u>Valuation technique:</u>			
	Total	Quoted market price	Observable inputs	Significant nonobservable inputs
	\$000's	\$000's	\$000's	\$000's
Group 2010-11				
Financial assets				
Term deposits and bonds	13,096	13,096	-	-
Financial liabilities				
Derivatives	2,005	-	2,005	-
Group 2011-12				
Financial assets				
Term deposits and bonds	11,106	11,106	-	-
Financial liabilities				
Derivatives	4,110	-	4,110	-
Council 2010-11				
Financial assets				
Term deposits and bonds	13,096	13,096	-	-
Financial liabilities				
Derivatives	155	-	155	-
Council 2011-12				
Financial assets				
Term deposits and bonds	11,106	11,106	-	-
Financial liabilities				
Derivatives	927	-	927	-

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 NZTA of \$957,542 (2011: \$1,809,321). 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, unless Council formally approves the continued holding of the investment.

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:

Notes to Financial Statements

i) Maximum exposure to credit risk	Group		Council	
	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Cash at bank and term deposits	15,470	21,623	14,842	19,207
Debtors and other receivables	8,992	9,337	7,061	7,661
Community and related party loans	1,591	177	1,591	177
Financial guarantees	100	1,850	100	1,850
Total credit risk	26,153	32,987	23,594	28,895

ii) Credit quality of financial assets	2011-12	2010-11	2011-12	2010-11
	\$000's	\$000's	\$000's	\$000's
Counterparties with credit ratings - cash at bank and term deposits				
AA	2,233	13,212	1,605	10,796
AA-	8,196	2,587	8,196	2,587
A+	1,071	2,140	1,071	2,140
A	-	2,087	-	2,087
A-	1,894	-	1,894	-
BBB *	971	-	971	-
Counterparties without credit ratings - cash at bank and term deposits				
NR	1,105	1,597	1,105	1,597
Total	15,470	21,623	14,842	19,207
Counterparties without credit ratings - existing counterparty with no defaults in the past				
Term deposits	1,105	1,597	1,105	1,597
Community and related party loans	1,591	177	1,591	177
Total	2,696	1,774	2,696	1,774

* Council has formally approved the continued holding of these investments.

(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.

Notes to the Financial Statements

(ii) Contractual maturity analysis of financial liabilities	Carrying Amount \$000's	Contractual Cashflow \$000's	< than 1 year \$000's	1-2 years \$000's	2-5 years \$000's	5+ years \$000's
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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 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
Total Financial Liabilities	81,943	92,233	48,049	22,126	21,487	571

Group 2011-12

Creditors and other payables	13,078	13,078	13,078	-	-	-
Secured loans	66,905	79,873	32,706	40,248	6,561	358
Interest rate swaps	4,110	4,110	439	517	2,258	896
Total Financial Liabilities	84,093	97,061	46,223	40,765	8,819	1,254

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
Total Financial Liabilities	33,438	37,482	16,958	675	19,330	519

Council 2011-12

Creditors and other payables	12,143	12,143	12,143	-	-	-
Secured loans	19,000	23,528	982	19,982	2,431	133
Interest rate swaps	927	927	201	201	498	27
Total Financial Liabilities	32,070	36,598	13,326	20,183	2,929	160

Notes to Financial Statements

(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.

Contractual maturity analysis of financial assets	Carrying Amount \$000's	Contractual Cashflow \$000's	< than 1 year \$000's	1-2 years \$000's	2-5 years \$000's	5+ years \$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.						
Group 2010-11						
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	-	-
Total Financial Assets	31,137	31,137	21,307	4,878	4,417	535
Group 2011-12						
Cash and cash equivalents	4,364	4,364	4,364	-	-	-
Debtors and other receivables	8,992	8,992	8,992	-	-	-
Other financial assets:						
Term deposits	11,106	11,106	4,179	2,154	2,232	2,541
Community and related party loans	1,591	1,591	74	-	1,517	-
Total Financial Assets	26,053	26,053	17,609	2,154	3,749	2,541
Council 2010-11						
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	-	-
Total Financial Assets	27,045	27,045	17,215	4,878	4,417	535
Council 2011-12						
Cash and cash equivalents	3,736	3,736	3,736	-	-	-
Debtors and other receivables	7,061	7,061	7,061	-	-	-
Other financial assets:						
Term deposits	11,106	11,106	4,179	2,154	2,232	2,541
Community and related party loans	1,591	1,591	74	-	1,517	-
Total Financial Assets	23,494	23,494	15,050	2,154	3,749	2,541

(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.

	2011-12		2010-11	
	-50bps Surplus \$000's	+50bps Surplus \$000's	-50bps Surplus \$000's	+50bps Surplus \$000's
GROUP INTEREST RATE RISK				
Financial assets				
Other financial assets - term deposits	(60)	60	(65)	68
Financial liabilities				
Borrowings:				
Bank overdraft	-	-	2	(2)
Secured loans	81	(81)	59	(59)
Interest rate swaps	(1,777)	783	(781)	(759)
Total sensitivity to interest rate risk	(1,756)	762	(785)	(752)
COUNCIL INTEREST RATE RISK				
Financial assets				
Other financial assets - term deposits	(56)	56	(65)	65
Financial liabilities				
Borrowings:				
Bank overdraft	-	-	2	(2)
Secured loans	95	(95)	85	(85)
Interest rate swaps	(770)	(172)	280	(435)
Total sensitivity to interest rate risk	(731)	(211)	302	(457)

(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	
	2011-12 %	2010-11 %	2011-12 \$000's	2010-11 \$000's	2011-12 \$000's	2010-11 \$000's
Group						
Less than one year	6.60%	6.34%	11,860	7,050	(238)	(195)
1 to 2 years	5.17%	6.67%	7,500	12,310	(316)	(657)
2 to 5 years	5.13%	5.11%	39,800	30,800	(2,522)	(1,008)
Greater than 5 years	4.46%	5.08%	17,400	24,900	(1,034)	(145)
Total sensitivity to interest rate risk	5.21%	5.47%	76,560	75,060	(4,110)	(2,005)
Council						
2 to 5 years	4.60%	4.50%	12,000	6,000	(762)	(62)
Greater than 5 years	4.84%	4.73%	2,000	8,000	(165)	(93)
Total sensitivity to interest rate risk	4.63%	4.63%	14,000	14,000	(927)	(155)

(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 Plan (LTP) 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 LTP.

MDC has the following Council created reserves:

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

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus relating to these separate areas of benefit is applied to the purpose of the specific reserves. Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

35. Variance Explanation

Significant Income and Comprehensive Income Statement variances are discussed in the Financial Overview Section. Other major 2011-12 budget variances are:

- *There are some variances from budget in the 2011-12 Balance sheet which have not been mentioned above.*
- *Cash required was set in the budget at a level to make working capital - positive, as is prudent. In reality Council does not require this much cash, as current liabilities such as deposits are paid out new ones are received.*
- *Non current assets held for sale were included in Property, Plant and Equipment when the budget was set.*
- *Intangible assets have increased due to the \$238,500 spent on carbon credits to meet the landfill's 2012-13 liability under the Emissions Trading Scheme and software acquisitions being included in the property, plant and equipment budget.*
- *A current provision has been established to cover the likely cost to Council of claims currently before the Weathertight Homes Tribunal. It was not possible to forecast these costs at the time the budget was set.*
- *A liability for derivative financial instruments has arisen due to the year end evaluation of the interest rate swaps which was not possible to budget.*
- *The budget was set before the creation, in 2010-2011, of a non-current provision for the management of Council's closed landfills, current balance \$1 million.*
- *Equity, often referred to as Council's net worth, is greater than budget as it is impacted by all the other variations from budget since the 2011-12 budget was first set late in 2010.*
- *Council was not able to purchase as many investments as planned due to a decrease in the ease of finding investments which meet our policy guidelines.*
- *Cash was received from sale of London Quay (properties held for sale) which was expected to be received in 2010-11 when the 2011-12 budget was set.*



Part 4: Policies

- Maori Capacity Development Policy
- Council Opportunities Policy
- Council Controlled Organisations

Maori Capacity Development Policy

Statement on the Development of Maori Capacity to Contribute to the Decision Making Processes

Council currently engages with the eight Tangata Whenua Iwi within the Marlborough District, Ngati Apa, Ngati Koata, Ngati Kuia, Ngati Rarua, Ngati Toa, Rangitane, Ngai Tahu, Te Atiawa and also Marlborough Maataa Waka. Marlborough Iwi and Marlborough Maataa Waka make an important contribution to community well being for Maori and the wider community. Progressing Treaty of Waitangi settlements with the Crown has been a principal objective for Marlborough Iwi with Council providing considerable assistance in this endeavour.

At a strategic level Iwi provides input by means of:

- An appointed representative on the Environment, Community & Financial Planning and Assets and Services Committees. On these Committees the representative has both speaking and voting rights.
- An eight member Iwi working party on the Regional Policy Statement Review including identification of resource management issues of significance to Marlborough's Tangata Whenua Iwi.

At an operational level, advice continues to be sought from Iwi in respect of Environmental Planning and Policy projects, resource consent applications and major Assets and Services projects where Iwi are known or deemed to have an interest.

A heightened mutual awareness and understanding of both Council's and Iwi's respective positions (by both parties) is opening pathways for communication which is positively influencing decision making on final project designs and the manner in which they are implemented.

Council Opportunities Policy

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.

Council Controlled Organisations

The Local Government Act 2002 requires the Council to include in the Annual Report information on Council-Controlled Organisations (CCO).

This includes:

- A comparison between the nature and scope of the activities planned to be provided by the CCO and those actually provided.
- The extent to which Council's policies and objectives that relate to the ownership and control of the organisation have been implemented or attained.
- A comparison between the key performance targets and other measures planned and actual results.

Activities, Policies and Objectives Relating to CCO's:

Marlborough District Council has the following CCO's:

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

MDC Holdings Limited

MDC Holdings Limited is 100% owned by Marlborough District Council. Council established MDC Holdings Limited for the purposes of:

- Separating commercial trading activities from the other functions it carries out.
- Bringing Council's main trading activities into one structure, and
- Obtaining commercial borrowing facilities at the most attractive rate attainable.

Port Marlborough New Zealand Limited and Marlborough Airport Limited are subsidiaries of MDC Holdings Limited. Port Marlborough New Zealand Limited undertakes all the activities typically associated with a port and also has the following wholly owned subsidiaries:

- PMNZ Marina Holdings Limited.
- Marlborough Sounds Maritime Pilots Limited.
- Waikawa Marina Trustee Limited.

Marlborough Airport Limited is responsible for the maintenance of the runways and taxiways used by civil aircraft by means of an operating lease from the New Zealand Defence Force. It is also responsible for the provision of a terminal facility and associated minor freight handling.

MDC Holdings Limited and all subsidiaries are separate entities operating in a commercial manner. The significant policies in place for MDC Holdings Limited are:

- That it operate in a commercial manner.

- Decisions to:
 - Acquire assets, the value of which is more than half the value of the company's assets before acquisition.
 - Dispose of shares in Port Marlborough New Zealand Limited and Marlborough Airport Limited.
- require the prior written approval of Council as the major shareholder.
- That it distribute by way of dividend, subject to solvency requirements, all the net tax paid profit available.

Target one: to generate a tax paid return on opening shareholder funds of 8%. Actual 5% (2011: 5%).

Target two: ratio of shareholder funds to total asset \geq 12%. Actual 13% (2011: 15%).

Marlborough Housing for the Elderly Trust

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 CCOs in terms of the Local Government Act 2002.



Part 5: Statement of Compliance and Audit Report

Left: Seymour Square, Blenheim

Statement of Compliance

Statement of Compliance

Compliance

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

Responsibility

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

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

In the opinion of the Council and management of Marlborough District Council, the annual Financial Statements for the year ended 30 June 2012 fairly reflect the financial position and operations of the Marlborough District Council.



MARK WHEELER
ACTING CHIEF EXECUTIVE
25 October 2012



ALISTAIR SOWMAN
MAYOR
25 October 2012

Audit Report

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 2012

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 other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 16 to 136, that comprise the statement of financial position as at 30 June 2012, 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, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the service provision information of the District Council and group on pages 16 to 87 that includes particular information required by schedule 10 of the Local Government Act 2002.
- the other information that comprises of the Maori Capacity Development Policy and Council Controlled Organisations information on pages 138 and 140. Opinion on the financial statements, service provision information and other information.

In our opinion:

- The financial statements of the District Council and group on pages 16 to 136:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 16 to 87:
 - 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 2012, 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 other information of the District Council and group contained in the financial statements and the service provision information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 25 October 2012. 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 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 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

Audit Report

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, service provision information and other 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 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 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, service provision information and other 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 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, service provision information and other 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 forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

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 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 other 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 and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
25 October 2012

Matters relating to the electronic presentation of the audited financial statements, service provision information and the other requirements

This audit report relates to the financial statements, service provision information and the other requirements of Marlborough District Council and group for the year ended 30 June 2012 included on Marlborough District Council's website. The Council is responsible for the maintenance and integrity of Marlborough District Council's website. We have not been engaged to report on the integrity of Marlborough District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, service provision information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, service provision 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, service provision 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, service provision information and the other requirements as well as the related audit report dated 25 October 2012 to confirm the information included in the audited financial statements, service provision 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.



Appendices

- Council Committee and Members
- MDC Directory
- Council Staff Structure

Left: Hanging baskets, Market Street, Blenheim

Council Committees and Members

(AS AT 30 JUNE 2012)

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 Jenny Andrews
 Clr John Leggett
 Iwi Representative – Richard Hunter co-opted member

Clr Terry Sloan – Deputy Mayor – ex officio
 Clr Jessica Bagge

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 Jenny Andrews
 Clr John Leggett
 Iwi Representative – Richard Hunter co-opted member

Clr Terry Sloan – Deputy Mayor – ex officio
 Clr Jessica Bagge

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 John Leggett
 Clr Graeme Taylor

Clr Jessica Bagge
 Clr Terry Sloan
 The Agency – representative from NZTA

Safety and Personal Security – representative from New Zealand Police
 Public Health – representative from Nelson Marlborough District Health Board
 Environmental Sustainability – representative from Environment Centre
 New Zealand Automobile Association and New Zealand Road Transport Association – to be invited and given speaking rights at meetings.

Economic Development – representative from Chamber of Commerce
 Access and Mobility – representative from Access and Mobility Forum
 Cultural Interest - Iwi representative on the Assets and Services Committee

COMMUNITY & 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 Jenny Andrews
 Clr David Dew
 Clr Terry Sloan
 Mayor – ex officio

Clr John Leggett – Deputy Mayor – ex officio
 Clr Jessica Bagge
 Clr Trevor Hook
 Clr Graeme Taylor
 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
 Sports Trust appointee – Karen Hartshorne
 Community members – Graeme Duncan, Lisa Ivamy, Patricia Clay, Toni Gillan, Lapu Oliver
 Two iwi representatives – Vacant

Clr Jessica Bagge
 Arts Sector appointee – Kate Parker

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 Graeme Taylor

Clr Terry Sloan

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

Clr David Oddie
Mayor – ex officio

Youth Sub-Committee

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

Mayor Alistair Sowman – Chairperson
Clr Jessica Bagge

Clr Jenny Andrews

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

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 Jamie Arbuckle
Clr David Dew
Clr David Oddie

Clr Trevor Hook – Deputy
Clr Graeme Barsanti
Clr Geoff Evans
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 Graeme Barsanti

Clr Jamie Arbuckle
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 Taylor

Clr Graeme Barsanti

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 Francis Maher

Clr Peter Jerram
Clr Graeme Taylor

HEARING COMMITTEE

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 Geoff Evans
Clr Jamie Arbuckle

Clr Graeme Barsanti – Deputy
Clr David Oddie

APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES

MDC Holdings Limited and Marlborough Airport Limited.

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

Mayor Alistair Sowman
Forestry representative – Leo Jelinek co-opted member

MDC Directory

Contact Details

PO Box 443, Blenheim 7240

Telephone: (03) 520 7400

Facsimile: (03) 520 7496

Email: mdc@marlborough.govt.nz

Web: www.marlborough.govt.nz

Addresses

District Administration Building

15 Seymour Street, Blenheim 7201

Picton Service Delivery Centre (includes Library)

67 High Street, Picton

Harbour Control

Mariner's Mall, Picton

Marlborough Library

Corner Arthur and Seymour Streets, Blenheim

Works and Operations Depot

Wither Road, Blenheim

Reserves Depot

Pollard Park, Blenheim

Solicitor

P J Radich of Radich Law, Blenheim

Bankers

Bank of New Zealand, Blenheim

Auditor

Auditor General, Audit New Zealand, Christchurch

General Statistics

Population (Census count 7 March 2006) 46,179

Population (Resident 7 March 2006) 42,558

Population (2011 estimate) 45,620

Inter-Census Population Movement (+) 8.6%

District Area 17,517 square kilometres

as at 30 June 2011

Rateable Land Value \$7,003,386,050

Rateable Capital Value \$13,433,270,600

Number of Rate Assessments 25,859

Council Staff Structure

